

ATTACHMENTS

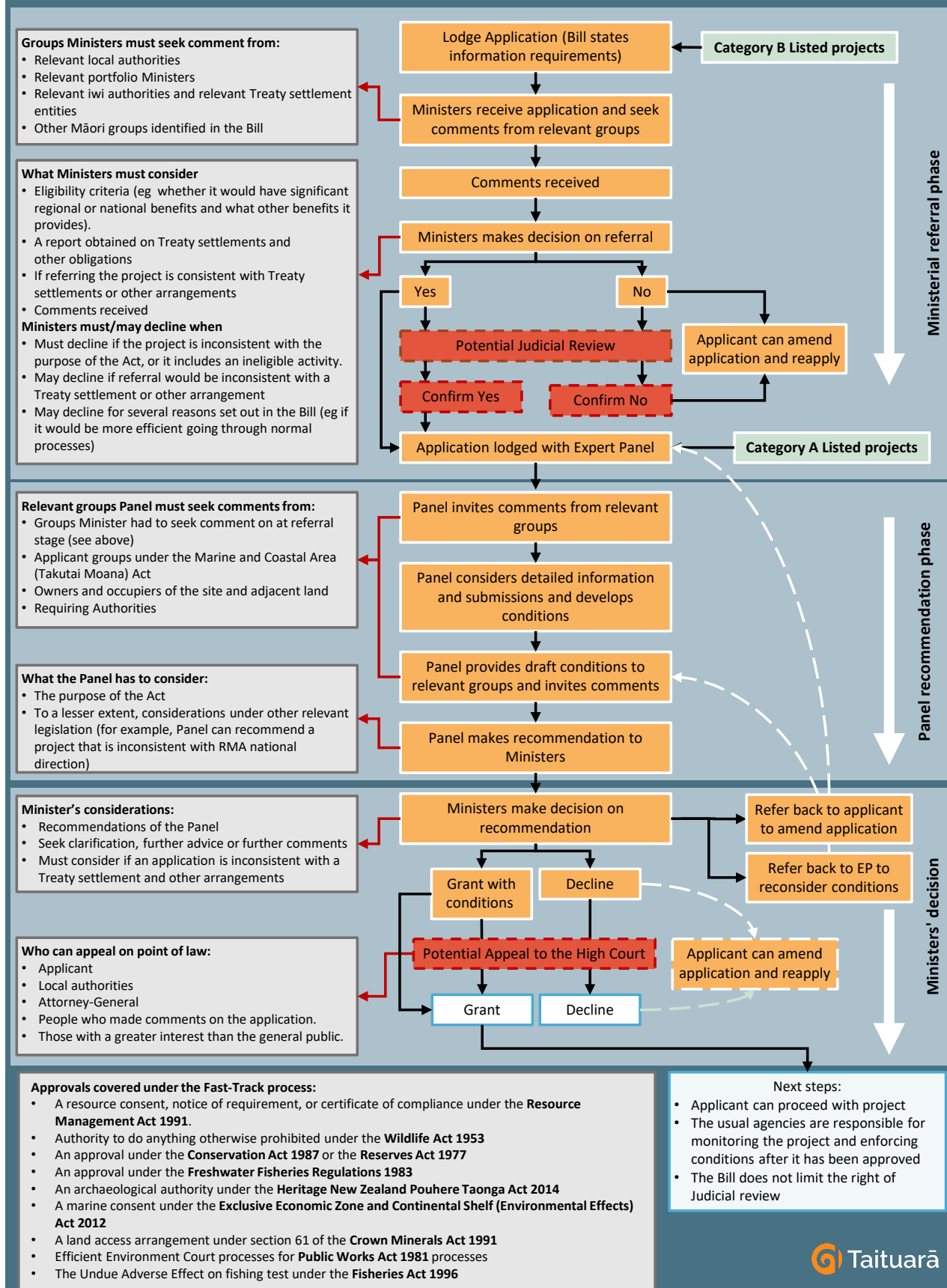
Extraordinary Council Meeting

16 April 2024

Table of Contents

4.2	Approval of Submission to the Fast-Track Approvals Bill	
	Attachment 1 Fast Track Process under the Fast-track Approvals Bill	3
	Attachment 2 Draft Taupō District Council Submission on Fast Track Approvals Bill	4
4.3	Approval of the draft Treasury Management Policy for consultation	
	Attachment 1 Draft Treasury Management Policy 2024	11
	Attachment 2 Draft Treasury Management Policy 2024 with tracked changes	45
4.5	Approval of the draft Revenue and Financing Policy for consultation	
	Attachment 1 Draft Revenue and Financing Policy 2024 for consultation	84
	Attachment 2 Extracts of legal requirements	118
4.7	Approval of the Draft Rates Remission and Postponement Policy for consultation	
	Attachment 1 Draft Rates Remission and Postponement Policy 2024	120
4.8	Approval of the draft Performance Management Framework for consultation	
	Attachment 1 Performance Management Framework for approval for consultation	132

Fast-track process under the Fast Track Consenting Bill



Taupō District Council Submission on the Fast-Track Approvals Bill

Submission to: Committee Secretariat,
Environment Committee
Parliament Buildings
Wellington

1 This is a submission by Taupō District Council on the following:

1.2 Fast-Track Approvals Bill

2 Scope of Taupō District Council's submission:

2.2 Taupō District Council is submitting on what we believe are the key issues with the Fast-track Approvals Bill (Bill). We are supportive of the submission provided by Taituarā. Rather than repeat matters raised in that submission, we have focused on those issues related to our district and that raise the most concern with the Bill as drafted.

3 Taupō District Council's position on the Fast-track Approvals Bill:

3.1 Taupō District Council supports measures to achieve timely approvals and consents for projects of national and regional significance in a sustainable way. However, we are concerned that this standalone fast-track Bill for Resource Management Act (RMA) and other legislative approvals has been rushed through without proper consideration of environmental safeguards and wider implications for local authorities and infrastructure provision. As drafted the Bill also lacks coherence, which presents a risk to the purpose of the fast-track consenting and approval system.

4 Project Prioritisation and Alignment with Local Authority Priorities

4.1 The criteria for identifying projects eligible for fast-track consenting should be transparent. We are concerned that Schedule 2 projects are not yet included in the Bill and that there is no opportunity for public comment. The Bill also does not define "significant regional or national benefit". This needs to be clarified to determine which projects are appropriate to be listed.

4.2 We support those parts of the Bill that highlight the need for projects to align with local government plans and strategies. The development of council plans and strategies has involved extensive engagement and consultation with our local community, iwi partners, hapū, and stakeholders to inform decision making. It will be important that any project approved under this legislation does not undermine the role of local authorities in local land use planning, infrastructure provision and decision-making.

4.3 Councils create long-term plans and an infrastructure strategy every three years to ensure there is effective infrastructure planning and considered prioritisation of significant infrastructure projects. We also have a requirement to plan for growth under the National Policy Statement – Urban Development. We are concerned that as currently drafted the Bill allows for approvals for projects such as large-scale housing developments without consideration of wider infrastructure implications e.g. wastewater. This lack of strategic planning of infrastructure could potentially have massive implications for local authorities.

4.4 We support the following clauses under the eligibility criteria for projects that may be referred to panel:

17(3)(a) has been identified as a priority project in a central government, local government, or sector plan or strategy (for example, in a general policy statement or spatial strategy):

17(3)(c) will increase the supply of housing, address housing needs, or contribute to a well-functioning urban environment:

17(3)(g) will support climate change mitigation, including the reduction or removal of greenhouse gas emissions:

(h) will support adaptation, resilience, and recovery from natural hazards:

(i) will address significant environmental issues:

(j) is consistent with local or regional planning documents, including spatial strategies.

Recommendations

- Make Schedule 2 projects publicly available for submissions before the Bill proceeds further.
- Require Expert Panels and Joint Ministers to consider wider infrastructure implications of projects such as housing developments, to ensure they align with council's growth strategies, infrastructure strategies and other strategic planning documents.

5 Environmental Safeguards

- 5.1 We urge the government to ensure that the Bill strikes a balance between expediency of approvals and robust environmental considerations. Unlike existing fast track processes, this Bill allows for approvals under multiple pieces of legislation that are there to safeguard the environment. We are concerned that the decision to approve projects will be in the hands of the Ministers for Regional Economic Development, Infrastructure and Transport whose portfolios are all development focused. As the Bill includes approvals under the RMA, we believe the Minister for the Environment should be included as one of the Joint Ministers.
- 5.2 We are concerned that for listed and referred projects the Minister for the Environment is not included as a relevant Minister from which the panels must seek feedback, and the Secretary for the Environment does not need to be extended an invitation to comment. The Secretary has a statutory mandate under the Environment Act 1986 that operates independently from Ministers. Similarly, it is concerning that the Parliamentary Commissioner for the Environment does not have to be invited to comment by Ministers (referring) or panels (recommending). Given the potential for referred projects to have significant effects on the environment, we believe the Bill should invite comment from at least one if not all of these parties.
- 5.3 We are also concerned that Ministerial approvals give the highest weighting to the purpose of the Bill, being delivery of beneficial development and infrastructure, and the least weighting to the other listed matters, such as effects on the environment. Enabling development and protecting the environment can be compatible and we believe the Bill can be amended to achieve this.
- 5.4 Of particular concern is Clause 17(5) which provides that a project is not ineligible just because it includes an activity that is a prohibited activity under the Resource Management Act 1991 (RMA). A prohibited activity is the most restrictive of any activity status. The decision to use it in plan making is backed with strong evidence of its necessity, including justification through objectives and policies. Allowing a project to be referred when it includes a Prohibited activity is very concerning. This Clause is also inconsistent to Clause 17(j) where the joint ministers consider whether the project is *consistent* with local or regional planning documents.

- 5.5 We are also concerned that Section 104D of the RMA is expressly **not** applied to a panel's consideration of a resource consent for a referred project. Section 104D currently prevents non-complying activities from being granted consent where the activity would have more than minor adverse effects on the environment or be contrary to plan objectives and policies. This is another environmental safeguard that the Bill has removed. It also has the potential to undermine the integrity of, and public confidence in, the administration of the District Plan.
- 5.6 We are concerned that applications under the Bill can bypass the Plan Change process. This might incentivise developers to apply for a fast-track approval when they should have applied for a Plan Change. Plan Changes allow councils to set up a long-term management framework that considers matters like cumulative effects of development and wider infrastructure implications.
- 5.7 We are concerned that Ministers can specify the duration of consents without any time limit given. Given applicants do not have to provide robust evidence on how long-term environmental impacts will be managed and/or mitigated, we believe there should be set consent timeframes and a mandatory review condition should be included as part of the decision, to mitigate the risks of unintended consequences.
- 5.8 We support **Clause 21 Decision to decline application for referral:**
- (2)(c) the project may have significant adverse effects on the environment;
 (2)(f) the project includes an activity that is a prohibited activity under the Resource Management Act 1991.
- 5.9 We support the inclusion of Clause 7: Te Ture Whaimana however it is not clear how the legislation if giving effect to Te Ture Whaimana. We recommend that Te Ture Whaimana be included as one of the matters to be considered by joint Ministers when making decisions, under Clause 17(3). Ensuring coherence with established frameworks will facilitate the streamlined decision-making objectives of the Bill while upholding the principles of sustainable resource management and environmental protection.

Recommendations

- Amend the purpose of the Bill to include environmental considerations
- Include Minister for the Environment as a joint Minister.
- Amend the Bill to invite comment from the Minister for the Environment and/or Secretary for the Environment and/or Parliamentary Commissioner for the Environment.
- Amend the Bill to give equal weighting to the purpose of the Bill and Sections 6 and 7 Matters of the RMA in decision making.
- Remove Clause 17(5) to remove Prohibited Activities from being eligible for referral.
- Remove Clause 35(5) of the Bill and include section 104 D of the RMA as a matter relevant for consideration.
- Include a time limit for consents as set out in the Resource Management Act and a mandatory review condition as part of the decision.
- Retain clauses 21(2)(c) and (f).
- Add to Clause 17(3); is consistent with Te Ture Whaimana.

6 Te Tiriti o Waitangi Settlements and Obligations

- 6.1 Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. We have a Mana Whakahono ā Rohe with Ngāti Tūrangitukua and Joint Management Agreements with our iwi partners. We want to safeguard the commitments made in these relationship agreements. As currently worded, we have concern that the Fast-track Approvals Bill may put our iwi partnership commitments at risk. Our reasons are set out in the following points.
- 6.2 The Bill does not make any reference to the principles of the Treaty of Waitangi / Tiriti O Waitangi. This is inconsistent with existing legislation and raises concerns about how Ministers will take into account the Treaty Principles in decision making. We would have more confidence in the fast-track approval process if the Bill includes a clause to state that all persons exercising functions and powers under this Act shall take into account the principles of the Treaty of Waitangi (Te Tiriti o Waitangi).
- 6.3 Clause 6 states that *all persons exercising functions, powers, and duties under this Act must act in a manner that is consistent with (a) the obligations arising under existing Treaty settlements*. This wording is not clear as to what the scope of acting inconsistently with Treaty settlements will be and does not give strong direction that the Treaty settlements are to be given effect to. Further, clause 6 is limited to existing Treaty settlements, and not future settlements yet to be established. This in our view is not within the spirit of Te Tiriti o Waitangi, nor our partnership commitments.
- 6.4 The Fast-track process overrides these agreements and reduces the weight of those planning documents, effectively reducing the voice of Iwi and hapū. This means there is a risk that decisions are made that are consistent with Treaty settlement redress but not consistent with the position of settlement entities and agreements.
- 6.5 We therefore recommend amending the wording of Clause 13 Ministers must consider Treaty settlements and other obligations to say, 'give effect to', to ensure commitments and partnerships made under Treaty settlement agreements are protected.
- 6.6 We recommend replacing Clause 6 with all persons exercising functions, powers, and duties under this Act must give effect to the principles of the Treaty of Waitangi'.

Recommendations

- Amend Clause 13 to '*Ministers must give effect to Treaty settlements and other obligations*.
- Replace Clause 6 with '*all persons exercising functions, powers, and duties under this Act must give effect to the principles of the Treaty of Waitangi*'.

7 Public Participation

- 7.1 Taupō District Council accepts the need for some constraints on public involvement to ensure some consenting decisions are made more quickly than under current legislation. However, this cannot come at the expense of transparency, especially since the Bill allows a much wider range of projects to utilise the process than other fast track legislation.
- 7.2 There does not appear to be any requirement to notify owners or occupiers of land about a referral application or a referral decision, let alone invite submissions. Ministers can invite written comment

from any person, but that is at their discretion. We think it would be prudent to notify landowners and occupiers about a project referral application and decision and allow for comment.

- 7.3 Public and limited notification of a consent application or notice of requirement is not allowed by panels. At their discretion, panels can invite comments from any person that they consider appropriate but there does not seem to be any requirement that the public be involved in the process. Again, we think it would be prudent for directly affected parties to be allowed to provide comment.
- 7.4 We are also concerned that the Bill does not require consultation with Iwi, hapu and/or marae. The responsible agency preparing the reports are only required to seek feedback from Iwi Entities. This approach to consultation removes the ability for iwi, hapū and marae to participate in the consenting and approval process. We think the Bill should be amended to include provisions to include Iwi, hapū.

Recommendations

- Amend the Bill to include notification to landowners and occupiers and allow for their comment on a referral application.
- Amend the Bill to allow directly affected parties the ability to provide comment on consent applications and notice of requirements.
- Amend the Bill to include provisions to include Iwi, hapu and marae as notified parties that are able to provide comment on referral applications.

8 Reserves

- 8.1 Taupō District Council is concerned that under Schedule 5 clauses 5 and 6, a council reserve management plan is not a matter the panel must consider in assessing a proposed application or a matter the Minister must consider in deciding whether to grant fast-track concession. The Bill does however provide for any conservation management strategies or conservation management plans that have been co-authored, authored, or approved by a Treaty settlement entity. It is not clear why council management plans are not given the same consideration in the Bill, and we recommend the Bill be amended to include them.

Recommendations

- Amend Schedule 5 of the Bill to:

5 Matters panel must consider:

In assessing a proposed application that involves a fast-track concession and in its report on the substantive application referred by the Minister of Conservation, the expert panel must include consideration of —

any local authority reserve management plan

6 Matters Minister must consider in deciding whether to grant fast-track concession

- (1) In deciding whether to grant a fast-track concession, the Minister of Conservation must —*

Have regard to a local authority's reserve management plan, and seek the views of the entity on the proposed fast-track concession

9 Decision Making

- 9.1 As drafted, the Expert Panel is making recommendations while the Joint Ministers are making the final decision on approvals. We are concerned that the recommendations of the panel can be challenged, and that joint Ministers can commission additional advice. This gives Ministers significant intervention powers that not only undermines the panel but brings into question the function and value of having an expert panel. Ministers should not be able to adjust conditions recommended by expert panels. Setting conditions requires expert knowledge which does not reside with Ministers or officials, but which expert panels are best placed to provide.
- 9.2 Having the Ministers for Regional Economic Development, Infrastructure and Transport in charge of decision making also raises questions around pre-determination and bias. We recommend amending the Bill to have the Expert Panel as final decision makers rather than Ministers.
- 9.3 The Bill circumvents public participation and established environmental planning processes to fast-track projects, yet the process of receiving and approving recommendations between Ministers and expert panels appears to be cumbersome. These inconsistencies contradict the fast-track purpose of the Bill.
- 9.4 As the Bill includes approvals under the RMA we believe the Minister for the Environment should be included as one of the Joint Ministers.
- 9.5 We support local authorities nominating a person for the expert panel. Ministers are less knowledgeable about local matters and it will be important that the referral and approval process does not undermine local land use planning and decision making.
- 9.6 As Joint Ministers are making decisions on projects it is not clear which agency is managing the appeal process. This needs to be clarified in the Bill.
- 9.7 Taupō District Council supports the ability for judicial review of ministerial decisions.

Recommendations

- Remove ability for Joint Ministers to ignore expert panel recommendations.
- Include the Minister for the Environment as a Joint Minister.
- Retain ability for local authorities to nominate a person for the expert panel.
- Retain judicial review clause.

10 Coherence of Bill

- 10.1 The Bill and its associated schedules lacks coherence and has inconsistencies. For example, the Conservation Act processes in the Bill require decision makers to take into consideration the Principles of the Treaty which is different to the Bill where persons making decisions must uphold Treaty settlements and obligations. We believe inconsistencies are a result of rushed drafting. We urge the Committee to take the time to ensure the fast-track legislation is coherent and sensible.

11 Conclusions

- 11.1 Taupō District Council supports some aspects of the new Bill. We support measures to achieve timely approvals and consents for projects of national and regional significance in a sustainable way. However, we are concerned that this standalone fast-track bill for Resource Management Act (RMA) and other legislative approvals has been rushed through without proper consideration of

environmental safeguards and wider implications for local authorities and infrastructure provision. As drafted the Bill also lacks coherence, which presents a risk to the purpose of the fast-track consenting and approval system.

- 11.2 Taupō District Council wishes to appear at the select Committee

DRAFT



TAUPO DISTRICT COUNCIL

Treasury Management Policy

Including Liability Management and Investment Policies

Draft

CONTENTS

1.0	Introduction	4
1.1.	Policy purpose	4
2.0	Scope and objectives	4
2.1	Scope	4
2.2	Treasury management objectives	4
2.3	Policy setting and Management	6
3.0	Governance and management responsibilities	6
3.1	Overview of management structure	6
3.2	Council	6
3.3	Chief Executive(CE)	7
3.4	Treasury Management Group (TMG)	7
3.5	Group Manager Organisation Performance (GMOP)	8
3.6	Finance Manager (FM)	8
3.7	Finance Business Partner (FBP)	Error! Bookmark not defined.
3.8	Finance Business Partner – Reporting (FBPR)	Error! Bookmark not defined.
3.9	Assistant Accountant (AA)	Error! Bookmark not defined.
3.10	Delegation of authority and authority limits	9
4.0	Liability Management Policy	12
4.1	Introduction	12
4.2	Borrowing limits	12
4.3	Asset management plans	13
4.4	Borrowing mechanisms	13
4.5	Security	13
4.6	Debt repayment	14
4.7	Guarantees	14
4.8	Internal borrowing	14
4.9	Lending to Council Controlled Organisations and Council Controlled Trading Organisations	14
4.10	New Zealand Local Government Funding Agency (LGFA) Limited	15
5.0	Investment Policy	16
5.1	Introduction	16
5.2	Objectives	16
5.3	Policy	16
5.4	Acquisition of new investments	16
5.5	Financial investments	17
5.6	Equity investments	18
5.7	Property investments	18
5.8	Forestry investments	19
5.9	TEL Investment Portfolio	19
5.10	Departures from normal Policy	19
6.0	Risk recognition / identification management	20

6.1.	Interest rate risk on external borrowing	20
6.2.	Financial investment interest rate/maturity limits	Error! Bookmark not defined.
6.3.	Liquidity risk/funding risk	21
6.4.	Foreign currency	22
6.5.	Emissions Trading Scheme	23
6.6.	Counterparty credit risk	23
6.7.	Approved financial instruments.....	26
6.8.	Operational risk	27
6.9.	Legal risk	28
7.0	Measuring treasury performance	30
8.0	Cash management.....	31
9.0	Reporting	32
9.1.	Treasury reporting	32
9.2.	Accounting treatment of financial instruments	32
10.0	Policy review	33
11.0	Appendix One	34
11.1.	Specific investments	34

1.0 Introduction

1.1 Policy purpose

The purpose of the Treasury Management Policy ("Policy") is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Taupo District Council ("TDC"). The formalisation of such policies and procedures will enable treasury risks within TDC to be prudently managed.

As circumstances change, the policies and procedures outlined in this Policy will be modified to ensure that treasury risks within TDC continue to be well managed. In addition, regular reviews will be conducted to test the existing Policy against the following criteria:

- Industry "best practices" for a Council the size and with the characteristics of TDC.
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers.
- The effectiveness and efficiency of the Policy and treasury management function to recognise, measure, control, manage and report on TDC's financial exposure to market interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks.
- The operations of a pro-active treasury function in an environment of control and compliance.
- The robustness of the Policy's risk control limits and risk spreading mechanisms against normal and abnormal interest rate and credit market movements and conditions.
- Assistance to TDC in achieving strategic objectives.

It is intended that the Policy be distributed to all personnel involved in any aspect of the TDC's financial management. In this respect, all staff must be completely familiar with their responsibilities under the Policy at all times.

2.0 Scope and objectives

2.1 Scope

- This document identifies the Policy of TDC in respect of treasury management activities.
- The Policy has not been prepared to cover other aspects of TDC's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of TDC cover these matters.

2.2 Treasury management objectives

The objective of this Policy is to control and manage costs, investment returns and risks associated with treasury management activities.

Statutory objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.
- TDC is governed by the following relevant legislation:
 - Local Government Act 2002, in particular Part 6 including sections 101, 102, 104 and 105.
 - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
 - Trusts Act 2019 (effective 30 January 2021). When acting as a trustee or investing money on behalf of others, the Trusts Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. All projected external borrowings are to be approved by Council as part of the Annual Plan or the Long-term Planning (LTP) process, or resolution of Council before the borrowing is effected.

- All legal master documentation in respect to external borrowing and financial instruments will be approved by Council's legal counsel prior to the transaction being executed.
- Council will not enter into any borrowings denominated in a foreign currency.
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council if it were borrowing without charging rate revenue as security. (Section 63 of the Local Government Act).
- Council is not allowed to give any guarantee, indemnity, or security in respect to the performance of any obligation by a CCTOs under Section 62 of the Local Government Act
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
 - The period of indebtedness is less than 91 days (including rollovers); or
 - The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate the CEO delegation.

General objectives

- Minimise Council's costs and risks in the management of its external borrowings.
- Minimise Council's exposure to adverse interest rate and credit market movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Policy so as to protect Council's financial assets and manage costs.
- Arrange and structure external term funding for Council at an acceptable margin and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement.
- Monitor and manage carbon risk exposures.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this Policy.
- Manage investments to optimise returns from Council's cash and liquidity management activities whilst balancing risk and return considerations.
- Safeguard Council's financial assets and investment capital.
- Monitor Council's return on investments.
- Ensure the Council, management and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
- To minimise exposure to credit risk by dealing with and investing in credit worthy counterparties.
- Ensure that all statutory requirements of a financial nature are adhered to.
- Ensure that financial planning will not impose an unequitable spread of costs/benefits over current and future ratepayers.
- To ensure adequate internal controls exist to protect Council's financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, Local Government Funding Agency ("LGFA"), credit rating agencies and investment counterparties.

In meeting the above objectives Council is, above all, a risk averse entity and does not seek risk in its treasury activities, noting that the total elimination of risk is not possible. Interest rate risk, liquidity risk, funding risk, investment risk or credit risk, and operational risks are all risks which the Council seeks to manage, not capitalise on. Accordingly any treasury activity which may be construed as speculative in nature is expressly forbidden.

2.3 Policy setting and Management

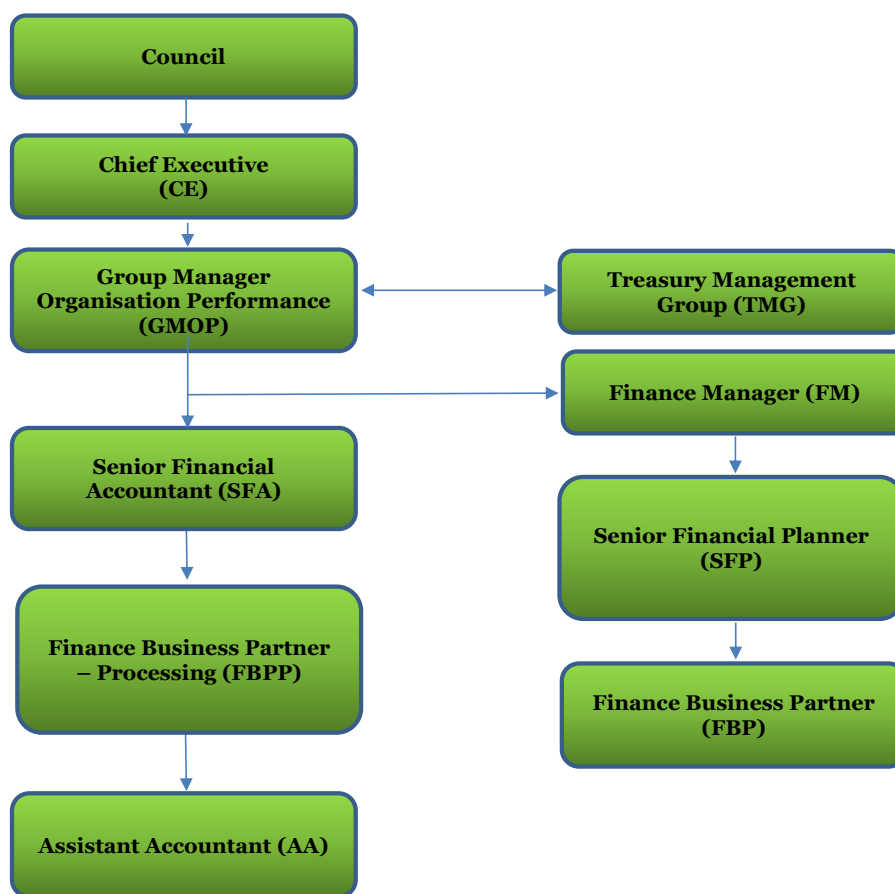
The Council approves Policy parameters in relation to its treasury activities. Council's Chief Executive has overall financial management responsibility for the Council's borrowing and investments.

The Council exercises ongoing governance over its subsidiary companies (Council Controlled Organisations/Council Controlled Trading Organisations), through the process of approving the Constitutions, Statements of Intent, and the appointment of Directors/Trustees of these organisations.

3.0 Governance and management responsibilities

3.1 Overview of management structure

The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in the following section:



3.2 Council

The Council has ultimate responsibility for ensuring that there is an effective Policy for the management of its risks. In this respect the Council decides the level and nature of risks that are acceptable, given the underlying objectives of TDC.

The Council is responsible for approving the Policy. While the Policy can be reviewed and changes recommended by other persons, the authority to make or change Policy cannot be delegated.

In this respect, the Council has responsibility for:

- Approving the long-term financial position of TDC through the Long-term Plan (LTP) and Financial Strategy along with the adopted Annual Plan.
- Approve and adopt the Liability Management and Investment Policies (the Treasury Management Policy).
- Approving the Policy incorporating the following delegated authorities:
 - Borrowing, investment and dealing limits and the respective authority levels delegated to the CE, GMOP and other management;
 - Counterparties and credit limits;
 - Risk management methodologies and benchmarks;
 - Guidelines for the use of financial instruments;
 - Receive a triennial review report on the Policy.
- Approving amendments to Policy.
- Approving one-off transactions falling outside Policy.

3.3 Chief Executive (CE)

While the Council has final responsibility for the Policy governing the management of Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the CE.

In respect of treasury management activities, the CE's responsibilities include:

- Approving the opening and closing of bank accounts (jointly with the GMOP).
- Approving the register of electronic banking signatories.
- Overseeing the borrowing and financial market investment activities that have been undertaken in line with Council resolution and approved financial strategy and delegate to the GMOP the day to day management of these activities.
- Reviewing the monthly management reports to monitor compliance with policies, procedures and risk limits. Receiving advice of non-compliance of Policy and significant treasury events from the GMOP.
- Signing of legal documents related to the borrowing activities of Council.
- Delegating to the GMOP the day to day management of Council's borrowing and financial market investment activities.
- Execution of external borrowing, investment, and interest rate management transactions in accordance with set limits. Completes all properly formatted deal tickets. Responsibilities include execution of on-lending activity to CCO/CCTOs.
- Review amendments to the treasury policies and procedures as recommended by the GMOP prior to submission to the full council for approval.

3.4 Treasury Management Group (TMG)

The members of the TMG are the General Manager Organisation Performance, Finance Manager, Senior Financial Planner and the Finance Business Partner.

- Review treasury management strategies.
- Review treasury activity and performance through monthly reporting, supplemented by exception reporting.

- Manage the process of selecting fund managers and appointing brokers/investment advisers and oversee negotiations of borrowing facilities with financial institutions.
- Investigate financing alternatives to minimise borrowing costs, margins and interest rates.

3.5 Group Manager Organisation Performance (GMOP)

The GMOP's responsibilities are as follows:

- Approving the opening and closing of bank accounts (jointly with the CE).
- Management responsibility for all external borrowing and investment activities as delegated by the CE.
- Ongoing risk assessment of borrowing and investment activities including procedures and controls.
- Execution of external borrowing, investment, and interest rate management transactions in accordance with set limits. Completes all properly formatted deal tickets. Responsibilities include execution of on-lending activity to CCO/CCTOs.
- Managing the long-term financial position of Council as outlined in the LTP.
- Approving deal tickets of treasury transactions in accordance with delegated authority.
- As part of the Annual Planning process, proposing new external borrowing requirements to the CE for consideration and submission to the Council.
- Proposing new external borrowing and on-lending CCO/CCTO funding activity to the CE for Council approval.
- In conjunction with the FM manage Council's relationship with financial institutions, LGFA, brokers, fund managers, trustee, registrar and credit rating agencies
- Approving all amendments to Council records arising from checks to counterparty confirmations.
- Reviewing and making recommendations on all aspects of the Policy that have been prepared by the FM to the CE, including dealing limits, approved instruments, counterparties, and general guidelines for the use of financial instruments prior to submission to the full council for approval .
- Monitoring and reviewing the performance of the treasury function in terms of achieving the objectives of minimising and stabilising funding costs and ensuring appropriate returns from Council's financial market investment activities.

3.6 Finance Manager (FM)

The FM's responsibilities are as follows:

- Responsible for overseeing the day-to-day treasury function as delegated by the GMOP.
- Execution of external borrowing, investment, and interest rate management transactions in accordance with set limits. Completes all properly formatted deal tickets. Responsibilities include execution of on-lending activity to CCO/CCTOs.
- Approving deal tickets of treasury transactions in accordance with delegated authority.
- Reviewing treasury exposure on a regular basis, including current and forecast cash position, interest rate exposures and borrowings. Ensuring management procedures and policies are implemented in accordance with this Policy.
- Manage Council's relationship with financial institutions, LGFA, brokers, fund managers, trustee, registrar and credit rating agencies
- Review Council's cash flow and debt forecasts.
- Review monthly Treasury Report to Council
- Conduct review of policy as per 10.0 Policy Review.

3.7 Finance Business Partner (FBP)

The FBP's responsibilities are as follows:

- Execution of approved external borrowing, investment, and interest rate management transactions in accordance with set limits. Completes all properly formatted deal tickets. Responsibilities include execution of approved on-lending activity to CCO/CCTOs.
- Manage Council's cash flow forecasts and debt forecasts.
- Carry out the day-to-day cash and short term cash management activities.
- Monitoring treasury exposure on a regular basis, including current and forecast cash position, interest rate exposures, investments and borrowings.
- Liaise and negotiate with bankers/brokers/the LGFA, for issue of debt, investments and interest rate management activity.
- Update investment, borrowing and interest rate spreadsheets for all new, re-negotiated, reset and maturing investment, borrowing and interest rate transactions.
- Monitor and update credit ratings of approved counterparties.
- Handle all administrative aspects of bank counterparty agreements and documentation such as loan agreements and ISDA documents.
- Ensuring all financial instruments are valued and accounted for correctly in accordance with current best practice standards.
- Complete monthly general ledger reconciliations to borrowing and investment spreadsheets.
- Reconcile monthly summaries of outstanding financial contracts from bank counterparties to internal records.
- Prepare monthly Treasury Report to Council.
- Complete annual review of delegated authorities and authorised signatories.

3.8 Senior Financial Accountant (SFA)

- Account for all treasury transactions in accordance with legislation and generally accepted accounting principles (GAAP), Council's accounting and borrowing and financial policies.
- Review and approve monthly, bank reconciliations, and general ledger reconciliations.
- Review and approve monthly, general ledger reconciliations to borrowing and investment spreadsheets.
- Arrange settlement of external borrowing, investment, and interest rate management transactions.
- Oversee day-to-day cash management, review and approve daily bank reconciliations.

3.9 Assistant Accountant (AA)

- Process treasury transactions as per approved deal tickets.
- Check all treasury deal confirmations against deal tickets and spreadsheet records. Report any irregularities immediately to the GMOP.
- Complete daily bank reconciliation.

3.10 Delegation of authority and authority limits

Treasury transactions entered into without the proper authority are difficult to cancel given the legal doctrine of "apparent authority". Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, the following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least annually to ensure that they are still appropriate and current.
- A comprehensive letter must be sent to all bank counterparties at least annually to confirm details of all relevant current delegated authorities empowered to bind Council.

Whenever a person with delegated authority on any account or facility leaves Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

In the event of a delegated person being absent the person with delegated authority above them will authorise.

Council has the following responsibilities, either directly itself, or via the following stated delegated authorities:

Activity	Delegated Authority	Limit
Approving and changing Policy	Council	Unlimited
Approve external borrowing for year as set out in the AP/LTP.	Council CE, GMOP	Unlimited (subject to legislative and other regulatory limitations) Per Council approved resolution, AP/LTP
Acquisition and disposition of investments other than financial investments (Excluding TEL Fund)	Council	Unlimited
TEL acquisition and disposition of investments	GMOP	As per TEL SIPO
Approval for charging assets as security over borrowing	Council	Unlimited
Approving of Council guarantees or uncalled capital relating to CCO/CCTO indebtedness	Council	Unlimited (subject to legislative and other regulatory limitations)
Approving new and refinanced direct and on-lending arrangements with CCO/CCTOs.	Council	Subject to Policy
Negotiation and ongoing management of direct and on-lending arrangements to CCO/CCTOs	GMOP	Subject to Policy
Arranging new and reviewing re-financed bank facilities/debt issuance	GMOP	Subject to Policy
Approving transactions outside Policy	Council	Unlimited
Approving of Council guarantees of indebtedness	Council	Unlimited
Overall day-to-day treasury management	GMOP	Subject to Policy
Authorise use of risk management instruments	GMOP	Subject to Policy Per risk control limits
Approve financial instruments	GMOP	Subject to Policy Per risk control limits
Approve borrowing and investment strategy	GMOP	Subject to Policy Per risk control limits
Adjust debt/investment interest rate risk, and debt/investment profiles	GMOP	Per risk control limits
Managing funding and investment maturities	FM	Per risk control limits
Maximum daily transaction amount (borrowing, investing, interest rate risk management and cash management) excludes roll-overs on debt and interest rate swaps.	Council CE GMOP FM	Unlimited \$50M \$30M \$15M
Manage cash/liquidity requirements	FM	Per risk control limits
Authorising list of signatories	CE	Unlimited

Opening/closing bank accounts	CE, GMOP	Unlimited
Authorising carbon unit transactions relating to future calendar year's obligations. Authorising issuance of collateral with bid for acquisition of Carbon Units via auction from NZETS	GMOP	\$2.5m in any one transaction
Acquiring and disposing Carbon Credits relating to current calendar year obligations	FM	\$2.5m in any one transaction
Triennial review of Policy	FM	N/A
Ensuring compliance with Policy	FM	N/A

All management delegated limits are authorised by the CE.

4.0 Liability Management Policy

4.1 Introduction

Council's liabilities comprise of borrowings (external/internal) and various other liabilities. Council maintains external borrowings in order to:

- Raise specific debt associated with projects and capital expenditures.
- Fund the balance sheet as a whole, including working capital requirements.
- Fund assets whose useful lives extend over several generations of ratepayers.
- Raise specific debt for on-lending to CCO/CCTOs.

Borrowing provides a basis to achieve inter-generational equity by aligning long-term assets with long-term funding sources, and ensure that the costs are met by those ratepayers benefiting from the investment.

4.2 Borrowing limits

Debt will be managed within the following limits:

Item	Borrowing Limit
Net External Debt / Total Revenue	<250%
Net Interest on External Debt/ Total Revenue	<10%
Net Interest on External Debt/ Annual Rates Income	<25%
Liquidity (External debt + available committed bank facilities + liquid investments to existing external debt)	>110%

- Total Revenue is defined as earnings from rates, government capital grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net external debt is defined as total external debt less unencumbered liquid investments.
- Liquid investments are unencumbered assets defined as:
 - Overnight bank cash deposits
 - Bank term deposits no greater than 1 year
 - Commercial Paper issued by approved counterparties
- External debt that is specifically borrowed for on-lending to a CCO/CCTO is netted, with the corresponding loan asset for LGFA covenant and Council imposed debt cap amount calculation purposes.
- TEL fund investments are excluded from liquid investments.
- LGFA accepts bonds and CP with an issuer minimum long-term credit rating of "A-" and minimum short term credit rating "A-1" and also considers the TEL fund when determining liquid investments. Therefore, Council may include these financial instruments within its liquidity ratio in LGFA reporting.
- Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied) together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- Financial covenants are measured at a Council level only not on a consolidated group level.
- Disaster recovery requirements are to be met through the liquidity ratio, special funds and TEL Fund.

4.3 Asset management plans

In approving new debt Council considers the impact on its net external borrowing limits, any Council imposed debt cap amount, and credit rating, as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP, Infrastructure and Financial Strategies.

4.4 Borrowing mechanisms

Council is able to externally borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, the LGFA, accessing the short and long-term wholesale/retail debt capital markets directly or indirectly, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the following is taken into account:

- Available terms from banks, the LGFA, and debt capital market.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins relative to term from the LGFA, debt capital markets and bank borrowing.
- The market's outlook on future credit margin and interest rate movements as well as Council's own outlook and the Reserve Bank of New Zealand's projected track for the Official Cash Rate.
- Legal documentation and financial covenants together with security and credit rating considerations.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable with those terms from external borrowing.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

A formal credit rating enhances Council's ability to attract cost effective borrowing and provides several advantages including:

- Broadening Council's source of funding and improved pricing.
- Improves Council credit standing in regards to stronger negotiating when implementing new funding facilities.
- Enforces financial management discipline and performance under the scrutiny of the credit rating agency. As such it provides a very useful 'monitoring' service to supplement the Council's own internal due diligence and reporting

Council's ability to readily attract cost effective borrowing is largely driven by its ability to levy rates, maintain a strong financial standing and manage its relationships with its wholesale investors, the LGFA, and financial institutions/brokers and maintain a long-term credit rating of at least AA.

4.5 Security

Council's external borrowings and interest rate management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by Council ranks equally or *pari passu* with other lenders.

From time to time, and with Council approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. project finance).
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

- Any lending to a CCO or CCTO will be on a secured basis and be approved by Council.

4.6 Debt repayment

Debt repayments will be in accordance with Long-term and Annual Plans. Additional repayments may be made from surplus funds generated by asset sales or operating surpluses.

Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

4.7 Guarantees

Council may act as guarantor to CCO's, financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with Council's strategic objectives.

For any outstanding guarantees, Council will ensure that sufficient financial capacity exists relative to LGFA lending covenants. Unless approved by Council, guarantees or financial arrangements given will not exceed any amount agreed by Council or an appropriate Council Committee in aggregate. The Finance Manager monitors guarantees and reports monthly to Council via the Treasury Report.

Council is not permitted to provide any guarantee of indebtedness in favour of any loans to CCTOs under Section 62 of the Local Government Act. For any guarantee for indebtedness provided by Council to a CCO that borrows directly from the LGFA or bank lender, Council will approve the specific borrowing and guarantee arrangement.

Conditions to financial arrangements, such as loan advances, are specified in section 5.5.

4.7.1 Underwriting

Financial arrangements may also include the specific underwriting of business performance where there is a strategic and economic benefit accruing from the activity. Underwriting arrangements must be approved by Council. The Finance Manager monitors underwriting arrangements and reports monthly to Council via the Treasury Report.

4.8 Internal borrowing

Internal loans sourced from the Council's general funds are allowed as a valid means of funding projects, minimising the cost of borrowing while providing a market return on investment funds.

Council's internal borrowing needs have traditionally revolved around expansion or renewal of its assets. Hence internal borrowing is tied to assets and the cost centres associated with those assets.

This Policy allows for the use of internal borrowing structures where interest and repayments are sourced from operating budgets (generally funded by rates income). Where appropriate, inflation factors may be built into loan repayment tables to better reflect the ability of the community to pay in the future and avoid overcharging current ratepayers.

Any internal borrowing of cash reserve funds used must be reimbursed for interest revenue lost. Interest on internally-funded loans is set at the weighted average cost of external borrowing (including credit margin and other related costs). Interest is charged in arrears on at least a monthly basis.

Council will not internally borrow from the TEL fund. The TEL fund is a ring-fenced investment fund separately managed per its Statement of Investment Policies & Objectives by an external investment manager.

4.9 Lending to Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO)

To better achieve its strategic and commercial objectives Council may provide financial support in the form of debt funding directly or indirectly to CCOs and CCTOs.

Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any direct borrowing from the LGFA or Council on-lending arrangement to a CCO/CCTO must be approved by Council. In recommending an arrangement for approval the GMOP considers the following :-

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amounts outstanding on due date.
- Impact on Council's credit rating, debt cap amount (if any), lending covenants with the LGFA and other lenders and Council's future borrowing capacity.
- The form and quality of security arrangements provided.
- The lending rate given factors such as; CCO/CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.
- Lending arrangements to CCTOs must be documented on a commercial arms length basis. A term sheet, including matters such as; borrowing costs, interest payment dates, principal payment dates, security, expiry date is agreed between the parties.
- Accounting and taxation impact of on-lending arrangement

All direct borrowing from the LGFA or Council on-lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed and approved by Council's independent legal counsel.

4.10 New Zealand Local Government Funding Agency (LGFA) Limited

Despite anything earlier in this Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

5.0 Investment Policy

5.1 Introduction

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council. Specific purposes for maintaining investments include:

- For strategic purposes consistent with Council's LTP.
- For the management of the TEL community fund.
- The retention of vested land.
- Holding short term investments for working capital and liquidity requirements.
- Holding investments that are necessary to carry out Council operations consistent with Annual Plans, to implement strategic initiatives, or to support inter-generational allocations.
- Holding assets (such as property) for commercial returns.
- Provide ready cash in the event of a natural disaster or other significant event that disrupts Council income. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets.
- Invest amounts allocated to accumulated surplus, Council created restricted reserves and general reserves.
- Invest proceeds from the sale of assets.

Council recognises that as a responsible public authority all investments held, should be low risk. Council also recognises that low risk investments generally mean lower returns.

Council can internally borrow from reserve and special funds in the first instance to meet future capital expenditure requirements, unless there is a compelling reason for establishing external debt.

5.2 Objectives

In its financial investment activity, Council's primary objective when investing is the protection of its investment capital and that a prudent approach to risk/ return is always applied within the confines of this Policy. Accordingly, only approved creditworthy counterparties are acceptable. Council will act effectively and appropriately to:

- Protect the Council's investments.
- Ensure the investments benefit the Council's ratepayers.
- Maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements.

5.3 Policy

The Council's general Policy on investments is that:

- The Council may hold financial, property, forestry, and equity investments if there are strategic, commercial, economic or other valid reasons (e.g. where it is the most appropriate way to administer a Council function).
- The Council will keep under review its approach to all major investments and the credit rating of approved financial institutions/counterparties.
- The Council will review its policies on holding investments at least once every three years.

5.4 Acquisition of new investments

With the exception of financial investments, and the TEL fund, new investments are acquired if an opportunity arises and approval is given by Council, based on advice and recommendations from Council officers. Before approving any new investments, Council gives due consideration to the contribution the investment will make in fulfilling Council's strategic objectives, and the financial risks of owning the investment.

The authority to acquire financial investments is delegated to the GMOP and reported to Council on a monthly basis in the Treasury Report.

5.5 Financial investments

Objectives

Council maintains cash and fixed interest financial investments for the following primary reasons:

- Invest amounts allocated to special reserves.
- Invest surplus cash and working capital funds.
- Provide ready cash in the event of a natural disaster. This cash is intended to assist reinstatement and to finance short-term needs between the disaster and the reinstatement of normal income streams.
- Invest the TEL investment portfolio.

Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in section 6.6. Credit ratings are monitored and reported monthly to Council in the Treasury Report.

Council may invest in approved financial instruments as set out in section 6.5 and 6.6. These investments are aligned with Council's objective of investing in high credit quality and highly liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- Council may choose to hold specific reserves in cash and direct what happens to that investment income. In effect the income from financial investments will be an interest income stream into the treasury activity.

General funds and special reserves

Council holds general and reserve funds for specific Council objectives. To manage liquidity risk, a portion of general funds and special reserves must be held as cash/cash equivalent investments maturing within 12 months. Maturity and interest rate risk controls are set out in section 6.2, approved financial instruments in section 6.7, and counterparty credit limits in section 6.6.

Trust funds

Where Council hold funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the Trust. If the Trust's investment Policy is not specified then this Policy should apply.

Loan Advances

Council may provide advances to charitable trusts and community organisations for strategic and commercial purposes. New loan advances are by Council resolution only.

Advances to charitable trusts, and community organisations do not have to be on a fully commercial basis. Where advances are made to charitable trusts and community organisations at below Councils cost of borrowing, the additional cost is treated as an annual grant to the organisation.

Council reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved.

All advances are made on a fully secured basis and executed under approved legal documentation.

Refer to conditions of CCO/CCTOs loans under section 4.9.

The Finance Manager monitors loan advances and reports to Council monthly in the Treasury Report.

Acquisition/disposition and revenue

Interest income from financial investments is credited to general funds or special reserves and is included in the Statement of Comprehensive Revenue and Expense.

Proceeds from the disposition of financial investments are used for operational and capital expenditure purposes or for the purpose for which they have been established, as approved in the Annual Plan or LTP.

5.6 Equity investments

Equity investments, including investments held in CCO/CCTO and other shareholdings.

Council maintains equity investments and other minor shareholdings. Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP. Equity investments may be held where Council considers there to be strategic community value.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

Any purchase or disposition of equity investments held in CCO's/CCTO's requires Council approval. Council may also acquire shares that are gifted or are a result of restructuring. In connection with the investment, Council can subscribe for uncalled capital in a CCO or CCTO.

Any dividends received, and/or profit or loss arising from the sale of these investments must be recorded in accordance with appropriate accounting standards. Council recognises that there are risks associated with holding equity investments and to minimise these risks Council, through the relevant Council-committee, monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

The acquisition/disposition and management of Council's specific equity investments are set out in Appendix One.

5.6.1 New Zealand Local Government Funding Agency Limited

Despite anything earlier in this Policy, the Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- Obtain a return on the investment.
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

Council may invest in LGFA bonds and commercial paper as part of its financial investment portfolio.

As a borrower, Council's investment is recognised through shares and borrower notes. As an investor in LGFA shares and as a Guarantor, Council subscribes for uncalled capital in the LGFA.

5.7 Property investments

Council's property investments include:

- Crown land vested in Council and Council owned reserve lands
- Property owned by Council for administrative purposes, for the development needs of the district, or for investment purposes (land, buildings, ground leases and motor camps) .

Council's primary objective for crown owned land vested in Council and Council owned reserve land is for the social benefit of the Taupo district.

Council's primary objective for property owned for administrative purposes, development needs or for investment purposes is that it is important for the economic, physical and social development of the Taupo district and secondly, to achieve an acceptable rate of return. Council generally follows a similar assessment criteria in relation to the acquisition of new property investments.

Acquisition/disposition and revenue

Prior to acquisition of property for the development needs of the district or for investment purposes the property will be assessed as follows:

Property for the development needs of the district - a financial and non-financial assessment of economic, physical and social benefit to the district, the cost of owning the property and the cost of ownership and assessment.

- Investment property - a financial assessment including a calculation and assessment of the cost of ownership.
- Proceeds from the disposition of property investments are used for retirement of debt relating to such property, or allocated to general or special funds. All income from property investments is shown in the Statement of Comprehensive Revenue and Expense and forms part of general funds.

Any acquisition or disposition of property requires Council approval.

Management reporting and procedures

Council reviews the performance of its property investments on an annual basis, and ensures that the benefits of continued ownership are consistent with its stated objectives.

Investment risk

Insurance cover is held for all property investments. A risk assessment is carried out prior to acquisition of a property investment.

5.8 Forestry investments

Council has a holding of forestry assets which are held as long term investments on the basis of their net positive discounted cash flows. The discounted cash flows take into account projected market prices, annual maintenance and logging costs.

Acquisition/disposition and revenue

- Proceeds from the disposition of forestry investments are applied firstly to the repayment of loans raised to fund these assets. Surplus proceeds (after repayments of loans) from the disposition of forestry investments will be allocated to special funds .
- Any disposition of these investments requires Council approval. Valuations are carried out in accordance with accepted accounting principles

Management reporting and procedures

The forestry assets are managed under contract to Council and are overseen by the GMOP. An annual Forest Health report is provided by the forest managers.

Investment risk

Professional forest managers are engaged to oversee the forests. Insurance cover is held for all forest investments.

5.9 TEL Investment Portfolio

The TEL portfolio is managed by external investment managers in line with a separate Statement of Investment Policy and Objectives (SIPO) for that Fund and as such is governed by this document.

5.10 Departures from normal Policy

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

6.0 Risk recognition / identification management

The definition and recognition of liquidity, funding, investment, interest rate, counterparty credit, operational and legal risk of Council is detailed below and applies to both the Liability Management Policy and Investment Policy.

6.1. Interest rate risk on external borrowing

6.1.1 Risk recognition

Interest rate risk is the risk that funding costs (due to adverse movements in market wholesale interest rates) will materially exceed or fall short of projections included in the LTP or Annual Plan so as to adversely impact revenue projections, cost control and capital investment decisions/returns/feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing/hedging of interest costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.

6.1.2 Interest rate risk control limits

Council's gross forecast external debt as approved by the GMOP should be within the following fixed/floating interest rate risk control limits.

Fixed Rate Hedging Percentages		
Debt Period	Minimum Fixed Rate	Maximum Fixed Rate
0-2 Years	40%	90%
2-4 Years	25%	75%
4-10 Years	0%	60%

- Fixed rate debt is defined as all debt that has at least one more rate reset outstanding (typically quarterly)
- "Floating rate" is defined as any interest rate obligation subject to movements in the applicable reset rate.
- Gross forecast external core debt is the amount of total external debt for a given period. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed (signed off by the GMOP), the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.
- A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile that is outside the above limits beyond 90-days requires specific approval by Council.
- Any fixed rate hedge with a maturity beyond 10 years must be approved by Council. The exception to this will be if Council raises LGFA funding as fixed rate or swapped floating rate and this maturity is beyond 15 years.
- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money".
- Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate hedge percentage calculation.
- Hedging outside the above risk parameters must be approved by Council.

6.2 Financial Market Investments An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure thereby ensuring that investments are available when

required. Financial investments should be restricted to a term that meets future cash flow projections and be mindful of forecast debt associated with future capital expenditure programmes as outlined within the LTP.

6.2. Financial Market Investments

An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure thereby ensuring that investments are available when required. Financial investments should be restricted to a term that meets future cash flow projections and be mindful of forecast debt associated with future capital expenditure programmes as outlined within the LTP.

6.3. Liquidity risk/funding risk

6.3.1 Risk recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, short-term financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of Council's funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level.
- Council's own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- A large individual lender to Council experiences its own financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired.
- New Zealand investment community experiences a substantial "over supply" of Council investment assets.
- Financial market shocks from domestic or global events.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

6.3.2 Liquidity/funding risk control limits

To ensure funds are available when needed Council ensures that:

- There is sufficient available operating cash flow, liquid investments and available committed bank facilities to meet cash flow requirements between rates instalments as determined by the Finance Manager. Cash flow management will be used to identify and manage maturity mismatches between external borrowings, internal loans and investments.
- External debt and committed available debt facilities together with unencumbered liquid investments must be maintained at an amount of 110% over existing external debt. The liquidity ratio excludes the TEL fund.
- Council has the ability to pre-fund up to 18 months forecast debt requirements including re-financings. Debt re-financings that have been pre-funded, will remain included within the funding maturity profile until their maturity date.
- The GMOP has the discretionary authority to re-finance existing external debt on acceptable terms.
- The maturity profile of the total committed funding in respect to all external debt / loans and committed debt facilities, is to be controlled by the following system:

Period	Minimum %	Maximum %
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0%	60%

- A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile that is outside the above limits beyond 90-days requires specific approval by Council.

6.4. Foreign currency

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

Generally, all individual commitments over NZ\$100,000 equivalent are hedged using forward foreign exchange contracts, once expenditure is approved, legal commitment occurs and the purchase order is placed, exact timing, currency type and amount are known.

The TEL fund has foreign exchange exposure as per the Statement of Investment Policies and Objectives. In general, these investments are not hedged.

The following foreign exchange risk management instruments may be used for foreign exchange risk management activity:

- Spot and Forward Exchange Contracts.
- Purchase of foreign exchange options, and collar-type instruments (1:1 only).

Independent external advice would be sought before the use of such instruments.

Selling foreign exchange options for the purpose of generating premium income is not permitted.

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

6.5. Emissions Trading Scheme

The objective of the ETS carbon credit policy is to minimise and smooth the financial impact of movements in the carbon unit prices on Council. The objective requires balancing Council's need for price stability with the benefit of realising market opportunities to reduce costs as they arise.

Council will manage carbon price risk per the following risk limits when the annual exposure exceeds a cost of \$NZ 1,000,000

Exposures become committed for the calendar year in Jan-Mar of the following calendar year (which is the quarter following the emission period as Council must report emissions from previous calendar year). The carbon emissions liabilities are risk managed under the following risk control limits:

Obligation period	Compliance requirements as at (month of current year)	Minimum holding as a percentage of forecast, annual gross carbon liability obligations**
Current calendar year	by 30 June	75%
	by 31 December	100%
Current calendar year plus 1	by 31 December	50%

The second stage of the framework is to set a minimum and maximum level of carbon units to be purchased and held by Council to cover future years as shown below:

Period	Minimum unit holding	Maximum unit holding
Year 3* - Year 4	0%	50%
Year 4 - Year 5	0%	50%

* Current calendar year plus 2

** The forecast, annual gross carbon liability obligations are approved by the GMOP. Any purchasing of carbon units beyond the current calendar year is approved by the GMOP.

Forward price transactions are limited to NZ registered banks per approved counterparties.

Hedging outside the above risk parameters must be approved by Council.

6.6. Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into. Where Council has committed bank funding or stand-by facilities Council will only borrow from strongly rated banks with a minimum long-term credit rating of at least "A" (S&P, or equivalent Fitch or Moody's rating).

Credit risk will be regularly reviewed by the Council. Treasury related transactions would only be entered into with organisations specifically approved by the Council.

Counterparties and limits are only approved on the basis of the following S&P Global Ratings (S&P, or equivalent Fitch or Moody's rating) long and short-term credit ratings matrix. Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

Authorised Investment Parameters

Authorised Asset Classes	Maximum limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – S&P (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government or Government Guaranteed	100%	Government Stock Treasury Bills	Not Applicable	Unlimited
Local Government Funding Agency	75%	Commercial Paper/Bonds/MTNs/FRNs	S&P ST rating of 'A-1+' or LT 'AA' or better	\$40 million
Rated Local Authorities	50%	Commercial Paper	S&P ST rating of 'A-1'	\$5 million
		Commercial Paper/Bonds/MTNs/FRNs	S&P ST rating of 'A-1+' or LT 'A-' or better	\$10 million
Unrated Local Authorities where rates are used as security	25%	Bonds/MTNs/FRNs	Not applicable	\$2 million
New Zealand Registered Banks	100%	Call/Term Deposits, Registered Certificates of Deposit	S&P ST rating of 'A-1' S&P ST rating of A-1+' LT rating 'A-' or better	\$10 million \$35 million \$5 million
Risk management (derivatives)		Bonds/MTNs/FRNs		\$20 million
State Owned Enterprises	33%	Commercial Paper/Bonds/MTNs/FRNs	S&P ST rating of 'A-1' or LT 'BBB' or 'BBB+' S&P ST rating of 'A-1+' or LT 'A-' or better	\$2 million \$5 million
		Commercial Paper/Bonds/MTNs/FRNs		

Note: *Limit for Council's principal banker excludes balances in current and call accounts designated as working funds required for operational cash management purposes.

In determining the usage of the above gross limits, the current exposure method will be used which is defined as:

Counterparty credit exposure = Replacement Cost (RC) + Potential Future Exposure (PFE)

RC is equal to the mark to market (MtM) of a transaction. MtM refers to the close-out value at an agreed date of a financial instrument based upon underlying market prices. The MtM is defined as positive if the contract is "in the money" and negative if it is "out of the money". When MtM is negative, the RC is equal to zero.

Potential Future Exposure (PFE) is calculated by multiplying the notional by a the prescribed percentages outlined in the table below:

Potential Future Exposure Factors				
Current term to maturity	Interest Rate Factor	Money Market Factor	Foreign Exchange Factor	Commodities
Less than 1 year	0.00%	100.00%	1.00%	10.00%
Over 1 year and under 5 years	0.50%	100.00%	5.00%	12.00%
Over 5 years	1.50%	100.00%	7.50%	15.00%

Each transaction should be entered into a treasury spreadsheet and a quarterly report prepared to show assessed counterparty actual exposure versus limits.

Individual counterparty limits are kept in a spreadsheet by management and updated on a day to day basis. Credit ratings should be reviewed by the Finance Manager on an ongoing basis and in the event of material credit downgrades should be immediately reported to the CE and assessed against exposure limits. Counterparties exceeding limits should be reported to the Council.

Carbon counterparty settlement risk

Counterparty credit risk does not arise from the purchase of spot Carbon Units (CUs) either through the government auction system or on the secondary market. However, settlement risk arises when purchasing CUs. This risk is to be managed by:

- Purchasing CUs through the government auction and NZX, through an approved broker.
- Matching CUs in the Holding Account before settlement is approved.
- Entering forward contracts on CUs must be with an approved counterparty, being a New Zealand Registered Bank with a long-term Standard & Poor's credit rating of at least A, or the equivalent rating from Moody's or Fitch.

The type of approved CU dealing counterparties include;

- NZETS auction operating by the NZX (spot carbon transactions only)
- Registered NZX brokers (spot carbon transactions only)
- NZ registered banks with a credit rating of A or above (spot and forward carbon transactions)

Other counterparties must be approved by Council.

Risk management

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as possible. Maturities should be well spread. The approval process must take into account the liquidity of the market and prevailing market conditions the instrument is traded in and repriced from.

6.7. Approved financial instruments

Approved financial instruments are as follows (excluding TEL fund cash/debt securities):

Category	Instrument
Cash management and borrowing	<ul style="list-style-type: none"> ▪ Bank overdraft ▪ Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) ▪ Loan stock/bond issuance ▪ Floating Rate Note (FRN) ▪ Fixed Rate Note (MTN) ▪ Commercial paper (CP)/Promissory notes ▪ Bank call/term deposits, up to 30 days except for deposits linked to debt pre-funding activity. ▪ Bank registered certificates of deposit (RCDs) less than 365 days ▪ Committed standby facilities offered by the LGFA
Interest rate risk management	<ul style="list-style-type: none"> ▪ Forward rate agreements (“FRAs”) on: <ul style="list-style-type: none"> ○ Bank bills ▪ Interest rate swaps including: <ul style="list-style-type: none"> ○ Forward start swaps, swaptions collars. ○ Swap extensions and shortenings ▪ Interest rate options on: <ul style="list-style-type: none"> ○ Bank bills (purchased caps and one for one collars) ○ Interest rate swaptions (purchased swaptions and one for one collars only)
Foreign exchange management	<ul style="list-style-type: none"> ▪ Spot foreign exchange ▪ Forward exchange contracts (including par forwards) ▪ Purchased options and collars (1:1 only)
Carbon price risk management	<ul style="list-style-type: none"> ▪ Carbon Units - New Zealand Units (NZUs) and NZ Assigned Amount Units (NZAAUs) or any other New Zealand registered units legally allowable, on a spot and forward basis. ▪ Approved collateral instruments to be placed in the NZETS auction include; <ul style="list-style-type: none"> • Cash • Letters of Credit in favour of the Ministry for the Environment • Bank guarantee <p>All collateral placed in the NZETS auction system must be approved by the GMOP.</p>

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/ issuer.

- Subordinated debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

6.8. Operational risk

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls.

Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood.
- Too much reliance is often placed on the specialised skills of one or two people.
- Most treasury instruments are executed over the phone.
- Operational risk is minimised through the adoption of all requirements of this Policy.

Dealing authorities and limits

Transactions will only be executed by those persons and within limits approved by the Council.

Segregation of duties

As there are a small number of people involved in the treasury activities, adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting/reporting is not strictly achievable. The risk will be minimised by the following process:

- A 'two authorisations' process is strictly enforced for all funds transfers.
- The FM reports directly to the GMOP as control over the transactional activities of the MA
- The GA has review and approval responsibility for the general ledger reconciliations.
- There is a documented approval and reporting process for borrowing, investment, interest rate and liquidity management activity.

Procedures

All treasury instruments should be recorded and diarised within a treasury spreadsheet, with appropriate controls and checks over journal entries into the general ledger. Deal capture and reporting must be done immediately following execution/confirmation. Details of procedures including templates of deal tickets should be compiled in an appropriate operations and procedures manual separate to this Policy. Procedures should include:

- Regular management reporting.
- Regular risk assessment, including review of procedures and controls as directed by the Council or appropriate sub-committee of Council.

Organisational, systems, procedural and reconciliation controls to ensure:

- All borrowing, investing, interest rate and cash management activity is bona fide and properly authorised.
- Checks are in place to ensure Council accounts and records are updated promptly, accurately and completely.
- All outstanding transactions are revalued regularly and independently of the execution function to ensure accurate reporting and accounting of outstanding exposures and hedging activity.

Organisational controls

- The Finance Manager has responsibility for establishing appropriate structures, procedures and controls to support borrowing, investing, interest rate and cash management activity.
- All borrowing, investing, cash management and interest rate risk management activity is undertaken in accordance with approved delegations authorised by the Council.

Electronic banking signatories

- Positions approved by the CE as per register.

- Dual signatures are required for all cheques and electronic transfers.
- Authorisation of all electronic funds transfers requires two designated authorisers, one of whom must include the GMOP, FM or the GA.
- Cheques must be in the name of the counterparty crossed “Not Negotiable, Account Payee Only” or “Not Transferable, Account Payee Only”, via the Council bank account.

Authorised personnel

- All counterparties are provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.
- This list is provided at least annually and when there is a change in Council personnel.

Recording of deals

- All deals are recorded on properly formatted deal tickets by the FBP and approved where required as per the schedule of delegations.
- Market quotes for deals (other than cash management transactions) are considered by the Finance Manager before the transaction is executed.
- Deal summary records for borrowing, investments, interest rate risk management and cash management transactions (on spreadsheets) are maintained and updated promptly following completion of transaction.

Confirmations

- All inward deal confirmations including LGFA/bank funding and registry confirmations are received and checked by the Finance Business Partner - Processing against completed deal tickets and the treasury spreadsheet records to ensure accuracy.
- All deliverable securities are held in the Council's safe.
- Deals, once confirmed, are filed (deal ticket and attached confirmation) in deal date/number order.
- The FM checks all dealing activity, deal tickets and confirmations monthly, to ensure documentation is in order.
- Any discrepancies arising during deal confirmation checks which require amendment to the Council records are signed off by the GMOP.

Settlement

- The majority of borrowing, investing, interest rate and cash management transactions are settled by direct debit authority.
- For electronic payments, batches are set up electronically. These batches are checked by the FM to ensure settlement details are correct. Payment details are authorised by two approved signatories as per Council registers or by direct debit as per setup authority by Council.

Reconciliations

- Bank reconciliations are performed monthly by the AA and checked and approved by the GA. Any unresolved un-reconciled items arising during bank statement reconciliation which require amendment to the Council's records are signed off by the GMOP.
- A monthly reconciliation of the treasury spreadsheet to the general ledger is reviewed and approved by the GA.

6.9. Legal risk

Legal risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, TDC may be exposed to such risks.

TDC will seek to minimise this risk by adopting Policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice.

6.9. Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. All ISDA Master Agreements for financial instruments must be signed under seal by the Council.

Council's internal/appointed legal counsel must sign off on all documentation for new loan borrowings, re-financings and investment structures.

6.9.2 Financial covenants and other obligations

Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

7.0 Measuring treasury performance

Measuring the effectiveness of Council's treasury activities is achieved through a mixture of subjective and objective measures. The predominant subjective measure is the overall quality of treasury management information. The CE has primary responsibility for determining this overall quality.

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Council or an appropriate sub-committee of Council.

Management	Performance
Operational performance	<ul style="list-style-type: none"> All Policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits. All treasury deadlines are to be met, including reporting deadlines. Number and cost of processing errors (generally measured by unplanned overdraft costs). Comparison of the Council's financial ratios to financial and non-financial performance measures included within the Annual Plan.
Management of debt and interest rate risk (borrowing costs)	<ul style="list-style-type: none"> The actual borrowing cost (taking into consideration any costs/benefits of entering into interest rate management transactions) should be below the budgeted YTD/annual interest cost amount.
Financial investment performance measure	<p>Council's primary investment objective is capital protection. It utilises its surplus funds through internal lending to various activity centres within Council and through external investment to approved counterparties. Within the above credit constraints, Council will measure investment performance as follows:</p> <ul style="list-style-type: none"> Cash is held in liquid investments Investment maturities are matched to projected cashflow requirements Investment returns are maximised by obtaining quotes across the four major banks Realisation of investments prior to maturity is avoided unless absolutely necessary
Investments	<p>Property:</p> <ul style="list-style-type: none"> Adherence to Policy. Comparison of actual gross and net income to budgeted gross and net income. Comparison of actual return to budgeted (and/or market) return (with market return able to be established from such measures as the Property Council's Investment Performance Index). Comparison of actual property sales to budgeted property sales. Comparison of actual property purchases to budgeted property purchases. <p>Equity:</p> <ul style="list-style-type: none"> Adherence to Policy. <p>Forestry:</p> <ul style="list-style-type: none"> Adherence to Policy.

8.0 Cash management

The FBP has the responsibility to carry out the day-to-day cash and short-term cash management activities. All cash inflows and outflows pass through bank accounts controlled by the finance function.

- The Finance department will calculate and maintain comprehensive rolling cash flow projections on a daily (two weeks forward), weekly (four weeks forward) and monthly (12 months forward) basis. These cash flow forecasts determine Council's borrowing requirements and surpluses for investment.
- On a daily basis, electronically download all Council bank account information.
- Co-ordinate Council's operating units to determine daily cash inflows and outflows with the objective of managing the cash position within approved parameters.
- Undertake short term borrowing functions as required, minimising overdraft costs.
- Ensure efficient cash management through improvement to forecasting.
- Minimise fees and bank charges by optimising bank account/facility structures.
- Monitor Council's usage of overdraft and committed bank facilities. Overdraft facilities are utilised as little as practical.
- Match future cash flows to smooth overall timeline.
- Target of zero unplanned overdraft costs.
- Maximise the return from available funds by ensuring significant payments are made within the suppliers payment terms, but no earlier than required, unless there is a financial benefit from doing so.
- Interest rate risk management on cash management balances is not permitted.
- Cash is invested in approved instruments and counterparties only.
- Cash management investment instruments are limited to:
 - Call deposits with approved registered banks.
 - Approved bank RCDs with a maturity of less than 181 days.
 - Term deposits with approved registered banks of less than 30 days.

9.0 Reporting

When budgeting interest costs and investment returns, the actual physical position of existing loans, investments, and interest rate instruments must be taken into account.

9.1. Treasury reporting

The following reports are produced:

Report Name	Frequency	Prepared by	Recipient
▪ Daily Bank Reconciliation	Daily	AA	FBPP
▪ Investment General Ledger Reconciliations ▪ Borrowing General Ledger Reconciliations	Monthly	FBP	SFA
Treasury Report Liability Management <ul style="list-style-type: none"> ▪ Policy limit compliance ▪ Borrowing limits ▪ Funding and interest position ▪ Funding facility ▪ New debt funding, and interest rate swap transactions ▪ Cost of funds vs. budget ▪ Cash flow forecast report ▪ Liquidity risk position ▪ Counterparty credit ▪ Treasury performance ▪ Revaluation of financial instruments (quarterly) ▪ Carbon credit exposure and hedged position ▪ CCO/CCTO loans and guarantees, financial arrangements ▪ Exemptions to Policy Investments <ul style="list-style-type: none"> ▪ Summary of funds held ▪ Interest income vs. budget ▪ Maturity and interest rate position ▪ Counterparty credit ▪ TEL performance / summary of position / compliance ▪ TEL fund managers' report 	Monthly	FBP/SFA	Council
Trustee Report	As required by the Trustee	FBP	Trustee company
Borrowing / Investment strategy	Annual	GMOP	Council
Annual Plan	Annual	FM	Council
Statement of Intent	Annual	FM	CCOs
Annual Report	Annual	SFA	Council CCOs

9.2. Accounting treatment of financial instruments

Council uses financial arrangements (“derivatives”) for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council’s accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the Statement of Comprehensive Revenue and Expenditure unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage the Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The FM is responsible for advising the GMOP and the CE of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every three months for risk management purposes.

10.0 Policy review

The Policy is to be formally reviewed on a triennial basis, and annually for internal purposes (Liability Management and Investment Policies).

The Finance Manager has the responsibility to prepare the annual review report (following the preparation of annual financial statements) that is presented to the Chief Executive-. The report will include:

- Recommendation as to changes, deletions and additions to the Policy.
- Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- Summary of breaches of Policy and one-off approvals outside Policy.

The Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes. The Policy review should be completed and presented to the Council within five months of the financial year-end.

11.0 Appendix One

11.1. Specific investments

11.1.1 TAUPO AIRPORT AUTHORITY INVESTMENT

Council has 50% ownership of the joint venture Taupo Airport Authority, with the other 50% owned by the Crown. Council has 100% ownership in Destination Lake Taupo Ltd and Data Capture Systems Ltd. Both these companies are non-trading.

Council retains ownership of the airport because it is essential for the economic development of the Taupo district and is consistent with Council's Annual Plan and LTP.

Acquisition/disposition and revenue

The airport and any other CCO investment is consolidated into the Council's annual report in line with generally accepted accounting practice. Any surplus generated by the CCO will be utilised by the CCO, except in the case that a dividend requirement is set out in the CCO SOI or other such determination. Proceeds from the disposition of the investment will form part of general or special funds.

Additions to or disposal of any CCO investment requires Council approval.

Management reporting and procedures

Council is responsible for the management of the airport through its appointment of the Airport Manager who reports to the Taupo Airport Authority Committee. A half year financial report and an Annual Report are prepared by Council staff. The authority prepares an annual statement of intent for approval of the joint venture partners.

Similar management reporting and accountability practices are also in place for other CCO interests.

Investment risk

The primary objective for risk management of the airport is to maintain operational efficiency and safety. This is managed by regular Civil Aviation Authority audits.

11.1.2 BOPLASS

11.1.3 LGFA

11.1.4 TEL Fund Equity Investments

Council maintains Australasian and international equities as part of the TEL fund and is managed by a separate Statement of Investment Policies & Objectives by external investment managers.



TAUPO DISTRICT COUNCIL

Treasury Management Policy

Including Liability Management and Investment Policies

Adopted by Council
30 November 2021 **26 March 2024**

Style Definition: TOC 2

CONTENTS

1.0	Introduction	4
1.1.	Policy purpose.....	4
2.0	Scope and objectives	4
2.1	Scope.....	4
2.2	Treasury management objectives	4
2.3	Policy setting and Management	6
3.0	Governance and management responsibilities	6
3.1	Overview of management structure.....	6
3.2	Council	6
3.3	Chief Executive Officer (CEO).....	7
3.4	Treasury Management Group (TMG)	7
3.5	Group Manager Corporate Organisation Performance (GMEGMOP)	88 7
3.6	Finance Manager (FM)	8
3.7	Management Accountant (MA) Finance Business Partner (FBP)	8
3.8	Group Accountant (GA) Finance Business Partner – Reporting (FBPR).....	99 8
3.9	Finance Officer Treasury (FOT) Assistant Accountant (AA).....	9
3.10	Delegation of authority and authority limits	9
4.0	Liability Management Policy	1212+1
4.1	Introduction	12 12+1
4.2	Borrowing limits	12 12+1
4.3	Asset management plans	14 13
4.4	Borrowing mechanisms	14 13
4.5	Security	14 13
4.6	Debt repayment.....	16 14
4.7	Guarantees.....	16 14
4.8	Internal borrowing.....	16 14
4.9	Lending to Council Controlled Organisations and Council Controlled Trading Organisations.....	16 14
4.10	New Zealand Local Government Funding Agency (LGFA) Limited	17 15
5.0	Investment Policy	1816
5.1	Introduction	18 16
5.2	Objectives	18 16
5.3	Policy.....	18 16
5.4	Acquisition of new investments	18 16
5.5	Financial investments.....	19 17
5.6	Equity investments	20 18
5.7	Property investments.....	20 18
5.8	Forestry investments	21 19
5.9	TEL Investment Portfolio	21 19
5.10	Departures from normal Policy.....	21 1920
6.0	Risk recognition / identification management.....	222021

6.1.	Interest rate risk on external borrowing.....	222021
6.2.	Financial investment interest rate/maturity limits	232122
6.3.	Liquidity risk/funding risk	232122
6.4.	Foreign currency	242223
6.5.	Emissions Trading Scheme	262324
6.6.	Counterparty credit risk	262324
6.7.	Approved financial instruments.....	292526
6.8.	Operational risk	312628
6.9.	Legal risk	322830
7.0	Measuring treasury performance	343031
8.0	Cash management.....	353132
9.0	Reporting	363233
9.1.	Treasury reporting	363233
9.2.	Accounting treatment of financial instruments	363233
10.0	Policy review.....	373334
11.0	Appendix One	383435
11.1.	Specific investments	383435
12.0	Appendix Two	Error! Bookmark not defined.Error! Bookmark not defined.36
12.1.	Investment Strategy Statement (ISS) — TEL Fund	Error! Bookmark not defined.Error! Bookmark not defined.36

1.0 Introduction

1.1 Policy purpose

The purpose of the Treasury Management Policy ("Policy") is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Taupo District Council ("TDC"). The formalisation of such policies and procedures will enable treasury risks within TDC to be prudently managed.

As circumstances change, the policies and procedures outlined in this Policy will be modified to ensure that treasury risks within TDC continue to be well managed. In addition, regular reviews will be conducted to test the existing Policy against the following criteria:

- Industry "best practices" for a Council the size and [with the characteristics type](#) of TDC.
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers.
- The effectiveness and efficiency of the Policy and treasury management function to recognise, measure, control, manage and report on TDC's financial exposure to market interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks.
- The operations of a pro-active treasury function in an environment of control and compliance.
- The robustness of the Policy's risk control limits and risk spreading mechanisms against normal and abnormal interest rate [and credit](#) market movements and conditions.
- Assistance to TDC in achieving strategic objectives.

It is intended that the Policy be distributed to all personnel involved in any aspect of the TDC's financial management. In this respect, all staff must be completely familiar with their responsibilities under the Policy at all times.

2.0 Scope and objectives

2.1 Scope

- This document identifies the Policy of TDC in respect of treasury management activities.
- The Policy has not been prepared to cover other aspects of TDC's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of TDC cover these matters.

2.2 Treasury management objectives

The objective of this Policy is to control and manage costs, investment returns and risks associated with treasury management activities.

Statutory objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.
- TDC is governed by the following relevant legislation:
 - Local Government Act 2002, in particular Part 6 including sections 101, 102, 104 and 105.
 - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
 - Trusts Act 2019 (effective 30 January 2021). When acting as a trustee or investing money on behalf of others, the Trusts Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. All projected external borrowings are to be approved by Council as part of the Annual Plan or the [Long-Term Planning \(LTP\)](#) process, or resolution of Council before the borrowing is effected.

- All legal master documentation in respect to external borrowing and financial instruments will be approved by Council's legal counsel prior to the transaction being executed.
- Council will not enter into any borrowings denominated in a foreign currency.
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council if it were borrowing without charging rate revenue as security. (Section 63 of the Local Government Act).
- Council is not allowed to give any guarantee, indemnity, or security in respect to the performance of any obligation by a CCTOs under Section 62 of the Local Government Act
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
 - The period of indebtedness is less than 91 days (including rollovers); or
 - The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate the CEO delegation.

General objectives

- Minimise Council's costs and risks in the management of its external borrowings.
- Minimise Council's exposure to adverse interest rate [and credit market](#) movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Policy so as to protect Council's financial assets and manage costs.
- Arrange and structure external [long](#) term funding for Council at an acceptable margin and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement.
- Monitor and manage carbon risk exposures.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this Policy.
- Manage investments to optimise returns [from Council's cash and liquidity management activities in the long-term](#) whilst balancing risk and return considerations.
- Safeguard Council's financial assets and investment capital.
- Monitor Council's return on investments.
- Ensure the Council, management and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
- To minimise exposure to credit risk by dealing with and investing in credit worthy counterparties.
- Ensure that all statutory requirements of a financial nature are adhered to.
- Ensure that financial planning will not impose an unequitable spread of costs/benefits over current and future ratepayers.
- To ensure adequate internal controls exist to protect Council's financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, [Local Government Funding Agency \("LGFA"\)](#), credit rating agencies and investment counterparties.

In meeting the above objectives Council is, above all, a risk averse entity and does not seek risk in its treasury activities, [noting that the total elimination of risk is not possible](#). Interest rate risk, liquidity risk, funding risk, investment risk or credit risk, and operational risks are all risks which the Council seeks to manage, not capitalise on. Accordingly [any treasury](#) activity which may be construed as speculative in nature is expressly forbidden.

2.3 Policy setting and Management

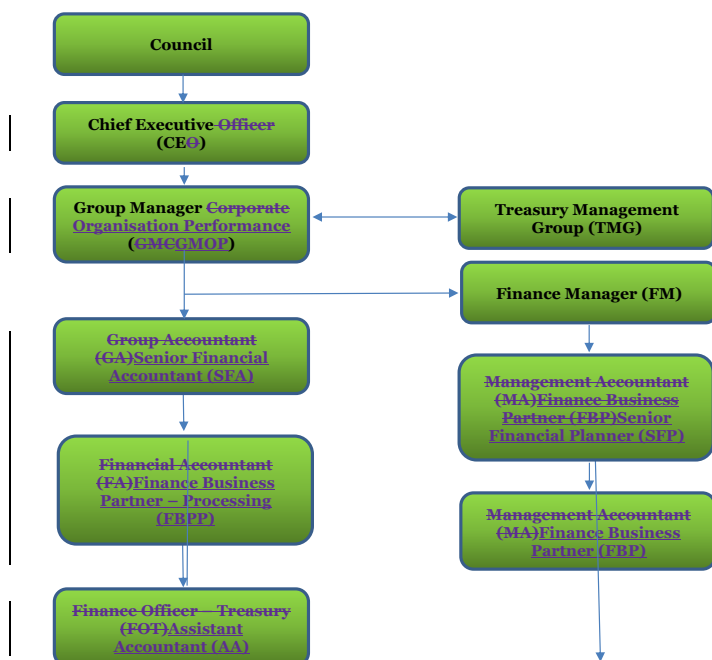
The Council approves Policy parameters in relation to its treasury activities. Council's Chief Executive Officer has overall financial management responsibility for the Council's borrowing and investments.

The Council exercises ongoing governance over its subsidiary companies ([Council Controlled Organisations/Council Controlled Trading Organisations](#)), through the process of approving the Constitutions, Statements of Intent, and the appointment of Directors/Trustees of these organisations.

3.0 Governance and management responsibilities

3.1 Overview of management structure

The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in the following section:



3.2 Council

The Council has ultimate responsibility for ensuring that there is an effective Policy for the management of its risks. In this respect the Council decides the level and nature of risks that are acceptable, given the underlying objectives of TDC.

The Council is responsible for approving the Policy. While the Policy can be reviewed and changes recommended by other persons, the authority to make or change Policy cannot be delegated.

In this respect, the Council has responsibility for:

- Approving the long-term financial position of TDC through the Long-Term Plan (LTP) and Financial Strategy along with the adopted Annual Plan.
- Approve and adopt the Liability Management and Investment Policies (the Treasury Management Policy).
- Approving the Policy incorporating the following delegated authorities:
 - Borrowing, investment and dealing limits and the respective authority levels delegated to the CEO, GMOP and other management;
 - Counterparties and credit limits;
 - Risk management methodologies and benchmarks;
 - Guidelines for the use of financial instruments;
 - Receive a triennial review report on the Policy.
- Approving amendments to Policy.
- Approving one-off transactions falling outside Policy.

3.3 Chief Executive Officer (CEO)

While the Council has final responsibility for the Policy governing the management of Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the CEO.

In respect of treasury management activities, the CEO's responsibilities include:

- Approving the opening and closing of bank accounts (jointly with the GMOP).
- Approving the register of cheque and electronic banking signatories.
- Overseeing the borrowing and financial market investment activities ~~Approving new external borrowing that have been undertaken in line with Council resolution and approved financial strategy and delegate to the GMOP the day to day management of these activities.~~
- Reviewing the monthly management reports to monitor compliance with policies, procedures and risk limits. Receiving advice of non-compliance of Policy and significant treasury events from the GMOP.
- Signing of legal documents related to the borrowing activities of Council.
- Delegating to the GMOP the day to day management of Council's borrowing and financial market investment activities.
- Execution of external borrowing, investment, and interest rate management transactions in accordance with set limits. Completes all properly formatted deal tickets. Responsibilities include execution of on-lending activity to CCO/CCTOs.
- Review amendments to the treasury policies and procedures as recommended by the GMC-GMOP prior to submission to the full council for approval.

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3.4 Treasury Management Group (TMG)

The members of the TMG are the General Manager Finance & Strategy, Organisation Performance, Finance Manager, Senior Financial Planner and the Management Accountant Finance Business Partner.

- Evaluate and recommend amendments to Policy.
- Review treasury management strategies.

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- Review treasury activity and performance through monthly reporting, supplemented by exception reporting.
- Manage the process of selecting fund managers and appointing brokers/investment advisers and oversee negotiations of borrowing facilities with financial institutions.
- Investigate financing alternatives to minimise borrowing costs, margins and interest rates.

3.5 Group Manager ~~Corporate Organisation Performance (GMC)~~GMOP)

The ~~GMC's~~GMOP's responsibilities are as follows:

- ~~Approving the opening and closing of bank accounts (jointly with the CEO).~~
- Management responsibility for all external borrowing and investment activities as delegated by the CEO.
- Ongoing risk assessment of borrowing and investment activities including procedures and controls.
- ~~Execution of external borrowing, investment, and interest rate management transactions in accordance with set limits. Completes all properly formatted deal tickets. Responsibilities include execution of on-lending activity to CCO/CCTOs.~~
- Managing the long-term financial position of Council as outlined in the LTP.
- Approving deal tickets of treasury transactions in accordance with delegated authority.
- As part of the Annual Planning process, proposing new external borrowing requirements to the CEO for consideration and submission to the Council.
- Proposing new external borrowing and on-lending CCO/CCTO funding activity to the CEO for Council approval.
- ~~In conjunction with the FM manage Council's relationship with financial institutions, LGFA, brokers, fund managers, trustee, registrar and credit rating agencies~~
- Approving all amendments to Council records arising from checks to counterparty confirmations.
- Reviewing and making recommendations on all aspects of the Policy ~~that have been prepared by the FM~~ to the CEO, including dealing limits, approved instruments, counterparties, and general guidelines for the use of financial instruments ~~prior to submission to the full council for approval~~.
- Monitoring and reviewing the performance of the treasury function in terms of achieving the objectives of minimising and stabilising funding costs ~~and ensuring appropriate returns from Council's financial market investment activities.~~

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3.6 Finance Manager (FM)

The ~~Finance Manager~~FM's responsibilities are as follows:

- Responsible for overseeing the day-to-day treasury function as delegated by the ~~GMC~~GMOP.
- ~~Execution of external borrowing, investment, and interest rate management transactions in accordance with set limits. Completes all properly formatted deal tickets. Responsibilities include execution of on-lending activity to CCO/CCTOs.~~
- Approving deal tickets of treasury transactions in accordance with delegated authority.
- Reviewing treasury exposure on a regular basis, including current and forecast cash position, interest rate exposures and borrowings. Ensuring management procedures and policies are implemented in accordance with this Policy.
- Manage Council's relationship with financial institutions, LGFA, brokers, fund managers, trustee, registrar and credit rating agencies
- Review Council's cash flow and debt forecasts.
- Review monthly ~~treasury~~Treasury Report to Council
- Conduct review of policy as per 10.0 Policy Review.

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3.7 ~~Management Accountant (MA)~~Finance Business Partner (FBP)

The ~~Management Accountant's~~FBP's responsibilities are as follows:

- Execution of approved external borrowing, investment, and interest rate management transactions in accordance with set limits. Completes all properly formatted deal tickets. Responsibilities include execution of approved on-lending activity to CCO/CCTOs.
- Manage Council's cash flow forecasts and debt forecasts.
- Carry out the day-to-day cash and short term cash management activities.
- Monitoring treasury exposure on a regular basis, including current and forecast cash position, interest rate exposures, investments and borrowings.
- Liaise and negotiate with bankers/brokers/the LGFA, for issue of debt, investments and interest rate management activity.
- Update investment, borrowing and interest rate spreadsheets for all new, re-negotiated, reset and maturing investment, borrowing and interest rate transactions.
- Monitor and update credit ratings of approved counterparties.
- Handle all administrative aspects of bank counterparty agreements and documentation such as loan agreements and ISDA documents.
- Ensuring all financial instruments are valued and accounted for correctly in accordance with current best practice standards.
- Complete monthly general ledger reconciliations to borrowing and investment spreadsheets.
- Reconcile monthly summaries of outstanding financial contracts from bank counterparties to internal records.
- Prepare monthly Treasury Report to Council.
- Complete annual review of delegated authorities and authorised signatories.

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3.8 Group Accountant (GA) Finance Business Partner – Reporting (FBPR) Senior Financial Accountant (SFA)

- Account for all treasury transactions in accordance with legislation and generally accepted accounting principles (GAAP), Council's accounting and borrowing and financial policies.
- Review and approve monthly, bank reconciliations, and general ledger reconciliations.
- Review and approve monthly, general ledger reconciliations to borrowing and investment spreadsheets.
- Arrange settlement of external borrowing, investment, and interest rate management transactions.
- Oversee day-to-day cash management, review and approve daily bank reconciliations.

3.9 Finance Officer Treasury (FOT) Assistant Accountant (AA)

- Process treasury transactions as per approved deal tickets.
- Check all treasury deal confirmations against deal tickets and spreadsheet records. Report any irregularities immediately to the GMC/GMOP.
- Complete daily bank reconciliation.

3.10 Delegation of authority and authority limits

Treasury transactions entered into without the proper authority are difficult to cancel given the legal doctrine of "apparent authority". Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, the following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least annually to ensure that they are still appropriate and current.

- A comprehensive letter must be sent to all bank counterparties at least annually to confirm details of all relevant current delegated authorities empowered to bind Council.

Whenever a person with delegated authority on any account or facility leaves Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

In the event of a delegated person being absent the person with delegated authority above them will authorise.

Council has the following responsibilities, either directly itself, or via the following stated delegated authorities:

Activity	Delegated Authority	Limit
Approving and changing Policy	Council	Unlimited
Approve external borrowing for year as set out in the AP/LTP.	Council CEO, GMEGMOP	Unlimited (subject to legislative and other regulatory limitations) Per Council approved resolution, AP/LTP
Acquisition and disposition of investments other than financial investments (Excluding TEL Fund)	Council	Unlimited
TEL acquisition and disposition of investments	GMEGMOP	As per TEL ISSIPO
Approval for charging assets as security over borrowing	Council	Unlimited
Approving of Council guarantees or uncalled capital relating to CCO/CCTO indebtedness	Council	Unlimited (subject to legislative and other regulatory limitations)
Approving new and refinanced direct and on-lending arrangements with CCO/CCTOs.	Council	Subject to Policy
Negotiation and ongoing management of direct and on-lending arrangements to CCO/CCTOs	GMEGMOP	Subject to Policy
Arranging new and reviewing re-financed bank facilities/debt issuance	GMEGMOP	Subject to Policy
Approving transactions outside Policy	Council	Unlimited
Approving of Council guarantees of indebtedness	Council	Unlimited
Overall day-to-day treasury management	GMEGMOP	Subject to Policy
Authorise use of risk management instruments	GMEGMOP	Subject to Policy Per risk control limits
Approve financial instruments	GMEGMOP	Subject to Policy Per risk control limits
Approve borrowing and investment strategy	GMEGMOP	Subject to Policy Per risk control limits
Adjust debt/investment interest rate risk, and debt/investment profiles	GMEGMOP	Per risk control limits
Managing funding and investment maturities	FM	Per risk control limits
Maximum daily transaction amount (borrowing, investing, interest rate risk management and cash management) excludes roll-overs on debt and interest rate swaps.	Council CEO GMEGMOP FM	Unlimited \$50M \$30M \$15M
Manage cash/liquidity requirements	FM	Per risk control limits

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Authorising list of signatories	CEO	Unlimited
Opening/closing bank accounts	CEO, GMCGMOP	Unlimited
Authorising carbon unit transactions relating to future calendar year's obligations. Authorising issuance of collateral with bid for acquisition of Carbon Units via auction from NZETS	GMCGMOP	\$2.5m in any one transaction
Acquiring and disposing Carbon Credits relating to current calendar year obligations	FM	\$2.5m in any one transaction
Triennial review of Policy	FM	N/A
Ensuring compliance with Policy	FM	N/A

All management delegated limits are authorised by the CEO.

4.0 Liability Management Policy

4.1 Introduction

Council's liabilities comprise of borrowings (external/internal) and various other liabilities. Council maintains external borrowings in order to:

- Raise specific debt associated with projects and capital expenditures.
- Fund the balance sheet as a whole, including working capital requirements.
- Fund assets whose useful lives extend over several generations of ratepayers.
- Raise specific debt for on-lending to CCO/CCTOs.

Borrowing provides a basis to achieve inter-generational equity by aligning long-term assets with long-term funding sources, and ensure that the costs are met by those ratepayers benefiting from the investment.

4.2 Borrowing limits

Debt will be managed within the following limits:

Item	Borrowing Limit
Net External Debt / Total Revenue	<200250%
Net Interest on External Debt/ Total Revenue	<2010%
Net Interest on External Debt/ Annual Rates Income	<25%
Liquidity (External debt + available committed bank facilities + liquid investments to existing external debt)	>110%

- Total Revenue is defined as earnings from rates, government capital grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net external debt is defined as total external debt less unencumbered liquid investments.
- Liquid investments are unencumbered assets defined as:
 - Overnight bank cash deposits
 - ~~Wholesale / retail~~ bank term deposits no greater than 1 year 90-days
 - Commercial Paper issued by approved counterparties
 - Bank issued RCD's less than 181 days
- ~~External debt funding and associated investment activity relating to prefunding is excluded from the liquidity ratio calculation.~~
- External debt that is specifically borrowed for on-lending to a CCO/CCTO is netted, with the corresponding loan asset for LGFA covenant and Council imposed debt cap amount calculation purposes.
- TEL fund investments are excluded from liquid investments.
- LGFA accepts bonds and CP with an issuer minimum long-term credit rating of "A-" and minimum short term credit rating "A-1" and also considers the TEL fund when determining liquid investments. Therefore, Council may include these financial instruments within its liquidity ratio in LGFA reporting.
- Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied)

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Commented [A9]: LGFA for liquidity count prefunding and associated term deposits so this provision should be deleted to ensure consistency

Commented [A10]: The TEL fund is excluded from liquid investments but in the next bullet point can be included in the liquidity ratio

together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

- Financial covenants are measured ~~on~~ at a Council level only not on a consolidated group level.
- Disaster recovery requirements are to be met through the liquidity ratio, special funds and TEL Fund.

4.3 Asset management plans

In approving new debt Council considers the impact on its net external borrowing limits, any Council imposed debt cap amount, and credit rating, as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP, Infrastructure and Financial Strategies.

4.4 Borrowing mechanisms

Council is able to externally borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, the LGFA, accessing the short and long-term wholesale/retail debt capital markets directly or indirectly, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the following is taken into account:

- Available terms from banks, the LGFA, and debt capital market.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins relative to term from the LGFA, debt capital markets and bank borrowing.
- The market's outlook on future credit margin and interest rate movements as well as Council's own outlook and the Reserve Bank of New Zealand's projected track for the Official Cash Rate ~~its own~~.
- Legal documentation and financial covenants together with security and credit rating considerations.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable with those terms from external borrowing.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

A formal credit rating enhances Council's ability to attract cost effective borrowing and provides several advantages including:

- Broadening Council's source of funding and improved pricing.
- Improves Council credit standing in regards to stronger negotiating when implementing new funding facilities ~~positions~~.
- Enforces financial management discipline and performance under the scrutiny of the credit rating agency. As such it provides a very useful 'monitoring' service to supplement the Council's own internal due diligence and reporting

Council's ability to readily attract cost effective borrowing is largely driven by its ability to levy rates, maintain a strong financial standing and manage its relationships with its wholesale investors, the LGFA, and financial institutions/brokers and maintain a long-term credit rating of at least AA.

4.5 Security

Council's external borrowings and interest rate management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by Council ranks equally or pari passu with other lenders.

From time to time, and with Council approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. project finance).
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

- Any lending to a CCO or CTO will be on a secured basis and be approved by Council.

|

4.6 Debt repayment

Debt repayments will be in accordance with ~~long-Long-term~~ and ~~annual-Annual plansPlans~~. Additional repayments may be made from surplus funds generated by asset sales or operating surpluses.

Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

4.7 Guarantees

Council may act as guarantor to CCO's, financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with Council's strategic objectives.

For any outstanding guarantees, Council will ensure that sufficient financial capacity exists relative to LGFA lending covenants. Unless approved by Council, guarantees or financial arrangements given will not exceed any amount agreed by Council or an appropriate Council Committee in aggregate. The Finance Manager monitors guarantees and reports monthly to Council via the ~~treasury-Treasury reportReport~~.

Council is not permitted to provide any guarantee of indebtedness in favour of any loans to CCTOs under Section 62 of the Local Government Act. For any guarantee for indebtedness provided by Council to a CCO that borrows directly from the LGFA or bank lender, Council will approve the specific borrowing and guarantee arrangement.

Conditions to financial arrangements, such as loan advances, are specified in section 5.5.

4.7.1 Underwriting

Financial arrangements may also include the specific underwriting of business performance where there is a strategic and economic benefit accruing from the activity. Underwriting arrangements must be approved by Council. The Finance Manager monitors underwriting arrangements and reports monthly to Council via the ~~treasury-Treasury reportReport~~.

4.8 Internal borrowing

Internal loans sourced from the Council's general funds are allowed as a valid means of funding projects, minimising the cost of borrowing while providing a market return on investment funds.

Council's internal borrowing needs have traditionally revolved around expansion or renewal of its assets. Hence internal borrowing is tied to assets and the cost centres associated with those assets.

This Policy allows for the use of internal borrowing structures where interest and repayments are sourced from operating budgets (generally funded by rates income). Where appropriate, inflation factors may be built into loan repayment tables to better reflect the ability of the community to pay in the future and avoid overcharging current ratepayers.

Any internal borrowing of cash reserve funds used must be reimbursed for interest revenue lost. Interest on internally-funded loans is set at the weighted average cost of external borrowing (including credit margin and other related costs). Interest is charged in arrears on at least a monthly basis.

Council will not internally borrow from the TEL fund. The TEL fund is a ring-fenced investment fund separately managed per its Statement of Investment Policies & Objectives by an external investment manager.

4.9 Lending to Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO)

To better achieve its strategic and commercial objectives Council may provide financial support in the form of debt funding directly or indirectly to CCOs and CCTOs.

Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any direct borrowing from the LGFA or Council on-lending arrangement to a CCO/CCTO must be approved by Council. In recommending an arrangement for approval the ~~GMC-GMOP~~ considers the following :-

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amounts outstanding on due date.
- Impact on Council's credit rating, debt cap amount (if any), lending covenants with the LGFA and other lenders and Council's future borrowing capacity.

- The form and quality of security arrangements provided.
- The lending rate given factors such as; CCO/CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.
- Lending arrangements to CCTOs must be documented on a commercial arms length basis. A term sheet, including matters such as; borrowing costs, interest payment dates, principal payment dates, security, expiry date is agreed between the parties.
- Accounting and taxation impact of on-lending arrangement

All direct borrowing from the LGFA or Council on-lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed and approved by Council's independent legal counsel.

4.10 New Zealand Local Government Funding Agency (LGFA) Limited

Despite anything earlier in this Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

5.0 Investment Policy

5.1 Introduction

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council. Specific purposes for maintaining investments include:

- For strategic purposes consistent with Council's LTP.
- For the management of the TEL community fund.
- The retention of vested land.
- Holding short term investments for working capital [and liquidity](#) requirements.
- Holding investments that are necessary to carry out Council operations consistent with Annual Plans, to implement strategic initiatives, or to support inter-generational allocations.
- Holding assets (such as property) for commercial returns.
- Provide ready cash in the event of a natural disaster or other significant event that disrupts Council income. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets.
- Invest amounts allocated to accumulated surplus, Council created restricted reserves and general reserves.
- Invest proceeds from the sale of assets.

Council recognises that as a responsible public authority all investments held, should be low risk. Council also recognises that low risk investments generally mean lower returns.

Council can internally borrow from reserve and special funds in the first instance to meet future capital expenditure requirements, unless there is a compelling reason for establishing external debt.

5.2 Objectives

In its financial investment activity, Council's primary objective when investing is the protection of its investment capital and that a prudent approach to risk/ return is always applied within the confines of this Policy. Accordingly, only approved creditworthy counterparties are acceptable. Council will act effectively and appropriately to:

- Protect the Council's investments.
- Ensure the investments benefit the Council's ratepayers.
- Maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements.

5.3 Policy

The Council's general Policy on investments is that:

- The Council may hold financial, property, forestry, and equity investments if there are strategic, commercial, economic or other valid reasons (e.g. where it is the most appropriate way to administer a Council function).
- The Council will keep under review its approach to all major investments and the credit rating of approved financial institutions/[counterparties](#).
- The Council will review its policies on holding investments at least once every three years.

5.4 Acquisition of new investments

With the exception of financial investments, and the TEL fund, new investments are acquired if an opportunity arises and approval is given by Council, based on advice and recommendations from Council officers. Before approving any new investments, Council gives due consideration to the contribution the investment will make in fulfilling Council's strategic objectives, and the financial risks of owning the investment.

The authority to acquire financial investments is delegated to the [GMC-GMOP](#) and reported to Council on a monthly basis in the [treasury-Treasury reportReport](#).

5-5 Financial investments

Objectives

Council maintains cash and fixed interest financial investments for the following primary reasons:

- Invest amounts allocated to special reserves.
- Invest surplus cash and working capital funds.
- Provide ready cash in the event of a natural disaster. This cash is intended to assist reinstatement and to finance short-term needs between the disaster and the reinstatement of normal income streams.
- Invest the TEL investment portfolio.

Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in section 6.6. Credit ratings are monitored and reported monthly to Council in the [treasury-Treasury reportReport](#).

Council may invest in approved financial instruments as set out in section 6.5 and 6.6. These investments are aligned with Council's objective of investing in high credit quality and highly liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. Council prudently manages liquid financial investments as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- Council may choose to hold specific reserves in cash and direct what happens to that investment income. In effect the income from financial investments will be an interest income stream into the treasury activity.

General funds and special reserves

Council holds general and reserve funds for specific Council objectives. To manage liquidity risk, a portion of general funds and special reserves must be held as cash/cash equivalent investments maturing within 12 months. Maturity and interest rate risk controls are set out in section 6.2, approved financial instruments in section 6.7, and counterparty credit limits in section 6.6.

Trust funds

Where Council hold funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the Trust. If the Trust's investment Policy is not specified then this Policy should apply.

Loan Advances

Council may provide advances to charitable trusts and community organisations for strategic and commercial purposes. New loan advances are by Council resolution only.

Advances to charitable trusts, and community organisations do not have to be on a fully commercial basis. Where advances are made to charitable trusts and community organisations at below Councils cost of borrowing, the additional cost is treated as an annual grant to the organisation.

Council reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved.

All advances are made on a fully secured basis and executed under approved legal documentation.

Refer to conditions of CCO/CCTOs loans under section 4.9.

The Finance Manager monitors loan advances and reports to Council monthly in the [treasury-Treasury reportReport](#).

Acquisition/disposition and revenue

Interest income from financial investments is credited to general funds or special reserves and is included in the Statement of Comprehensive Revenue and Expense.

Proceeds from the disposition of financial investments are used for operational and capital expenditure purposes or for the purpose for which they have been established, as approved in the Annual Plan or LTP.

5.6 Equity investments

Equity investments, including investments held in CCO/CCTO and other shareholdings.

Council maintains equity investments and other minor shareholdings. Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP. Equity investments may be held where Council considers there to be strategic community value.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

Any purchase or disposition of equity investments held in CCO's/CCTO's requires Council approval. Council may also acquire shares that are gifted or are a result of restructuring. In connection with the investment, Council can subscribe for uncalled capital in a CCO or CCTO.

Any dividends received, and/or profit or loss arising from the sale of these investments must be recorded in accordance with appropriate accounting standards. Council recognises that there are risks associated with holding equity investments and to minimise these risks Council, through the relevant Council-committee, monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

The acquisition/disposition and management of Council's specific equity investments are set out in Appendix One.

5.6.1 New Zealand Local Government Funding Agency Limited

Despite anything earlier in this Policy, the Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- Obtain a return on the investment.
- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

Council may invest in LGFA bonds and commercial paper as part of its financial investment portfolio.

As a borrower, Council's investment is recognised through shares and borrower notes. As an investor in LGFA shares and as a Guarantor, Council subscribes for uncalled capital in the LGFA.

5.7 Property investments

Council's property investments include:

- Crown land vested in Council and Council owned reserve lands
- Property owned by Council for administrative purposes, for the development needs of the district, or for investment purposes (land, buildings, ground leases and motor camps).

Council's primary objective for crown owned land vested in Council and Council owned reserve land is for the social benefit of the Taupo district.

Council's primary objective for property owned for administrative purposes, development needs or for investment purposes is that it is important for the economic, physical and social development of the Taupo district and secondly, to achieve an acceptable rate of return. Council generally follows a similar assessment criteria in relation to the acquisition of new property investments.

Acquisition/disposition and revenue

Prior to acquisition of property for the development needs of the district or for investment purposes the property will be assessed as follows:

Property for the development needs of the district - a financial and non-financial assessment of economic, physical and social benefit to the district, the cost of owning the property and the cost of ownership and assessment.

- Investment property - a financial assessment including a calculation and assessment of the cost of ownership.
- Proceeds from the disposition of property investments are used for retirement of debt relating to such property, or allocated to general or special funds. All income from property investments is shown in the Statement of Comprehensive Revenue and Expense and forms part of general funds.

Any acquisition or disposition of property, ~~other than investment property purchased within the asset allocation parameters of the TEL Investment Portfolio~~, requires Council approval.

Management reporting and procedures

Council reviews the performance of its property investments on an annual basis, and ensures that the benefits of continued ownership are consistent with its stated objectives.

Investment risk

Insurance cover is held for all property investments. A risk assessment is carried out prior to acquisition of a property investment.

5.8 Forestry investments

Council has a holding of forestry assets which are held as long term investments on the basis of their net positive discounted cash flows. The discounted cash flows take into account projected market prices, annual maintenance and logging costs.

Acquisition/disposition and revenue

- Proceeds from the disposition of forestry investments are applied firstly to the repayment of loans raised to fund these assets. Surplus proceeds (after repayments of loans) from the disposition of forestry investments will be allocated to special funds.
- Any disposition of these investments requires Council approval. Valuations are carried out in accordance with accepted accounting principles

Management reporting and procedures

The forestry assets are managed under contract to Council and are overseen by the [GMCGMOP](#). An annual Forest Health report is provided by the ~~Forest forest Managers~~[managers](#).

Investment risk

Professional ~~Forest forest Managers~~[managers](#) are engaged to oversee the forests. Insurance cover is held for all forest investments.

5.9 TEL Investment Portfolio

The TEL portfolio is managed by external investment managers in line with a separate Statement of Investment Policy and Objectives (SIPO) for that Fund ~~and as such is governed by these documents~~.

5.10 Departures from normal Policy

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

Commented [A11]: The deleted sections are not necessary in this document as the TEL fund is being managed outside of this policy.

6.0 Risk recognition / identification management

The definition and recognition of liquidity, funding, investment, interest rate, counterparty credit, operational and legal risk of Council is detailed below and applies to both the Liability Management Policy and Investment Policy.

6.1. Interest rate risk on external borrowing

6.1.1 Risk recognition

Interest rate risk is the risk that funding costs (due to adverse movements in market wholesale interest rates) will materially exceed or fall short of projections included in the LTP or Annual Plan so as to adversely impact revenue projections, cost control and capital investment decisions/returns/feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing/hedging of interest costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.

6.1.2 Interest rate risk control limits

Council's gross forecast external debt (as approved by the ~~GMCOP~~~~Group Manager Corporate~~) should be within the following fixed/floating interest rate risk control limits.

Debt Interest Rate Policy Parameters (calculated on rolling monthly basis)		
Debt Period Ending	Minimum Fixed Rate	Maximum Fixed Rate
Current	40%	90%
Year 1	40%	90%
Year 2	35%	85%
Year 3	30%	80%
Year 4	25%	75%
Year 5	20%	70%
Year 6	0%	65%
Year 7	0%	60%
Year 8	0%	55%
Year 9	0%	50%
Year 10	0%	45%
Year 11	0%	40%
Year 12	0%	35%
Year 13	0%	30%
Year 14	0%	30%
Year 15	0%	30%

■

Fixed Rate Hedging Percentages		
Debt Period	Minimum Fixed Rate	Maximum Fixed Rate
0-2 Years	40%	90%
2-4 Years	25%	75%
4-10 Years	0%	60%

■

■ Fixed rate debt is defined as all debt that has at least one more rate reset outstanding (typically quarterly)

■ Fixed rate" is defined as all known interest rate obligations on gross forecast external debt, including where hedging instruments have fixed movements in the applicable reset rate.

■ "Floating rate" is defined as any interest rate obligation subject to movements in the applicable reset rate.

■ Gross forecast external core debt is the amount of total external debt for a given period. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed (signed off by the ~~GMCOP~~), the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.

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~~• Gross forecast external core debt amounts do not include pre-funded debt amounts.~~

▪ A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile that is outside the above limits beyond 90-days requires specific approval by Council.

▪ Any fixed rate hedge with a maturity beyond 105 years must be approved by Council. The exception to this will be if Council raises LGFA funding as fixed rate or swapped floating rate and this maturity is beyond 15 years.

~~• The forward start period on swap/collar strategies to be no more than 36 months, unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.~~

▪ Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.

▪ Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money".

▪ Purchased borrower swaptions mature within 12 months.

▪ Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate hedge percentage calculation.

▪ Hedging outside the above risk parameters must be approved by Council.

~~6.2. Financial investment interest rate/maturity limits~~ **6.2 Financial Market Investments**

~~The following control limits are designed to manage interest rate and maturity risk on cash surpluses, general funds and special reserves managed internally by Council (i.e. excludes TEL fund). The portfolio may comprise core treasury investments. Core treasury investments relate to unencumbered investments invested for terms of greater than 12 months.~~

An important objective of the financial investment portfolio is to match the portfolio's maturity term to planned expenditure thereby ensuring that investments are available when required. Financial investments should be restricted to a term that meets future cash flow projections and be mindful of forecast debt associated with future capital expenditure programmes as outlined within the LTP.

Period	Minimum %	Maximum %
0-3 months	30%	80%
3-12 months	20%	70%
1-3 years	0%	50%
3-5 years	0%	30%

~~The repricing/maturity mix can be changed, within the above limits through sale/purchase of fixed income investments.~~

~~6.3-6.2. Liquidity risk/funding risk~~

~~6.3.2.1 Risk recognition~~

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, short-term financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of Council's funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

Commented [A12]: We believe that prefunding should be included as it forms part of the overall debt profile once the obligation to borrow is established.

Commented [A13]: This is unduly restrictive and does not allow effective interest rate risk management to be achieved and inhibits the ability to use the shape of the yield curve effectively.

Commented [A14]: I think that this section should be restricted to just the second paragraph as the table contradicts the requirement to match investments with cashflow as it is prescriptive and does not take account of cashflow.

- Local Government risk is priced to a higher fee and margin level.
- Council's own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- A large individual lender to Council experiences its own financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired.
- New Zealand investment community experiences a substantial "over supply" of Council investment assets.
- Financial market shocks from domestic or global events.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

6.3.2 Liquidity/funding risk control limits

To ensure funds are available when needed Council ensures that:

- There is sufficient available operating cash flow, liquid investments and available committed bank facilities to meet cash flow requirements between rates instalments as determined by the Finance Manager. Cash flow management will be used to identify and manage maturity mismatches between external borrowings, internal loans and investments.
- External debt and committed available debt facilities together with unencumbered liquid investments must be maintained at an amount of 110% over existing external debt. The liquidity ratio excludes the TEL fund.
- Council has the ability to pre-fund up to 18 months forecast debt requirements including re-financings. Debt re-financings that have been pre-funded, will remain included within the funding maturity profile until their maturity date.
- The GMC-GMOP has the discretionary authority to re-finance existing external debt on acceptable terms.
- The maturity profile of the total committed funding in respect to all external debt / loans and committed debt facilities, is to be controlled by the following system:

Period	Minimum %	Maximum %
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0%	60%

- A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile that is outside the above limits beyond 90-days requires specific approval by Council.
- To minimise concentration risk the LGFA require that no more than the greater of NZD 100 million or 33% of a Council's borrowings from the LGFA will mature in any 12-month period.

Commented [A15]: The LGFA no longer have this covenant.

6.4.6.3. Foreign currency

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

Generally, all individual commitments over NZ\$100,000 equivalent are hedged using forward foreign exchange contracts, once expenditure is approved, legal commitment occurs and the purchase order is placed, exact timing, currency type and amount are known.

The TEL fund has foreign exchange exposure as per the Statement of Investment Policies and Objectives. In general, these investments are not hedged.

The following foreign exchange risk management instruments may be used for foreign exchange risk management activity:

- Spot and Forward Exchange Contracts.
- Purchase of foreign exchange options, and collar-type instruments (1:1 only).

Independent external advice would be sought before the use of such instruments.

Selling foreign exchange options for the purpose of generating premium income is not permitted.

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

6.5.6.4. Emissions Trading Scheme

The objective of the ETS carbon credit policy is to minimise and smooth the financial impact of movements in the carbon unit prices on Council. The objective requires balancing Council's need for price stability with the benefit of realising market opportunities to reduce costs as they arise.

Council will manage carbon price risk per the following risk limits when the annual exposure exceeds a cost of \$NZ 1,000,000

Exposures become committed for the calendar year in Jan-Mar of the following calendar year (which is the quarter following the emission period as Council must report emissions from previous calendar year). The carbon emissions liabilities are risk managed under the following risk control limits:

Obligation period	Compliance requirements as at (month of current year)	Minimum holding as a percentage of forecast, annual gross carbon liability obligations**
Current calendar year	by 30 June	75%
	by 31 December	100%
Current calendar year plus 1	by 31 December	50%

The second stage of the framework is to set a minimum and maximum level of carbon units to be purchased and held by Council to cover future years as shown below:

Period	Minimum unit holding	Maximum unit holding
Year 3* - Year 4	0%	50%
Year 4 - Year 5	0%	50%

* Current calendar year plus 2

** The forecast, annual gross carbon liability obligations are approved by the [GMEGMOP](#). Any purchasing of carbon units beyond the current calendar year is approved by the [GMEGMOP](#).

Forward price transactions are limited to NZ registered banks per approved counterparties.

Hedging outside the above risk parameters must be approved by Council.

6.6.6.5. Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into. Where Council has committed bank funding or stand-by facilities Council will only borrow from strongly rated banks with a minimum long-term credit rating of at least "A" (S&P, or equivalent Fitch or Moody's rating).

Credit risk will be regularly reviewed by the Council. Treasury related transactions would only be entered into with organisations specifically approved by the Council.

Counterparties and limits are only approved on the basis of the following [S&P Global Ratings standard & Peer's](#) (S&P, or equivalent Fitch or Moody's rating) long and short-term credit ratings matrix. Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

Commented [A16]: The TEL Fund will not be governed by this policy as TDC does not have day to day visibility over what is invested and co-ordinating TDC's investments and the TEL would not be practicable.

Issuer	Minimum LT/ST credit rating	Maximum \$ per counterparty (million)	Maximum % of total investment portfolio
NZ Govt	N/A	Unlimited	100%
NZ LGFA	AA-/A+	\$40	50%
NZ-registered bank -on balance sheet*	A-/A+	\$35 or 33% of total portfolio (whichever is the greater)	100%
-risk management		\$20	
Corporate-/SOE	A-/A+ BBB-/A-	\$5	50%
NZ local authority	A+/A+ Unrated	\$10 \$5	25%

Note: *Limit for Council's principal banker excludes balances in current and call accounts designated as working funds required for operational cash management purposes.

Authorised Investment Parameters

Authorised Asset Classes	Maximum limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit- Moody's	Formatted: Font: Georgia
				Formatted: Font: Georgia
				to exceed portfolio limit for issuer class
▲ New Zealand Government or Government Guaranteed	100%	Government Stock Treasury Bills	Formatted: Font: Georgia Not Applicable	Unlimited
▲ Local Government Funding Agency	75%	Commercial Paper/Bonds/MTNs/FRNs	Formatted: Font: Georgia S&P ST rating of 'A-1+' or LT 'AA' or better	\$40 million
▲ Rated Local Authorities	50%	Commercial Paper Commercial Paper/Bonds/MTNs/FRNs	Formatted: Font: Georgia S&P ST rating of 'A-1' S&P ST rating of 'A-1+' or LT 'A-' or better	\$5 million \$10 million
▲ Unrated Local Authorities where rates are used as security	25%	Bonds/MTNs/FRNs	Formatted: Font: Georgia Not applicable	\$2 million
▲ New Zealand Registered Banks	100%	Call/Term Deposits, Registered Certificates of Deposit Bonds/MTNs/FRNs	Formatted: Font: Georgia S&P ST rating of 'A-1' S&P ST rating of 'A-1+' LT rating 'A-' or better	\$10 million \$35 million \$5 million \$20 million
▲ Risk management (derivatives)				
▲ State Owned Enterprises	33%	Commercial Paper/Bonds/MTNs/FRNs Commercial Paper/Bonds/MTNs/FRNs	Formatted: Font: Georgia S&P ST rating of 'A-1' or LT 'BBB' or 'BBB+' S&P ST rating of 'A-1+' or LT 'A-' or better	\$2 million \$5 million

Note: *Limit for Council's principal banker excludes balances in current and call accounts designated as working funds required for operational cash management purposes.

In determining the usage of the above gross limits, the current exposure method will be used which is defined as:

Counterparty credit exposure = Replacement Cost (RC) + Potential Future Exposure (PFE)

RC is equal to the mark to market (MtM) of a transaction. MtM refers to the close-out value at an agreed date of a financial instrument based upon underlying market prices. The MtM is defined as positive if the contract is "in the money" and negative if it is "out of the money". When MtM is negative, the RC is equal to zero.

Potential Future Exposure (PFE) is calculated by multiplying the notional by the prescribed percentages outlined in the table below:

Potential Future Exposure Factors				
Current term to maturity	Interest Rate Factor	Money Market Factor	Foreign Exchange Factor	Commodities
Less than 1 year	0.00%	100.00%	1.00%	10.00%
Over 1 year and under 5 years	0.50%	100.00%	5.00%	12.00%
Over 5 years	1.50%	100.00%	7.50%	15.00%

Each transaction should be entered into a treasury spreadsheet and a quarterly report prepared to show assessed counterparty actual exposure versus limits.

Individual counterparty limits are kept in a spreadsheet by management and updated on a day to day basis. Credit ratings should be reviewed by the Finance Manager on an ongoing basis and in the event of material credit downgrades should be immediately reported to the CEO and assessed against exposure limits. Counterparties exceeding limits should be reported to the Council.

Carbon counterparty settlement risk

Counterparty credit risk does not arise from the purchase of spot Carbon Units (CUs) either through the government auction system or on the secondary market. However, settlement risk arises when purchasing CUs. This risk is to be managed by:

- Purchasing CUs through the government auction and NZX, through an approved broker.
- Matching CUs in the Holding Account before settlement is approved.
- Entering forward contracts on CUs must be with an approved counterparty, being a New Zealand Registered Bank with a long-term Standard & Poor's credit rating of at least A, or the equivalent rating from Moody's or Fitch.

The type of approved CU dealing counterparties include;

- NZETS auction operating by the NZX (spot carbon transactions only)
- Registered NZX brokers (spot carbon transactions only)
- NZ registered banks with a credit rating of A or above (spot and forward carbon transactions)

Other counterparties must be approved by Council.

Risk management

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as possible. Maturities should be well spread. The approval process must take into account the liquidity of the market and prevailing market conditions the instrument is traded in and repriced from.

~~6.7.6.6.~~ Approved financial instruments

Approved financial instruments are as follows (excluding TEL fund cash/debt securities):

Category	Instrument
Cash management and borrowing	<ul style="list-style-type: none"> ▪ Bank overdraft ▪ Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) ▪ Loan stock/bond issuance ▪ Floating Rate Note (FRN) ▪ Fixed Rate Note (MTN) ▪ Commercial paper (CP)/Promissory notes ▪ Bank call/term deposits, up to 30 days except for deposits linked to debt pre-funding activity. ▪ Bank registered certificates of deposit (RCDs) less than 365+8+ days ▪ Committed standby facilities offered by the LGFA
Interest rate risk management	<ul style="list-style-type: none"> ▪ Forward rate agreements ("FRAs") on: <ul style="list-style-type: none"> ○ Bank bills ▪ Interest rate swaps including: <ul style="list-style-type: none"> ○ Forward start swaps, swaptions/collars. Start date no more than 36 months, unless linked to existing maturing swaps/collars ○ Swap extensions and shortenings ▪ Interest rate options on: <ul style="list-style-type: none"> ○ Bank bills (purchased caps and one for one collars) ○ Interest rate swaptions (purchased swaptions and one for one collars only)
Foreign exchange management	<ul style="list-style-type: none"> ▪ Spot foreign exchange ▪ Forward exchange contracts (including par forwards) ▪ Purchased options and collars (1:1 only)
Carbon price risk management	<ul style="list-style-type: none"> ▪ Carbon Units - New Zealand Units (NZUs) and NZ Assigned Amount Units (NZAAUs) or any other New Zealand registered units legally allowable, on a spot and forward basis. ▪ Approved collateral instruments to be placed in the NZETS auction include; <ul style="list-style-type: none"> • Cash • Letters of Credit in favour of the Ministry for the Environment • Bank guarantee <p>All collateral placed in the NZETS auction system must be approved by the GMCGMOP.</p>

Commented [A17]: Should not restrict TD's to less than 30 days which is not followed in practice.

Commented [A18]: Refer to comment in Section 6.1.2

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/ issuer.

- ~~Subordinated debt~~ (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

Commented [A19]: I don't think that subordinated debt should be excluded if it meets the required credit rating criteria e.g Westpac A- debt

6.8.6.7. Operational risk

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls.

Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood.
- Too much reliance is often placed on the specialised skills of one or two people.
- Most treasury instruments are executed over the phone.
- Operational risk is minimised through the adoption of all requirements of this Policy.

Dealing authorities and limits

Transactions will only be executed by those persons and within limits approved by the Council.

Segregation of duties

As there are a small number of people involved in the treasury activities, adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting/reporting is not strictly achievable. The risk will be minimised by the following process:

- A 'two authorisations' process is strictly enforced for all funds transfers.
- The ~~Finance Manager~~ reports directly to the ~~GMC/GMOP~~ as control over the transactional activities of the ~~Management Accountant~~.
- The ~~Group Accountant~~ has review and approval responsibility for the general ledger reconciliations.
- There is a documented approval and reporting process for borrowing, investment, interest rate and liquidity management activity.

Procedures

All treasury instruments should be recorded and diarised within a treasury spreadsheet, with appropriate controls and checks over journal entries into the general ledger. Deal capture and reporting must be done immediately following execution/confirmation. Details of procedures including templates of deal tickets should be compiled in an appropriate operations and procedures manual separate to this Policy. Procedures should include:

- Regular management reporting.
- Regular risk assessment, including review of procedures and controls as directed by the Council or appropriate sub-committee of Council.

Organisational, systems, procedural and reconciliation controls to ensure:

- All borrowing, investing, interest rate and cash management activity is bona fide and properly authorised.
- Checks are in place to ensure Council accounts and records are updated promptly, accurately and completely.
- All outstanding transactions are revalued regularly and independently of the execution function to ensure accurate reporting and accounting of outstanding exposures and hedging activity.

Organisational controls

- The Finance Manager has responsibility for establishing appropriate structures, procedures and controls to support borrowing, investing, interest rate and cash management activity.
- All borrowing, investing, cash management and interest rate risk management activity is undertaken in accordance with approved delegations authorised by the Council.

~~Cheque/electronic~~ Electronic banking signatories

- Positions approved by the CEO as per register.

- Dual signatures are required for all cheques and electronic transfers.
- Authorisation of all electronic funds transfers requires two designated authorisers, one of whom must include the [GMCGMOP](#), [FMinance Manager](#) or the [GArout Accountant](#).
- Cheques must be in the name of the counterparty crossed "Not Negotiable, Account Payee Only" or "Not Transferable, Account Payee Only", via the Council bank account.

Authorised personnel

- All counterparties are provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.
- This list is provided at least annually and when there is a change in Council personnel.

Recording of deals

- All deals are recorded on properly formatted deal tickets by the [Management Accountant](#) and approved where required as per the schedule of delegations.
- Market quotes for deals (other than cash management transactions) are considered by the Finance Manager before the transaction is executed.
- Deal summary records for borrowing, investments, interest rate risk management and cash management transactions (on spreadsheets) are maintained and updated promptly following completion of transaction.

Confirmations

- All inward deal confirmations including LGFA/bank funding and registry confirmations are received and checked by the [Financial Accountant](#) [Finance Business Partner - Processing](#) against completed deal tickets and the treasury spreadsheet records to ensure accuracy.
- All deliverable securities are held in the Council's safe.
- Deals, once confirmed, are filed (deal ticket and attached confirmation) in deal date/number order.
- The [FMinance Manager](#) checks all dealing activity, deal tickets and confirmations monthly, to ensure documentation is in order.
- Any discrepancies arising during deal confirmation checks which require amendment to the Council records are signed off by the [GMCGMOP](#).

Settlement

- The majority of borrowing, investing, interest rate and cash management transactions are settled by direct debit authority.
- For electronic payments, batches are set up electronically. These batches are checked by the [FMinance Manager](#) to ensure settlement details are correct. Payment details are authorised by two approved signatories as per Council registers or by direct debit as per setup authority by Council.

Reconciliations

- Bank reconciliations are performed monthly by the [FOFA Finance Officer Treasury](#) and checked and approved by the [GArout Accountant](#). Any unresolved un-reconciled items arising during bank statement reconciliation which require amendment to the Council's records are signed off by the [GMCGMOP](#).
- A monthly reconciliation of the treasury spreadsheet to the general ledger is reviewed and approved by the [GArout Accountant](#).

6.9-6.8. Legal risk

Legal risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, TDC may be exposed to such risks.

TDC will seek to minimise this risk by adopting Policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice.

6.9.1 Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. All ISDA Master Agreements for financial instruments must be signed under seal by the Council.

Council's internal/appointed legal counsel must sign off on all documentation for new loan borrowings, re-financings and investment structures.

6.9.2 Financial covenants and other obligations

Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

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7.0 Measuring treasury performance

Measuring the effectiveness of Council's treasury activities is achieved through a mixture of subjective and objective measures. The predominant subjective measure is the overall quality of treasury management information. The ~~CEO~~~~Chief Executive Officer~~ has primary responsibility for determining this overall quality.

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Council or an appropriate sub-committee of Council.

Management	Performance
Operational performance	<ul style="list-style-type: none"> All Policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits. All treasury deadlines are to be met, including reporting deadlines. Number and cost of processing errors (generally measured by unplanned overdraft costs). Comparison of the Council's financial ratios to financial and non-financial performance measures included within the Annual Plan.
Management of debt and interest rate risk (borrowing costs)	<ul style="list-style-type: none"> The actual borrowing cost (taking into consideration any costs/benefits of entering into interest rate management transactions) should be below the budgeted YTD/annual interest cost amount.
Financial investment performance measure	<ul style="list-style-type: none"> Internally managed general funds/special reserves. Actual investment returns must be benchmarked to a market interest rate. The market interest rate is the mid-point Policy benchmark rate based on 0-12 months where there are enforced minimum percentages. The benchmark is constructed as follows: 50.0% 6-month BKBM mid-rate (average of reporting month) 50.0% 6-month BKBM mid-rate, 6 months ago (average of month) = 100% TEL funds (benchmarks determined within the ISSSIPO). Total return achieved by the TEL Fund compared to investment objectives and Annual Plan target. Councils primary investment objective is capital protection. It utilises its surplus funds through internal lending to various activity centres within Council and through external investment to approved counterparties. Within the above credit constraints, Council will measure investment performance as follows: Cash is held in liquid investments Investment maturities are matched to projected cashflow requirements Investment returns are maximised by obtaining quotes across the four major banks Realisation of investments prior to maturity is avoided unless absolutely necessary •
Investments	Property: <ul style="list-style-type: none"> Adherence to Policy. Comparison of actual gross and net income to budgeted gross and net income.

Commented [A20]: I not think this is necessary as financial market investments comprise an element of liquidity management which should not have as a consideration the need to achieve a particular return but rather to make sure funds are available at the required time.

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Management	Performance
	<ul style="list-style-type: none"> Comparison of actual return to budgeted (and/or market) return (with market return able to be established from such measures as the Property Council's Investment Performance Index). Comparison of actual property sales to budgeted property sales. Comparison of actual property purchases to budgeted property purchases. <p>Equity:</p> <ul style="list-style-type: none"> Adherence to Policy. <p>Forestry:</p> <ul style="list-style-type: none"> Adherence to Policy.

8.o Cash management

The ~~FAFB~~Financial Accountant has the responsibility to carry out the day-to-day cash and short-term cash management activities. All cash inflows and outflows pass through bank accounts controlled by the finance function.

- The Finance department will calculate and maintain comprehensive rolling cash flow projections on a daily (two weeks forward), weekly (four weeks forward) and monthly (12 months forward) basis. These cash flow forecasts determine Council's borrowing requirements and surpluses for investment.
- On a daily basis, electronically download all Council bank account information.
- Co-ordinate Council's operating units to determine daily cash inflows and outflows with the objective of managing the cash position within approved parameters.
- Undertake short term borrowing functions as required, minimising overdraft costs.
- Ensure efficient cash management through improvement to forecasting.
- Minimise fees and bank charges by optimising bank account/facility structures.
- Monitor Council's usage of overdraft and committed bank facilities. Overdraft facilities are utilised as little as practical.
- Match future cash flows to smooth overall timeline.
- Target of zero unplanned overdraft costs.
- Maximise the return from available funds by ensuring significant payments are made within the suppliers payment terms, but no earlier than required, unless there is a financial benefit from doing so.
- Interest rate risk management on cash management balances is not permitted.
- Cash is invested in approved instruments and counterparties only.
- Cash management investment instruments are limited to:
 - Call deposits with approved registered banks.
 - Approved bank RCDs with a maturity of less than 181 days.
 - Term deposits with approved registered banks of less than 30 days.

Commented [A21]: These are appropriate for cash management

9.0 Reporting

When budgeting interest costs and investment returns, the actual physical position of existing loans, investments, and interest rate instruments must be taken into account.

9.1. Treasury reporting

The following reports are produced:

Report Name	Frequency	Prepared by	Recipient
<ul style="list-style-type: none"> Daily Balancing Report (bank reconciliation) Bank Reconciliation 	Daily	FAAA	GAFBPP
<ul style="list-style-type: none"> Investment General Ledger Reconciliations Borrowing General Ledger Reconciliations 	Monthly	FAFBP	GASFA
Treasury Report Liability Management <ul style="list-style-type: none"> Policy limit compliance Borrowing limits Funding and interest position Funding facility New debt funding, TEL investments and interest rate swap transactions Cost of funds vs. budget Cash flow forecast report Liquidity risk position Counterparty credit Treasury performance Revaluation of financial instruments (quarterly) Carbon credit exposure and hedged position CCO/CCTO loans and guarantees, financial arrangements Exemptions to Policy Investments <ul style="list-style-type: none"> Summary of funds held Interest income vs. budget Maturity and interest rate position Counterparty credit TEL performance / summary of position / compliance TEL fund managers' report 	Monthly	FMFBP/SFA	Council
Trustee Report	As required by the Trustee	FMFBP	Trustee company
Borrowing / Investment strategy	Annual	GMEGMOP	Council
Annual Plan	Annual	FM	Council
Statement of Intent	Annual	FM	CCOs
Annual Report	Annual	GASFA	Council CCOs

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9.2. Accounting treatment of financial instruments

Council uses financial arrangements ("derivatives") for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council's accounting treatment of derivatives in a broad sense. Further detail of accounting treatment is contained within the appropriate operations and procedures manual.

Under New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) changes in the fair value of derivatives go through the Statement of Comprehensive Revenue and Expenditure unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage the Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The Finance Manager is responsible for advising the GMC-GMOP and the CEO of any changes to relevant New Zealand Public Sector PBE Standards which may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every three months for risk management purposes.

10.0 Policy review

The Policy is to be formally reviewed on a triennial basis, and annually for internal purposes (Liability Management and Investment Policies).

The Finance Manager has the responsibility to prepare the annual review report (following the preparation of annual financial statements) that is presented to the Chief Executive Officer. The report will include:

- Recommendation as to changes, deletions and additions to the Policy.
- Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- Summary of breaches of Policy and one-off approvals outside Policy.

The Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes. The Policy review should be completed and presented to the Council within five months of the financial year-end.

11.0 Appendix One

11.1. Specific investments

11.1.1 TAUPO AIRPORT AUTHORITY INVESTMENT

Council has 50% ownership of the joint venture Taupo Airport Authority, with the other 50% owned by the Crown. Council has 100% ownership in Destination Lake Taupo Ltd and Data Capture Systems Ltd. Both these companies are non-trading.

Council retains ownership of the airport because it is essential for the economic development of the Taupo district and is consistent with Council's Annual Plan and LTP.

Acquisition/disposition and revenue

The airport and any other CCO investment is consolidated into the Council's annual report in line with generally accepted accounting practice. Any surplus generated by the CCO will be utilised by the CCO, except in the case that a dividend requirement is set out in the CCO SOI or other such determination. Proceeds from the disposition of the investment will form part of general or special funds.

Additions to or disposal of any CCO investment requires Council approval.

Management reporting and procedures

Council is responsible for the management of the airport through its appointment of the Airport Manager who reports to the Taupo Airport Authority Committee. A half year financial report and an Annual Report are prepared by Council staff. The authority prepares an annual statement of intent for approval of the joint venture partners.

Similar management reporting and accountability practices are also in place for other CCO interests.

Investment risk

The primary objective for risk management of the airport is to maintain operational efficiency and safety. This is managed by regular Civil Aviation Authority audits.

~~11.1.2 LASS~~

~~11.1.23 BOPLASS~~

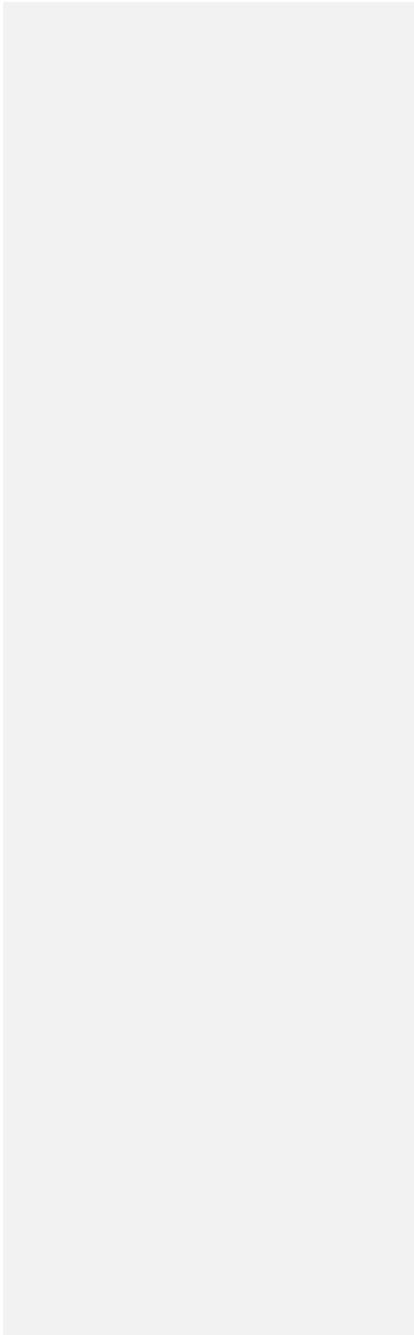
~~11.1.34 LGFA~~

~~11.1.45 TEL Fund Equity Investments~~

Council maintains Australasian and international equities as part of the TEL fund and is managed by a separate Statement of Investment Policies & Objectives by external investment managers.

Commented [A22]: The TEL Fund sits outside of this policy thus this appendix can be deleted

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Adopted:	30 June 2024
Next review date:	1 July 2027
Document number:	AXXX
Sponsor/Group:	Group Manager - Organisation Performance



REVENUE AND FINANCING POLICY 2024

Purpose and scope

1. This policy sets out who pays for the activities that Council undertakes on behalf of the community and how these activities will be funded. This policy is required under Sections 102 – 103 of the Local Government Act 2002.
- 4.2. When deciding how to fund an activity Council must consider the requirements as set out in Section 101(3)(a) of the Local Government Act 2002 the LGA s104(3) and s103. Council's consideration of these requirements can be found in the attached Schedule 1.
2. ~~Council has prepared a s104(3) document which sets out the rationale for how and why each activity will be funded in a particular way and should be read in conjunction with this Revenue and Financing Policy. A copy of this document can be found at~~

~~Note: This policy was amended by Council resolution to remove the Five Mile Bay Water Capital Works targeted rate after consultation with the community through the 2022-23 Annual Plan process. Funding for infrastructure projects that are approved through the Long-term Plan to provide Council-supplied water to long-established communities previously not connected, will be funded from the District-Wide water targeted rate.~~

Council's funding policy

3. Council's funding policies are determined having consideration of the requirements of s101 (3) including consideration of who benefits, intergenerational equity, who contributes to the need for the activity, distinct funding and the overall impact of the method of funding.
4. Where we have been able to clearly identify a direct relationship between users and the service provided by Council and it is efficient and effective to do so, Council has applied either a targeted rate or fees and charges. Where the level of service provides a benefit to the community as a whole; is of a uniform nature; or where we are not able to identify the direct relationship between users and the service, we use general rates. In a number of instances, we use a mix of the general rate and fees and charges whilst also recognising the overall impact on the community and ability to pay. This philosophy also extends to the use of capital value as the basis for the general rate. The combination of capital value and a low uniform annual general charge supports our long-term strategic direction of balancing wants and needs with affordable and sustainable rates.
5. We also believe that individuals, groups and communities should pay for the services they receive at the time that they are using them (intergenerational equity). This is particularly important when we build significant infrastructure with an expected long life. Council seeks to match the term of borrowings with the average life of assets when practical, with a maximum loan term of 25 years. This enables Council to best match charges placed on the community against the period of benefits from capital expenditure.
6. ~~Where possible other sources of revenue are collected including subsidies and grants. Good examples of this include the grants that we have successfully obtained from central government for water treatment in Turangi, Mangakino and Waitahanui. For example, grants from Waka Kotahi (The NZ Transport Agency) from fuel and road user taxes for transport operations, maintenance and~~

improvements. Development contributions are collected where possible for developments which create the need for additional infrastructure or place an additional demand on our existing infrastructure.

6.7. Due to increased pressure on some of our asset equity reserves, Council will be using rates to put additional funding into these reserves, to ensure they are not in deficit over the long-term. From year 3 in the Long-term Plan Council are also rates funding additional loan repayments for some of our Community Infrastructure to mitigate pressures on Council's debt.

Supporting the principles set out in the Preamble to Te Ture Whenua Māori Act 1993

8. In recognition of the principles of the Te Ture Whenua Māori Act, to recognise that land is taonga tuku iho of special significance to Māori people, and to support retention, occupation, use, and development of Māori land:

- Under this funding policy to reduce the rates burden, where we have been able to clearly identify a direct relationship between users and the service provided by Council and it is efficient and effective to do so, Council has applied either a targeted rate or fees and charges.
- Council's Development Contributions Policy will provide favourable payment conditions to support developments, including kaumātua housing and papakāinga, on Māori land.
- Council's Rates Remission and Postponement Policies will provide remission for rates for undeveloped Māori freehold land, and favorable remissions for land being developed.

Operating expenditure

7.9. Council funds operating expenditure from the general rate, targeted rates, fees ~~&~~ and charges, interest and dividends from investments, operating grants and subsidies, and other operating revenue. Council may choose to fund operating expenditure by other sources than those listed if it becomes available over the life of the Long-term Plan.

8.10. The LGA 2002 requires Council to produce a Funding Impact Statement that provides details on the funding mechanisms to be used for each year covered by the Long-term Plan. The Funding Impact Statement shows how Council intends to implement the Revenue and Financing Policy each year. It also shows the amounts to be collected from each available source, including how various rates are to be applied.

General Rate

9.11. General rates are used to fund activities where Council believes there is a public benefit to the community as a whole or to a portion of the community. Some individuals may or may not use or access the service however there is no practical or cost-effective method for charging individual users. Having a strong general rate funded system creates a simpler structure making it easier for ratepayers to understand how they are being rated and it is a more efficient and effective rating system to administer. Council uses a capital value rating system as the basis for setting and assessing General rates on a differential basis.

Differentials

10.12. Council applies differential factors greater than 1.0 to some categories of rateable land, when assessing the general rate to recognise that there are differences in the level of service and therefore the benefits each differential rating category derives from the various services provided by Council and the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community. In some cases, costs to provide

some services are higher for some rating categories and this is considered when setting differentials and applying them to rating categories. Rating units are categorised based on land use or the zoning of the land.

Uniform Annual General Charge (UAGC)

44-13. A Uniform Annual General Charge set under section 15 of the Local Government (Rating) Act 2002 is assessed on every separately used or inhabited part of a rating unit in the district. Where separate parts of a rating unit fit within more than one category of rateable land for setting rates or where separate parts of a rating unit qualify for a rates remission a rating division may be created to accurately assess rates and/or apply remission. The Uniform Annual General Charge will be used to fund leadership, governance, advocacy, emergency management, animal control and cemeteries.

Targeted rates

42-14. A targeted rate means a rate to be used exclusively to pay for that operating expense where it can be targeted based on service provision or location. Targeted rates are used to target ratepayers who benefit exclusively from a service, or when Council believes that the benefits from the service are such that the principles of general rating (noted above) are not sufficient.

43-15. The activities or services where a targeted rate is applied are:

- *Sewage disposal – assessed on every rating unit connected or available to be connected (serviceable) to an accessible Council scheme on the basis of one charge per pan or urinal (with the exception of the residence of a single household, which shall be assessed only one charge).*
- *Water supply – fixed targeted rate assessed on each separately used or inhabited part of a rating unit*
- *District Refuse Disposal Charge - assessed on each separately used or inhabited part with the application of a differential to certain categories of rateable land.*
- ~~*Whakamaru fire protection – assessed on specified rating units within the Whakamaru Village as a fixed amount per rating unit.*~~
- *Whareroa Refuse rate - assessed on all rating units in the Whareroa rating area as a fixed amount per rating unit.*
- *Town Centre Taupō Management rate – assessed on each separately used or inhabited part of industrial/commercial rating units within the defined central business district of Taupō town.*
- ~~*Turangi-Tongariro Community Board – assessed on each separately used or inhabited part of all rating units within the Turangi-Tongariro ward.*~~

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44-16. Council's Funding Impact Statement contains more details on these rates.

Fees and charges

45-17. Fees and charges are used where there is a direct benefit to an individual. The fee or charge is determined by considering the efficiency of imposing the fee or charge, considering the value that the service provides to the community (particularly in regard to community facilities) and the overall cost of providing the service. The activities where we have fees and charges and the proportion to be collected for a particular activity are illustrated in the table below. The actual fees can be found in the Fees and Charges Schedule in the Long-term Plan and on our website www.taupo.govt.nz

Interest and dividends from investments

~~16-18.~~ The interest and dividends from the general and special fund investments are used as an offset against general rates. The management of these investments is governed by the Treasury Management Policy. The interest and dividends from earned on the TEL Fund will first be applied (by an amount equal to inflation proofing the capital of the fund) back to the capital of the fund, and then, reinvested until which time it may be used in the future the balance applied to a TEL Fund distribution reserve to be available for Council to distribute or accumulate in accordance with the TEL Community fund guiding principles.

Grants and subsidies and other operating revenue

~~17-19.~~ Where possible Council applies for grants for specific projects, which helps to reduce the cost to the community. NZTA subsidies are received for maintenance of the local road network including passenger transport and community programmes. Other operating revenue includes but is not limited to rental income from property and petrol tax.

Capital expenditure

~~18-20.~~ Council funds capital expenditure from borrowing, development contributions, operating surpluses, sale of assets, subsidies, depreciation reserves and other financial reserves. Council may choose to fund capital expenditure by other sources than those listed if it becomes available over the life of the Long-term Plan.

Borrowing

~~19-21.~~ Council adopts a prudent approach to debt and its capital programme. Borrowing is managed within the framework specified in the Treasury Management Policy. While seeking to minimise interest costs and financial risks associated with borrowing, access to funding is of primary importance. Council seeks to match the term of borrowings with the average life of assets when practical, with a maximum loan term of 25 years. This enables Council to best match charges placed on the community against the period of benefits from capital expenditure.

~~20-22.~~ Council's overall borrowing requirement is reduced to the extent that other funds are available to finance capital expenditure including the sources outlined below. The Forecast Financial Statements included in the Long-term Plan contain a Prospective Statement of Borrowings. This Statement provides a summary of forecast borrowing levels, identifying the impact of capital expenditure and the various other capital funding sources listed above.

Development and financial contributions

~~21-23.~~ The charges under the Development Contributions Policy are used to fund the portion of capital expenditure which relates to growth. In reaching the requirement for contribution any increase in level of service or renewal of asset is identified and funded from other funding mechanisms. Where growth related infrastructure is funded by development contributions, debt servicing costs on that infrastructure may also be recovered through development contributions.

Sale of assets

~~22-24.~~ We have an on-going land disposal process with the net proceeds to be used to reduce debt. Assets which are no longer required for strategic or operational purposes may be sold with the net proceeds to be used to reduce debt. We will harvest Council owned forests as they reach maturity with the net proceeds to be applied to debt reduction.

Depreciation reserves and other financial reserves

~~23-25.~~ These reserves are used to fund the asset renewal program, capital expenditure and loan repayments.

Subsidies

| ~~24-26.~~ Council receives Waka Kotahi (The NZ Transport Agency) subsidies for renewals and new capital expenditure for the District's transportation network. Where subsidies are available from central government for activities that Council undertakes, we will apply for these and if successful this will reduce the amount of loan funding required. ~~An example of this type of subsidy is the Ministry of Health subsidy for compliance with the Drinking Water Standards.~~

Schedule 1 - Summary of funding for Council's activities

Note: these are target ranges and are subject to a number of variables that may occur over any given financial year.

Group of Activities	Activity	Uniform annual charge	General rate	Targeted rate	Fees & charges
Community services Planning and regulatory	Community engagement		100%		
	Building compliance and development consents		20 – 40%		60 – 80%
	District Plan complianceResource consents		40 – 60%		40 – 60%
	Regulatory compliance – Liquor and Health licensing		35 – 45%		55 – 65%
	Regulatory compliance – Animal control & sundry compliance	50 – 70%	0-10%		30 – 50%
	Regulatory compliance – Parking		100%		
	Emergency management	100%			
Water	Water supply			95 – 100%	0 – 5%
	Whakamaru Fire Protection			100%	
Transport	Transport		95 – 100%		0 – 5%
Community facilities	Parks and reserves		90 – 100%		0 – 10%
	Sports grounds		90 – 100%		0 – 10%
	Venues – AC Baths		55 – 65%		35 – 45%
	Venues – Turangi Turtle Pools		85 – 95%		5 – 15%
	Venues – Mangakino Pools		85 – 100%		0 – 15%
	Venues – Taupo Events Centre		65 – 75%		25 – 35%
	Venues – Great Lake Centre		75 – 85%		15 – 25%
	Community Buildings – Community Halls		90 – 100%		0 – 10%
	Community Buildings – District Libraries		90 – 100%		0 – 10%
	Heritage, culture & public art – Taupo Museum & Art Gallery		85 – 95%		5 – 15%
	Housing for the Elderly		40 – 60%		40 – 60%
	Public conveniences (including Superloo)toilets		100%		
	Superloo		50 – 70%		30 – 50%
	Cemeteries	0 – 20%30%			80-70 – 100%
	Support services		100%?		
Wastewater Solid waste Waste and	Wastewater			95 – 100%	0 – 5%
	Litter control		100%		
	Refuse-Solid waste collection				100%

Taupo District Council Revenue and Financing Policy

Page | 6

environmental management	Solid waste disposal and minimisation			45—55%25—45%	45—55%55—75%
	Waste management & minimisation	2	2	2	2
Stormwater	Stormwater		100%		
Democracy and planningCommunity leadership Investments	Leadership, governance & advocacy	100%			
	Turangi-Tongariro Community board		70—90%	40—30%	
	Planning for the future22		100%		
	Community engagement & development		100%		
	Airport	2	2	2	2
	Project delivery & support		100%2		
	Support services		100%2		
	Investments		100%		
Strategic property	Property		10—30%		70—90%
	Housing for the Elderly		40—60%50—70%		40—60%30—50%
Economic District development	Economic developmentDistrict development, visitor support & events		100%		
	Customer services		100%2		

APPENDIX 1 – SECTION 101(3) CONSIDERATIONS – REVENUE AND FINANCING POLICY 2024

1. This report sets out how the activities that Council undertakes are funded and the reasons why. This document meets the requirements of s101 (3) and s103 of the Local Government Act 2002 (LGA 2002).
2. Council is required to consider the following when deciding who should pay for an activity:

The community outcomes to which the activity primarily contributes [section 101(3)(a)(i) refers]

3. Community outcomes outline the outcomes that Council wants for the District. Our community outcomes were reviewed in 20~~24~~¹¹ and are:

- *Tangata whenua are acknowledged and respected*
- *Vibrant places and connected communities*
- *Resilient communities working in partnership*
- *Innovative, thriving economy*
- *Flourishing environment Growing Resilient Economies —our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities*
- *Enhancing Healthy and Sustainable Environments —a shared responsibility for places we are proud of*
- *Enabling Connected and Safe Communities —Council is connected with its communities, advocating for their social and cultural well-being*

Who benefits [section 101 (3) (a) (ii) refers]

4. Identifying who benefits from an activity provided by Council is important when considering who should pay for the services provided as part of an activity. Where there is a direct benefit to a user the primary benefit is to individuals, where a number of people or specific groups benefit then the primary benefit is attributed to groups. Where there is a benefit to the majority of persons or properties across the District then the primary benefit is attributed to the community. Generally speaking, if only individuals receive the benefits of an activity, some type of user-pays system may be considered. Alternatively, if the whole community or a large group within the community benefits then an appropriate funding option for that activity may be the general rate or a targeted rate respectively.

Intergenerational equity [section 101 (3) (a) (iii) refers]

5. Council must consider the period over which the benefits of an activity are expected to occur. The aim is to ensure that costs are shared fairly between today's beneficiaries and future beneficiaries. This is often referred to as intergenerational equity. For operating costs, the period of benefit for the rates share is generally ongoing as Council regularly provides the service. Benefits from the use of capital facilities and equipment are deemed to occur over the lifetime of the assets and as such will determine the type of funding that Council applies to the activity. Fees and charges recognise that the benefit is generally restricted to the period of use.

Who contributes to the need for the activity? [section 101 (3)(a)(iv) refers]

6. In choosing the appropriate funding mechanism for an activity, Council is mindful of the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity. Where possible, a contribution from those individuals or groups is sought.

Distinct funding [section 101 (3) (a) (v) refers]

7. Council must think about the costs and benefits of funding an activity distinctly from other activities, including consequences for transparency and accountability. Distinct funding means considering whether it is appropriate to have a separate rate, fee or charge for an activity or service. This is assessed on a case-by-case basis and includes considering the cost and efficiency of collecting separate revenues, the overall complexity of the rating system and the impact on transparency and accountability.

Overall impact of the method of funding [section 101 (3)(b) refers]

8. In addition to all the issues explained above, the LGA 2002 requires Council to consider the overall impact of any allocation of liability for revenue needs on the community. This includes current and future ratepayers. Council is of the view that it is not always possible or fair to allocate the cost solely on individuals' benefits (as if rates replicated user pays). It is through the collective contribution of the whole community that the wellbeing of the District is best improved. For these reasons Council prefers a strong general rate-based system. For example, if swimming pools were fully user-funded then charges would be higher than at present, and many people would be unable to afford the pool. Therefore, councils tend to fund pools predominately from general rates.

PLANNING AND REGULATORY
COMMUNITY SERVICES

Council provides three activities in this group:

- Community engagement services
- Regulatory services
- Emergency services

Community engagement services

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Community engagement (including safer communities, community grants and rates remissions)	Primarily contributes to the Enabling Connected and Safe Communities Outcome	Individuals and Groups that use the services and community as a whole	Ongoing	Individuals and groups within the community	Groups and individuals could be charged however the transaction costs of separate funding outweigh the benefits.	100% General Rate	The benefit to the whole community outweighs the costs associated with identifying individual groups. 100% general rate is therefore considered the most appropriate and efficient funding source.

Regulatory services

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Building compliance and development consents	Primarily contributes to the Resilient communities working in partnership	Individuals, community as a whole	Ongoing	Individuals building houses. Builders and developers must meet the required	There are transparency, accountability and efficiency benefits from distinct funding	60 – 80% fees and charges 20 – 40% General Rate	Individuals can be identified that directly benefit from the services. However, the community as a whole benefits

	Enhancing Healthy and Sustainable Environments Outcome			standards. Council is able to identify non-compliance with legislation and can take action against offenders.	via fees and charges.		from well-constructed and maintained buildings. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.
<u>District Plan complianceResource consents</u>	Primarily contributes to the <u>Resilient communities working in partnership</u> Enhancing Healthy and Sustainable Environments Outcome	Individuals, community as a whole	Ongoing	Individuals, developers and the general community contribute to the need for this activity when appealing Council decisions and upholding the integrity of the District Plan.	There are transparency, accountability and efficiency benefits from distinct funding via fees and charges.	40 – 60% fees and charges 40 – 60% General Rate	Individuals can be identified that directly benefit from the services. However, the community as a whole benefits from maintaining the integrity of the District Plan. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.
<u>Regulatory compliance – Liquor and Health licensingLiquor and health licensing</u>	Primarily contributes to the <u>Vibrant places and connected communities</u> Enhancing Healthy and Sustainable Environments Outcome	Individuals, community as a whole	Ongoing	The persons to who licences and consents are granted.	There are transparency, accountability and efficiency benefits from distinct funding via fees and charges. These can be funded separately up to any limits imposed by	55 – 65% fees and charges (set by legislation) 35 – 45% General Rate	Individuals can be identified that directly benefit from the services. However, the community as a whole benefits from ensuring compliance with the relevant public health legislative rules and regulations. A split of fees and charges, and the general rate is therefore considered the most

					central government.		appropriate and efficient funding sources.
<u>Regulatory compliance – Animal control & sundry</u> <u>Animal control</u>	Primarily contributes to the <u>Vibrant places and connected communities</u> <u>Enhancing Healthy and Sustainable Environments</u> <u>Outcome</u>	Individuals, community as a whole	Ongoing	Animal owners whose dogs or stock are lost or wandering increases demand.	There are transparency, accountability and efficiency benefits from distinct funding via fees and charges.	30 – 50% fees and charges 50 – 70% Uniform Annual General Charge (UAGC)	Individuals are clearly identifiable for the registration of dogs. The owners of lost or wandering animals can also be charged, provided Council can identify and contact owners. However, the community as a whole benefits from increased safety through compliance and enforcement. A split of fees and charges, and the UAGC is therefore considered the most appropriate and efficient funding sources.
<u>Regulatory compliance – Parking</u>	Primarily contributes to the <u>Vibrant places and connected communities</u> <u>Enhancing Healthy and Sustainable Environments</u> <u>Outcome</u>	Individuals, Community as a whole	Ongoing	The lack of an extensive public transport service increases the need for parking.	Council could charge for parking. However, the transaction costs outweigh the benefits.	100% general rate	Free parking assists in attracting residents and visitors to the town centres and contributes to economic development. Both residents and visitors use parking around the District 100% general rate is therefore considered the most appropriate and efficient funding source.
<u>Emergency Management</u>	<u>Primarily contributes to the Resilient communities working in</u>	<u>Community as a whole</u>	<u>Ongoing</u>	<u>No one specifically.</u>	<u>It is not possible to identify the beneficiaries of this service so separate</u>	<u>100% UAGC</u>	<u>Emergency management services are provided throughout the District when needed and cannot be funded efficiently via a separate mechanism. This activity is</u>

	partnership Outcome				charging is not feasible.		provided to assist in the event of an emergency. A 100% UAGC is therefore considered the most appropriate and efficient funding source. This allows Council to remain prepared if and when an event occurs.
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Emergency management services

WATER SUPPLY

Council operates and maintains 18 water reticulation schemes for residential, rural and commercial use. Water from these schemes is also used for firefighting purposes.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Water supply	Primarily contributes to the Resilient communities working in partnership Growing Resilient Economies Outcome	Property owners connected to or accessing Council's water supply. Groups that use services that are connected to the supply (e.g., schools, health services, commercial premises).	Service benefits occur in the current year. Benefits from the use of the assets occur over their lifetime.	The Ministry of Health requires communities to fund a higher standard of water quality than many wish to purchase. Residential, commercial and industrial growth generates demand for new	A full charge will be made for each connected separately used or inhabited part of the rating unit and a half charge for serviceable separately used or inhabited parts of a rating unit (those within 100 metres of any part of the waterworks).	95 – 100% targeted rate 0 – 5% fees and charges	All rating units that are connected to a Council water scheme are charged a fixed targeted rate, regardless of where the property is situated within the district. Volumetric water metering charges also apply where a water meter is installed. 95%-100% targeted rate and 0%-5% fees & charges is therefore considered the most

		Public health benefits for the whole community having safe drinking water and water for firefighting purposes.		connections to water schemes. Current and future water demand is driven by the volumes used or conserved.	Meters are compulsory for all industrial/commercial properties within the district & are also mandatory in other places where there is potential for high water use, according to consent conditions. There are transparency and accountability benefits from separate charging for water supply services.		appropriate and efficient funding sources.
Whakamaru Fire Protection	Primarily contributes to the Growing Resilient Economies Outcome	Individuals	Service benefits occur in the current year. Benefits from the use of the assets occur over their lifetime.	No-one specifically	There are transparency and accountability benefits from separate charging this service.	100% targeted rate	The individuals who receive the benefit of this service are identifiable. A targeted rate is considered the most effective way to charge for this service. 100% targeted rate is therefore considered the most appropriate and efficient funding source.
Five Mile Bay Water Capital Works	Primarily contributes to the Growing Resilient Economies Outcome	Individuals	Service benefits occur in the current year. Benefits from the use of the assets occur over their lifetime	The Ministry of Health requires communities to fund the costs of high standard water.	A fixed targeted rate to fund 50% of the capital works costs of the infrastructure required to supply water to each rating unit (whether connected or not) within the defined Five Mile Bay area	100% targeted rate	The individuals who receive the benefit of this service are identifiable. A targeted rate is considered the most effective way to charge for this service. 100% targeted rate is therefore considered the most appropriate and efficient funding source.

Dependant on the capital expenditure projects that occur in any given year and the growth component of those projects a development contribution may be collected.

TRANSPORT

Council provides transport services so that people and goods can be transported on District roads, footpaths, and cycleways. Council seeks central government subsidies from New Zealand Transport Agency (NZTA) for its work wherever possible and planning the transport programme is heavily influenced by the likelihood of receiving NZTA subsidies.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Transport	Primarily contributes to the Vibrant places and connected communities Growing Resilient Economies Outcome	Community as a whole	Service benefits occur in the current year. Benefits from the use of the assets occur over their lifetime.	Heavy trucks and high-volume users' impact on the quality of our roading network. Specific industries also have an impact that is monitored on an on-going basis.	Transport is a complex activity with multiple beneficiaries. It would be impractical to identify all these beneficiaries individually and to charge them accordingly. As such it is not considered efficient to have significant separate charges.	95 – 100% general rate 0 – 5% fees and charges	A strong and safe transport network benefits the community as a whole and is a key component of the district's social and economic development. Users of the roads receive a direct benefit through an integrated road network. The general rate is the most effective way of funding this activity. Subsidies from central government (which include the District's share of petrol taxes) and development contributions are the most efficient way of targeting contributors. 95%-100% general rate and 0%-5% fees & charges is therefore considered the most appropriate and efficient funding sources.

Dependant on the capital expenditure projects that occur in any given year and the growth component of those projects a development contribution may be collected.

COMMUNITY FACILITIES

Council provides a wide range of community facilities for sport and recreational use of residents, ratepayers and visitors.

Parks, reserves and sportsgrounds

Council provides and maintains parks and resources around the District with related assets including barbecues, bike racks, picnic tables, park benches, lighting, paving, fences, retaining walls and signage. This activity also includes work undertaken on the lakeshore reserves as a consequence of erosion. Additionally, Council provides and maintains a range of sportsgrounds for rugby, league, football, hockey, cricket, netball and tennis. It includes all of the associated infrastructure such as goals and posts, lighting, fences, toilets, changing rooms, and public toilets at or near sportsgrounds. Council also provides an allocation and booking service for clubs and sports groups.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Parks and reserves (includes sportsgrounds)	Primarily contributes to the Vibrant places and connected communities Enhancing Healthy and Sustainable Environments Outcome	Individuals, Groups, Community as a whole	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	The District's high visitor numbers create demand for greater service provision than the usually resident population requires.	There are specific parks and reserves around the District where Council can charge for use. However, the majority of these areas are available for the general public at any time.	90 – 100% general rate 0 – 10% fees and charges	As the majority of parks and reserves in the District are available for the enjoyment of the public at any time the general rate is an effective way of funding this activity. Where Council is able to charge for specific parks and reserves fees and charges are the most appropriate funding mechanism for sportsgrounds there are limits to how much clubs, especially for school sports, can pay. This is reflected in the small fee and charge component. There is also an economic benefit through national and regional sports tournaments that bring sports people and their families to the District. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.

Sportsgrounds	Primarily contributes to the <u>Vibrant places and connected communities</u> Growing Resilient Economies Outcome	Individuals, Groups, Community as a whole	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	Groups and events that utilise the sportsgrounds.	Council is able to charge individual users and clubs who utilise the grounds and facilities. However, the majority of these areas are available for the general public at any time.	90—100% general rate 0—10% fees and charges	The community benefits from being able to use the facilities for general recreation, while clubs and individuals also benefit from the grounds at other times. There is also an economic benefit through national and regional sports tournaments that bring sports people and their families to the District. These services can be partly funded separately by fees and charges, but there are limits to how much clubs, especially for school sports, can pay. This is reflected in the small fee and charge component. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.
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Venues

Council provides and maintains a number of venues across the District. This includes the AC Baths, Taupō Events Centre (Fitness Studio, Stadium), Great Lake Centre, Turangi Aquatic Centre, Turangi Gym, Mangakino Pool, and Mangakino Sports Hall. Due to their size and the level of activity the pools, Events Centre and Great Lake Centre require a separate funding policy over and above that of venues generally.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Venues – Pools (AC Baths, Turangi Turtle)	Primarily contributes to the <u>Vibrant places and</u>	Individuals, groups and	Service benefits occur	The District's high visitor numbers create demand for greater service	Users can be charged for this service. However, charges need to be	AC Baths	Users are clearly identifiable. However, swimming pools provide a range of benefits to our communities. The Turangi

Taupō District Council Revenue and Financing Policy

Page | 17

Pools and Mangakino Pool)	<u>connected communities</u> Growing Resilient Economies Outcome	community as a whole	in the current year. Benefits from the use of assets occur over their lifetime.	provision than the usually resident population requires.	reasonable otherwise they are likely to discourage users.	<p>35-30 – 45% fees and charges</p> <p>55 – 6570% general rate</p> <p>Turangi Turtle Pools</p> <p>5 – 15% fees and charges</p> <p>85 – 95% general rate</p> <p>Mangakino Pool</p> <p>0 – 15% fees and charges</p> <p>85 – 100% general rate</p>	<p>and Mangakino Pools recognise a significant public funding component (85%-100%) on the basis of wider social responsibility.</p> <p>A public funding input (55%-65%) for the AC Baths is based on the economic and social benefits accruing to the wider community from the operation of the pool facility. There is also a wider range of services provided at the AC Baths which accounts for the higher level of fees applied.</p> <p>A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.</p>
<u>Venues – Taupō Events Centre</u>	Primarily contributes to the <u>Vibrant places and connected communities</u> Growing Resilient Economies Outcome	Individuals, groups and community as a whole	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	The District's high visitor numbers create demand for greater service provision than the usually resident population requires.	Users can be charged for this service. However, charges need to be reasonable otherwise they are likely to discourage users.	<p>25-20 – 35% fees and charges</p> <p>65 – 7580% general rate</p>	<p>The venue is used by groups and individuals which creates the ability to apply fees and charges. Council supports the use of the venue as it assists in meeting the social needs of current and future generations. This support is recognised in the split between fees and charges and the general rate. Increasing the fees and charges is likely to result in a reduction in community use.</p>

							A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.
Venues – Great Lake Centre	Primarily contributes to the <u>Vibrant places and connected communities</u> Growing Resilient Economies Outcome	Individuals, groups and community as a whole	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	The District's high visitor numbers create demand for greater service provision than the usually resident population requires.	Users can be charged for this service. However, charges need to be reasonable otherwise they are likely to discourage users.	15 – 25% fees and charges 75 – 85% general rate	The venue is used by groups and individuals which creates the ability to apply fees and charges. Council supports the use of the venue as it assists in meeting the social needs of current and future generations. This support is recognised in the split between fees and charges and the general rate. Increasing the fees and charges is likely to result in a reduction in community use. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.

Community halls

Council provides and maintains community halls around the District.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
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Community buildings – Community Halls	Primarily contributes to the <u>Vibrant places and connected communities</u> Enabling Connected and Safe Communities Outcome	Groups (especially in those areas where a Community Hall is located), community as a whole.	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	No one specifically.	Users can be charged separately. However, charges need to be reasonable otherwise they are likely to discourage users.	0 – 10% fees and charges 90 – 100% general rate	The primary beneficiaries are those that use the Community Halls. However, the wider community benefits through enabling communities to be active and connected. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.
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District Libraries

Council provides a library service operating in Taupō, Turangi and Mangakino.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Community Buildings – District Libraries	Primarily contributes to the <u>Vibrant places and connected communities</u> Enabling Connected and Safe Communities Outcome	Individuals, community as a whole.	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	No one specifically.	Users can be charged separately. However, charges need to be reasonable otherwise they are likely to discourage users.	0 – 10% fees and charges 90 – 100% general rate	The District Libraries provide social and cultural benefits to the individuals that visit. There is also a wider community benefit which includes an ability to encourage education, a social environment and an important source of supplying public information. These community benefits are recognised in the split between fees and charges and the general rate. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.

Taupō Museum and Art Gallery

Council provides a District Museum and Art Gallery to recognise, protect and promote the District’s heritage, build and strengthen community identity, and encourage and support a thriving arts community. A feature of the Museum is the Tūwharetoa Gallery that houses taonga on loan from Ngāti Tūwharetoa. The Museum courtyard is also available for private hire.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Heritage, culture & public art - Taupo Museum & Art Gallery Taupō Museum	Primarily contributes to the Vibrant places and connected communities Enabling Connected and Safe Communities Outcome	Individuals, groups and community as a whole	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	No one specifically.	Users can be charged separately.	5 – 15% Fees and Charges 85 – 95% General Rate	The Museum and Art Gallery provides cultural or recreational benefits to the individuals that visit. There is also a wider community benefit that includes economic, social and cultural benefits of protecting our history. These community benefits are recognised in the split between fees and charges and the general rate. Increasing the fees and charges is likely to result in a reduction in use. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.

Housing for the Elderly

Council provides and maintains housing units in Taupō, Mangakino and Turangī, primarily for elderly residents with low incomes.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
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Housing for the Elderly	Primarily contributes to the Enabling Connected and Safe Communities Outcome	Individuals	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	Individuals requiring affordable accommodation.	Users can be charged separately. However, charges need to be reasonable otherwise they are likely to discourage users.	40—60% fees and charges 40—60% general rate	The beneficiaries are the tenants who receive accommodation at affordable prices. There is a public and social benefit in having housing for the elderly units reflecting a community that cares. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.
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Public toilets

Council provides a high standard of showers, toilets and changing facilities at the Superloo, for visitors, and more than 50 public toilets around the District.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Public Toilets conveniences (including Superloo)	Primarily contributes to the <u>Flourishing environment</u> Enhancing Healthy and Sustainable Environments Outcome	Individuals, community as a whole	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	Visitors to the District increase the need	Users can be charged separately. However, <u>with the exception of the Superloo</u> , it is not practicable to identify everyone who uses these facilities and the transaction costs outweigh the benefits.	100% general rate	Given the impracticality of charging individuals and the wider community benefit of providing amenities for residents and visitors to the District the general rate is considered the most appropriate source of funding. 100% general rate is therefore considered the most appropriate and efficient funding source. <u>The District benefits from having visitors and providing public amenities is part of ensuring visitors enjoy their stay. Beyond user charges, the</u>

							<p><u>costs are only borne efficiently by the whole community and limited transparency benefits from distinct funding would be less than the transaction costs. The Superloo was built to offer a first class service and a fee reflects the enhanced service applied.</u></p> <p><u>A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.</u></p>
Superloo	Primarily contributes to the Growing Resilient Economies Outcome	Individuals, community as a whole	<p>Service benefits occur in the current year.</p> <p>Benefits from the use of assets occur over their lifetime.</p>	Visitors to the District increase the need	Users can be charged separately.	<p>30—50% Fees and Charges</p> <p>50—70% General Rate</p>	<p>The District benefits from having visitors and providing public amenities is part of ensuring visitors enjoy their stay. Beyond user charges, the costs are only borne efficiently by the whole community and limited transparency benefits from distinct funding would be less than the transaction costs. The Superloo was built to offer a first class service and a fee reflects the enhanced service applied.</p> <p>A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.</p>

Cemeteries

Council provides, operates and maintains three cemeteries (Taupō, Turangi and Mangakino), and maintains or assists with maintenance of Urupa (Maori burial grounds).

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Cemeteries	Primarily contributes to the Flourishing environment Enhancing Healthy and Sustainable Environments Outcome	Individuals	Benefits occur over the lifetimes of family members, who tend to use enduring memorials (headstones, etc.) to mark graves.	No one specifically.	Services can be charged to individual users on a plot basis, to cover the lifetime cost of those services.	0 – 20 30% UAGC 80-70 – 100% fees and charges	Interment and maintenance of the district's cemeteries are mainly of private benefit. The users are the deceased and those related to the deceased and as such can be linked to individuals. There is an element of public good in terms of ensuring that public health requirements are maintained. A split of fees and charges, and a UAGC is therefore considered the most appropriate and efficient funding sources.
Support Services							

WASTEWATER

Council provides reticulated wastewater systems for twelve communities in the District. Public health risks are minimised by Waikato Regional Plan rules that require septic tanks and other contained systems where Council does not provide a reticulated system.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Wastewater	Primarily contributes to the Flourishing environment Enhancing Healthy and Sustainable	Ratepayers connected to the system. There are also public health benefits for the	Service benefits occur in the current year. Benefits from the use of assets occur	The need for the activity is increased by peak demands experienced over the summer period.	The rating units connected or available to be connected to a Council scheme are easily identified.	95 – 100% targeted rate (charged on a sliding scale) 0 – 5% fees and charges	Direct users of the wastewater system clearly receive the benefit. There is also a high public benefit in relation to the promotion of public health. A targeted general rate is applied to ratepayers that are connected to a wastewater

	Environments Outcome	community as a whole.	over their lifetime.				<p>scheme. This is considered the most efficient method of funding as the benefit users receive is the same regardless of volume</p> <p>95%-100% targeted rate and 0%-5% fees & charges is therefore considered the most appropriate and efficient funding sources.</p>
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Dependant on the capital expenditure projects that occur in any given year and the growth component of those projects a development contribution may be collected.

WASTE AND ENVIRONMENTAL MANAGEMENT

Council provides waste collection, disposal and recycling services to keep the District and its waterways clean, tidy and attractive. Council also provides litter and recycling bins throughout the District, mainly in town centres and parks and reserves. Council operates a District waste disposal service at the Broadlands Rd landfill, and provides transfer stations at Kinloch, Mangakino, Whareroa, Omori and Turangi. Council also maintains three closed landfills (Taupō, Turangi and Mangakino) to ensure that decomposing waste does not have adverse effects on the environment.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Litter control	Primarily contributes to the <u>Flourishing environment</u> Enhancing Healthy and Sustainable Environments Outcome	Community as a whole	Ongoing	People who want to discard rubbish while in town, and while using parks and reserves cause the need for litter control. The packaging practices of manufacturers and retailers also increase the need for litter control.	It is not practicable to identify everyone who uses this service.	100% General Rate	<p>Both ratepayers and residents receive a benefit from this service, therefore the most efficient and transparent funding method is the general rate. This activity contributes to the environmental and social considerations for the community as a whole.</p> <p>100% general rate is therefore considered the most appropriate and efficient funding source.</p>

<u>Refuse collection</u>	Primarily contributes to the <u>Flourishing environment</u>	Individuals	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	High levels of product packaging increase the need for the service.	Users can be charged separately.	100% fees and charges	Refuse collection can be fully user funded, which also provides an incentive for residents and ratepayers to reduce their refuse volumes. 100% fees and charges are therefore considered the most appropriate and efficient funding source.
<u>Solid waste disposal and minimisation</u>	Primarily contributes to the <u>Flourishing environment</u>	Individuals, community as a whole	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	High levels of product packaging exacerbate the need for the service.	Charges can be applied at the Broadlands Road Landfill and the transfer stations around the District for waste materials. However, charges need to be reasonable to minimise dumping.	45-25 – 55 45% targeted rate (set charge across each ratepayer) 45-55 – 55 75% fees and charges	The funding split between a targeted rate and fees and charges is in an attempt to encourage waste minimisation. Individuals do not pay to recycle at the disposal facilities around the District which assists with reducing volumes to landfill. A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.
<u>Waste management & minimisation</u>	<u>Primarily contributes to the Flourishing environment</u>						

STORMWATER

Council provides stormwater services which include a reticulated network in the Taupō, Turangi and Mangakino central business and industrial areas, an urban stormwater network, culverts in rural areas, and a reticulated stormwater network.

Taupō District Council Revenue and Financing Policy

Page | 26

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Stormwater	Primarily contributes to the <u>Flourishing environment</u> <u>Enhancing Healthy and Sustainable Environments</u> Outcome	CBD and industrial properties that are connected to the network and the community as a whole.	Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.	For the whole District, road users are the main offenders, contributing road sediment that must be treated, and those that drop litter to a lesser degree.	Council could charge those ratepayers (mainly commercial) whose properties connect directly to the network for their higher levels of stormwater service. However, the transaction costs outweigh the benefits.	100% general rate	The service is provided primarily for its environmental benefits to mitigate pollution and erosion effects on waterways. Stormwater services are also provided, to a lesser degree, for public safety (flooding risk from stormwater). 100% general rate is therefore considered the most appropriate and efficient funding source.

Dependant on the capital expenditure projects that occur in any given year and the growth component of those projects a development contribution may be collected.

DEMOCRACY AND PLANNING COMMUNITY LEADERSHIP

Council provides District leadership, governance and advocacy services to meet the current and future needs of the District and its residents. The Turangi-Tongariro Community Board operates as a communication channel with Council, and advocates for its own communities, so that locally important decisions are made with input from local residents. Council provides a wide range of policy and long term planning services, including financial policy, planning and reporting, and development of the District Plan.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Leadership, governance & advocacy	Primarily contributes to the <u>Resilient communities working in partnership</u> <u>Enabling Connected and Safe Communities</u> Outcome	Community as a whole	Ongoing	No one specifically.	It would be impossible to determine a fee which was proportional to the specific benefits for each ratepayer or household.	100% UAGC	Providing leadership and advocacy for the District and the people who live here is very important. It ensures that the voice of our communities is heard at a national and regional level. This is an activity that provides benefits for ratepayers and residents on an on-going basis and covers a range of

							<p>issues, some of which take multiple years to resolve.</p> <p>100% UAGC is therefore considered the most appropriate and efficient funding source.</p>
Turangi-Tongariro Community Board	Primarily contributes to the Enabling Connected and Safe Communities Outcome	Residents and ratepayers of the Turangi-Tongariro ward. There is also a lesser benefit to the community as a whole.	Ongoing	No-one specifically.	Ratepayers in the Turangi-Tongariro ward can be charged for this service.	<p>40%-30% targeted rate</p> <p>70%-90% general rate</p>	<p>A clear community of interest can be identified and the benefit the Board supplies. However there is also a wider benefit to the community as a whole from local input into the decision making process.</p> <p>A split of targeted and general rates is therefore considered the most appropriate and efficient funding sources.</p>
Planning for the future	Primarily contributes to the <u>Resilient communities working in partnership</u> Enabling Connected and Safe Communities Outcome	Community as a whole	Ongoing	Central and regional government policy, planning and standard setting create demand for these services. Residents and ratepayers also require a measure of certainty about the governance and policy in operation in the District.	It would be impractical to identify and charge individuals for this activity.	100% general rate	<p>Because the community as a whole is the primary beneficiary, the benefits of separate funding are outweighed by the lower transaction costs and the efficiency benefits of funding this service via the general rate.</p> <p>100% general rate is therefore considered the most appropriate and efficient funding source.</p>

Community engagement services

Taupō District Council Revenue and Financing Policy

Page | 28

<u>Activity</u>	<u>Community Outcomes</u>	<u>Who benefits</u>	<u>Period of benefit</u>	<u>Who contributes to the need</u>	<u>Distinct funding</u>	<u>Funding source</u>	<u>Funding rationale</u>
<u>Community engagement & development (including safer communities, community grants and rates remissions)</u>	Primarily contributes to the <u>Resilient communities working in partnership</u> Enabling <u>Connected and Safe Communities Outcome</u>	Individuals and Groups that use the services and community as a whole	Ongoing	Individuals and groups within the community	Groups and individuals could be charged however the transaction costs of separate funding outweigh the benefits.	100% General Rate	The benefit to the whole community outweighs the costs associated with identifying individual groups. 100% general rate is therefore considered the most appropriate and efficient funding source.
<u>Investments</u>	Primarily contributes to the <u>Resilient communities working in partnership Outcome</u>	Ratepayers and community as a whole.	Ongoing	No one specifically.	The benefits of this activity are applied across the community as a whole and distinct funding is not appropriate.	100% general rate	Any expenditure required to manage this activity is funded 100% general rate. The net revenue from the activity is either used as an offset against general rates and/or reducing general rate funded debt. It is not used to reduce debt which relates to activities where a targeted rate applies. The interest and dividends earned on the TEL Fund will first be applied (by an amount equal to inflation proofing the capital of the fund) back to the capital of the fund, and then, reinvested until which time it may be used in the future for Council to distribute or accumulate in accordance with the TEL Community fund guiding principles. The interest and dividends from the TEL Fund will first be applied (by an

							amount equal to inflation, proofing the capital of the fund, back to the capital of the fund, and then the balance applied to a TEL Fund distribution reserve to be available for Council to distribute or accumulate in accordance with the TEL Community fund guiding principles.
Airport	Primarily contributes to the Innovative, thriving economy Outcome						
Project delivery & support							
Support services							

INVESTMENTS STRATEGIC PROPERTY

Council manages a range of investments in land, forestry and capital markets.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
Investments (TEL fund, forestry and general investments)	Primarily contributes to the Growing Resilient Economies Outcome	Ratepayers and community as a whole.	Ongoing	No-one specifically.	The benefits of this activity are applied across the community as a whole and distinct	100% general rate	Any expenditure required to manage this activity is funded 100% general rate. The net revenue from the activity is either used as an offset against general rates and/or reducing

					funding is not appropriate.		<p>general rate funded debt. It is not used to reduce debt which relates to activities where a targeted rate applies.</p> <p>The interest and dividends from the TEL Fund will first be applied (by an amount equal to inflation proofing the capital of the fund) back to the capital of the fund, and then the balance applied to a TEL Fund distribution reserve to be available for Council to distribute or accumulate in accordance with the TEL Community fund guiding principles.</p>
<p>Property (including motor camps, residential and commercial land and property)</p>	<p>Primarily contributes to the <u>Resilient communities working in partnership</u> Growing Resilient Economies Outcome</p>	<p>Individuals, community as a whole.</p>	<p>Service benefits occur in the current year. Benefits from the use of assets occur over their lifetime.</p>	<p>Visitors to the District, new businesses to the District.</p>	<p>Council is able to charge for the use of property by way of fees and charges.</p>	<p>10 – 30% general rate</p> <p>70 – 90% fees and charges</p>	<p>Most of the costs associated with this activity are covered by those that use the properties. These costs are recovered by fees and charges. Where there are costs to maintain these properties the general rate is considered the most appropriate form of funding given that the overall benefit of this activity applies to the community as a whole. The benefits and costs of the motor camps are covered by fees and charges.</p> <p>A split of fees and charges, and the general rate is therefore considered the most</p>

							appropriate and efficient funding sources.
<u>Housing for the Elderly</u>	<u>Primarily contributes to the Resilient communities working in partnership Outcome</u>	<u>Individuals</u>	<u>Service benefits occur in the current year.</u> <u>Benefits from the use of assets occur over their lifetime.</u>	<u>Individuals requiring affordable accommodation.</u>	<u>Users can be charged separately. However, charges need to be reasonable otherwise they are likely to discourage users.</u>	<u>430 – 650% fees and charges</u> <u>450 – 670% general rate</u>	<u>The beneficiaries are the tenants who receive accommodation at affordable prices. There is a public and social benefit in having housing for the elderly units reflecting a community that cares.</u> <u>A split of fees and charges, and the general rate is therefore considered the most appropriate and efficient funding sources.</u>

ECONOMIC DISTRICT DEVELOPMENT

Council supports and promotes economic development within the District. This includes supporting Destination Great Lake Taupō, Enterprise Great Lake Taupō, Go Tongariro and Town Centre Taupō, and the facilitation of events.

Activity	Community Outcomes	Who benefits	Period of benefit	Who contributes to the need	Distinct funding	Funding source	Funding rationale
<u>Economic Development District Development, Visitor support & events</u>	Primarily contributes to the <u>Innovative, thriving economy</u> <u>Growing Resilient Economies</u> Outcome	Individuals, groups and community as a whole	Ongoing	Events that are run in the District. Visitors to the District Additional demand may be placed on some of Councils	Council could target larger high profile visitor industry beneficiaries' e.g. Supermarkets, accommodation providers and activity providers. However, Council cannot easily identify properties	100% general rate	Council supports and promotes economic development within the District to assist with meeting the social and economic needs of current and future communities. The long-term nature of this type of investment means that the

Taupō District Council Revenue and Financing Policy

Page | 32

				<p>services or facilities by businesses who wish to locate within the District.</p>	<p>used for short-term home based accommodation such as Airbnb and holiday homes that are available to rent. There is limited transparency and accountability with this approach as apart from making sure each individual or business owner who receives a direct benefit is identified it is also an issue of determining an equitable proportion of funding versus the benefit received.</p> <p>Council can charge event operators for the service it provides.</p>		<p>benefits cannot be directly attributed to individuals.</p> <p>The promotion of the district as a tourist destination is of benefit primarily to tourist operators, accommodation providers and retail businesses. However, the district as a whole benefits through increased choices (i.e. shops) and employment opportunities. As such this component of economic development is best funded through the general rate.</p> <p>Supporting events is one element of Council's economic development strategy. Event providers are charged for the hire of venues which is covered under Community Facilities. The support and facilitation of events is undertaken for the benefit of the community as a whole to create vibrancy and is part of what makes a great District. This component of events is best funded through the general rate.</p> <p>100% general rate is therefore considered the most appropriate and efficient funding source.</p>
Customer services	Primarily contributes to						

	<u>the Resilient communities working in partnership Outcome</u>						
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Revenue and Financing Policy - extracts of legal requirements**Applicable sections of the Local Government Act 2002****Section 102 Funding and financial policies**

- (1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies listed in subsection (2).
- (2) The policies are—
 - (a) a revenue and financing policy; and
 - (b) a liability management policy; and
 - (c) an investment policy; and
 - (d) a policy on development contributions or financial contributions; and
 - (e) a policy on the remission and postponement of rates on Māori freehold land; and
 - (f) in the case of a unitary authority for a district that includes 1 or more local board areas, a local boards funding policy.
- (3) A local authority may adopt either or both of the following policies:
 - (a) a rates remission policy;
 - (b) a rates postponement policy.
- (3A) The following policies must also support the principles set out in the [Preamble to Te Ture Whenua Māori Act 1993](#):
 - (a) the revenue and financing policy, the policy on development contributions or financial contributions, and the policy on the remission and postponement of rates on Māori freehold land adopted under subsection (1);
 - (b) any rates remission policy or rates postponement policy adopted under subsection (3).
- (4) A local authority—
 - (a) must consult on a draft policy in a manner that gives effect to the requirements of [section 82](#) before adopting a policy under this section;
 - (b) may amend a policy adopted under this section at any time after consulting on the proposed amendments in a manner that gives effect to the requirements of [section 82](#).
- (5) However, subsection (4) does not apply to—
 - (a) a liability management policy;
 - (b) an investment policy.

103 Revenue and financing policy

- (1) A policy adopted under [section 102\(1\)](#) 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:
- (ba) lump sum contributions:
- (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:
- (ia) regional fuel taxes under the [Land Transport Management Act 2003](#):
- (j) any other source.
- (3) A policy adopted under [section 102\(1\)](#) must also show how the local authority has, in relation to the sources of funding identified in the policy, complied with [section 101\(3\)](#).
- (4) If a local authority amends its revenue and financing policy under [section 93\(4\)](#), only a significant amendment to the policy is required to be audited in accordance with [sections 93D\(4\)](#) and [94](#).

[101 Financial management](#)

- (1) A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.
- (2) A local authority must make adequate and effective provision in its long-term plan and in its annual plan (where applicable) to meet the expenditure needs of the local authority identified in that long-term plan and annual plan.
- (3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—
 - (a) in relation to each activity to be funded,—
 - (i) the community outcomes to which the activity primarily contributes; and
 - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
 - (iii) the period in or over which those benefits are expected to occur; and
 - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
 - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
 - (b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

Adopted:	30 June 2024
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Sponsor/Group:	Group Manager - Organisation Performance



RATES REMISSION AND POSTPONEMENT POLICY 2024

Purpose and scope

This policy sets out:

- the rates objectives sought to be achieved by the remission or postponement of rates
- the conditions and criteria to be met in order for rates to be remitted or postponed.

In accordance with Sections 102(3), 108, and 109 of the Local Government Act 2002.

Contents

1. Rates Remission for Lake Taupō Lakebed and Crown owned Hydro Lakes lakebeds (with easements to carry out the electricity generation business).....	2
2. Rates Remission for Community, Sporting, Churches, Marae and Other Organisations	3
3. Rates Postponement for Extreme Financial Hardship	4
4. Remission of Rates Penalty	5
5. Rates Remission and Postponement Policies on Māori Freehold Land	6
6. Remission of General Rates for Council Owned Utilities.....	9
7. Water Rates Remission Attributable to Water Leaks.....	9
8. Natural Disasters Rates Remission	10
9. Waitahanui - Fixed Charge Targeted Water Rate Remission Policy	11

General

General Considerations

When considering any remission, the circumstances at the time the rates are set will be taken into consideration.

Relevant Delegations

Decisions under the rates remission and postponement policies included in this document are delegated to officers as set out in the Council's Delegation Manual.

Review

It should be noted that all of the Rates Remission and Postponement policies included in this document are reviewed every three years in conjunction with the Long-Term Plan or can be reviewed sooner if chosen by the Council.

Note on 2024 changes

It should be noted that the rates remission and postponement policies included in this document were reviewed consulted on and updated to meet the requirements of new legislation provided for in the Local Government (Rating of Whenua Māori) Amendment Act 2021; where rates remission and postponement policies must support the principles in the preamble to the Te Ture Whenua Māori Act 1993 - *to recognise that land is taonga tuku iho of special significance to Māori people and, for that reason, to promote the retention of that land in the hands of its owners, their whānau, and their hapū, and to protect wāahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners their whānau and their hapū.*

1. Rates Remission for Lake Taupō Lakebed and Crown owned Hydro Lakes lakebeds (with easements to carry out the electricity generation business)

1.1 Policy Objectives

- To continue to provide ratepayers with an incentive to maintain Lake Taupō and its environs in a natural state.
- To recognise the special characteristics and the immense value of Lake Taupō to the district.
- To take into consideration that whilst the hydro lakes are used for storage, retention, taking, discharge, conveyance and drainage of water for commercial purposes, they are also open to the public for enjoyment and recreational activities.
- To support the Long-Term Plan community outcomes: Vibrant places and connected communities – We connect people with nature through our reserves and public places.

1.2 Conditions and Criteria

In relation to the Lake Taupō lakebed land:

- Remission is available to rating units, which contain in full or in part the Lake Taupō lakebed, where the title for the lakebed is in private ownership.
- Remission is available to the rating unit where the owners recognise the significance of public access to the lake and environs and manage the land as if it is a public reserve.
- 100% remission of all rates and charges shall be given to the qualifying rating unit or parts of the rating unit where the owners recognise the objectives of this policy, and the land meets the conditions and criteria.
- Annual declaration forms will be issued to ensure criteria is still met and remission should still apply. The signed declaration form must be received by Council within the time frame given on the form.

In relation to Hydro Lakes, lakebed:

- Remission is available to the land where the owners and ratepayers recognise the significance of public access to the lake and environs and manage the land as if it is a public reserve.
- 100% remission of all rates and charges shall be given to qualifying rating units and parts of rating units.
- Annual declaration forms will be issued to ensure criteria is still met and remission should still apply. The signed declaration form must be received by Council within the time frame given on the form.

2. Rates Remission for Community, Sporting, Churches, Marae and Other Organisations

2.1 Policy Objectives

- To provide rates remission that will assist community, non-commercial, not-for-profit-organisations to provide free care, relief or assistance to any person in the community that is in need.
- To facilitate the ongoing provision of non-commercial, not-for profit, voluntary, community and sporting services to any person in the community.
- To assist the organisation's survival.
- To make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, students, young families, aged people and economically disadvantaged people.
- To recognise and support the benefits that Churches and Marae have in the community by providing rates remission for the sewage disposal rate.
- To support the Long-Term Plan community outcomes: Resilient communities working in partnership – Our community is empowered to lead initiatives, build connections and increase participation.

2.2 Conditions and Criteria

- Rates remission is available to land occupied or used by a not-for-profit organisation (including a society, association or organisation, whether incorporated or not) which:
 - is non-commercial; and
 - is carried on for the free maintenance (care) relief or assistance of persons in need or provides voluntary community or voluntary sporting services; and
 - is available to any person in the community.
- The organisation's purpose promotes the objectives outlined in 2.1 above.
- 75% remission for sewerage disposal rates will apply and 100% remission of other rates and charges excluding those for water (including water by meter) and refuse disposal.
- 75% remission for sewerage disposal rates and 50% remission of other rates and charges, excluding those for water (including water by meter) and refuse disposal, will apply for rating units with a permanent liquor licence.
- 75% remission of the sewerage disposal rate will apply for Marae and Churches that have a non-rateable status under schedule 1 of the Local Government (Rating) Act 2002
- Applications for rates remission for properties other than Marae and Churches must be made on the approved declaration form, and the supporting information required in points 2.2.1 to 2.2.7 must be relevant to the rating unit (or part of the rating unit) that the application for rates remission is for.
- An application must include:
 - 2.2.1 a signed statement from the organisation's treasurer that declares no profit is derived from its activity; and
 - 2.2.2 full financial accounts including the balance sheet, income statement, and the cash flow statement; and
 - 2.2.3 a statement of objectives for the organisation; and
 - 2.2.4 information on the activities and programmes of the organisation; and

2.2.5 details of volunteers, and paid employees; and

2.2.6 details of members and membership criteria; and

2.2.7 documentation clarifying liquor licence status.

- Applications for rates remission must be completed every two years.
- Rates must be paid until the ratepayer is advised that their application for remission has been granted.
- The policy does not apply to organisations operated for private pecuniary profit.

3. Rates Postponement for Extreme Financial Hardship

3.1 Policy Objectives

- To provide rating relief to ratepayers experiencing extreme financial hardship
- To support the Long-Term Plan community outcomes: Resilient communities working in partnership – We partner and collaborate with others to find shared solutions.

3.2 Conditions and Criteria

- The policy does not apply to vacant land and only applies to residential properties owned by natural persons and not companies, trusts, organisations or other similar ownership structures.
- Rates postponement is only available for properties owned individually or jointly by ratepayers who are receiving superannuation or a pension e.g. widow's benefit, or are 65 years of age or older
- Application for postponement can only be made by the legal owners of the property and they must have owned a residential property, and therefore have been a residential ratepayer in the Taupō District for at least 10 years.
- The applicants must not own any other properties in the Taupō District or any other district.
- The amount of rates that can be postponed is the difference between 90% of the annual rates for the rating year prior to the commencement of the postponement and the rates set annually thereafter for the property until the postponement ceases. (Qualifying applicants shall pay an amount that is 90% of the annual rates assessed in the rating year immediately prior to the first year of postponement. This amount shall then remain fixed until postponement ceases).
- Physical or mental ability, injury, illness and family circumstances are considered when deciding on postponement eligibility. Any postponed rates will be postponed until the earlier of:
 - i. death of the ratepayer(s); or
 - ii. ratepayer(s) ceases to be the owner or occupier of the rating unit; or
 - iii. ratepayer(s) ceases to use the property as his/her residence; or
 - iv. date specified by the Council in the postponement agreement; or
 - v. ratepayer does not meet qualifying criteria as set out in the declaration form which must be completed and returned to Council every two years for review.
- Council will charge a fee on the total amount postponed. The fee will be assessed annually and calculated using the weighted average effective interest rate on Council borrowings as reported in Council's Annual Report
- The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative costs and may

vary from year to year. The fee will be set annually by Council and included in Council's Schedule of Fees and Charges

- The postponed rates or any part thereof may be paid at any time. The ratepayer may elect to postpone the payment of a sum lesser than that which the ratepayer would be entitled to have postponed under this policy.
- Postponed rates will be registered as a charge on the rating unit under the Land Transfer Act 2017. No dealing with the land may be registered by the ratepayer while the charge is in place, except with the consent of the Council.
- All rates that have been postponed will become payable when qualification for postponement ceases.
- Ratepayers applying for rates postponement on the grounds of extreme financial hardship must provide evidence of their financial circumstances by completing the declaration form.
- When an application to postpone rates has been approved, a formal postponement agreement will be entered into by both the ratepayer and Council that shall:
 - i. State the amount of postponement.
 - ii. State the timeframe or conditions upon which the postponed rates will become due and payable.
 - iii. Acknowledge that the postponed rates will be registered as a charge against the land.
 - iv. Require the applicant to declare that they have sought legal or other professional advice prior to signing the agreement.
 - v. Be signed by both parties.
- When rates postponement payment obligations have been met by the ratepayer, Council will undertake to remove the land charge from the record of the title of the rating unit.

4. Remission of Rates Penalty

4.1 Policy Objectives

- To enable Council to act fairly and reasonably in its consideration of penalty remission for rates which have not been received by the Council by the due date caused by circumstances outside the ratepayer's control.
- To support the Long-Term Plan community outcomes; Resilient communities working in partnership – We partner and collaborate with others to find shared solutions.

4.2 Conditions and Criteria

- Council will remit penalties on rates where any of the following apply.
 - i. A bereavement in the ratepayer's family occurred around the penalty date or
 - ii. There was serious illness (in the ratepayer's immediate family) around the penalty date or
 - iii. The ratepayer has a good payment history (being three clear years without any penalty having been remitted) or
 - iv. Payment has been arranged electronically prior to penalty date but not received and payment is made within two weeks of the penalty notification being issued (satisfactory evidence may need to be provided) or
 - v. An office error has occurred.

A penalty remission may be approved when the reason provided for the late payment is outside this policy and the ratepayer applies in writing and hasn't had prior rates penalty remission for similar reasons.

5. Rates Remission and Postponement Policies on Māori Freehold Land

This rates remission and postponement policy for Māori Freehold Land was inclusively considered, reviewed, consulted on and updated with all of the rates remission policies outlined within this document; in consideration of the Local Government (Rating of Whenua Māori) Amendment Act 2021 - where rates remission and postponement policies must support the principles in the preamble to the Te Ture Whenua Māori Act 1993.

5.1 Policy Objectives for rates remission on parts of Māori freehold land

- To establish mechanisms to assist owners by supporting the principles of the Te Ture Whenua Māori Act 1993: to recognise that land is taonga tuku iho of special significance to Māori people and, for that reason, to promote the retention of that land in the hands of its owners, their whānau, and their hapū, and to protect wāahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners their whānau and their hapū.
- (Considered under Schedule 11 of the Local Government Act 2002). To recognise that to continue to assess rates on non-income producing Māori freehold land not eligible for non-rateability is counterproductive to both owners and Council.
- To recognise the special characteristics of Māori freehold land.
- To provide incentives for owners to develop their Māori freehold land and to facilitate any wish of the owners to develop the land for economic use.
- To support the use of the land by the owners for traditional purposes.
- To recognise and support the relationship of Māori and their culture and traditions with their ancestral lands.
- To avoid further alienation of Māori freehold land.
- To recognise and take into account the presence of wāahi tapu that may affect the use of the land for other purposes.
- To recognise and take into account the importance of the land for community goals relating to:
 - i. Preservation of the natural character of the lakeshore environment.
 - ii. Protection of outstanding natural features.
 - iii. Protection of significant indigenous vegetation and significant habitats of indigenous fauna.
- To recognise the level of community services provided to the land and its occupiers.
- To recognise matters related to the physical accessibility of the land.
- To recognise and take into account the importance of the land in providing economic and infrastructure support for marae and associated papakāinga housing (whether on the land or elsewhere)
- To support the Long-Term Plan community outcomes: Resilient communities – We partner and collaborate with others to find shared solutions, Flourishing environment – We think and act with an intergenerational view and embrace our role as kaitiaki. Tangata whenua are acknowledged and respected – We acknowledge tangata whenua and their ancestral connection to the whenua, ngā maunga and ngā wai.

5.2 Conditions and Criteria for rates remission on parts of unused Māori Freehold Land

- This policy applies only to land whose beneficial ownership has been determined by the Māori Land Court by freehold order and that is not eligible for statutory non-rateability.
- Māori freehold land that is:
 - i. non-income producing; and
 - ii. in its natural state or undeveloped state; and
 - iii. not occupied; and
 - iv. in multi ownership
 qualifies for 100% remission of all rates and charges.
- Qualification of remission will be reviewed every 3 years in accordance with the policy.
- Remission is only applicable where a declaration form has been completed and returned to Council.
- Remission will be applied annually to those parts of properties that qualify under the policy, until the qualifying criteria is no longer met. 'Use' of land will be continually monitored.
- If any part of the land subject to a remission is or becomes used or occupied that portion will be liable for all rates assessed.
- If any information provided to Council to support a rates remission application is misleading or incorrect after a remission has been approved Council will reassess the rates under Section 42 of the Local Government (Rating) Act 2002, which provides that Council can recover additional rates where there has been a change in any matter affecting the liability of the ratepayer to pay rates; and the ratepayer has failed to notify the local authority of a change in circumstances, or did not do so within the required time; and as a result, the local authority has not collected the full amount of rates to which it was entitled for the rating unit.

5.3 Postponement of Rates on Māori Freehold Land

Council has considered Postponement of Rates on Māori Freehold land including considering Schedule 11 of the Local Government Act 2002 and the principles in the Preamble to the Te Ture Whenua Māori Act 1993 and concluded that their rates remission policies provide sufficient benefit making postponement unnecessary and therefore, Council does not provide for any rates postponement on Māori Freehold Land.

5.4 Remission of rates for Māori freehold land under development – Guidance to the implementation of statutory remission in section 114A of the Local Government (Rating) Act 2002

Objectives, purpose and benefits

- To facilitate the occupation, development and utilisation of Māori freehold land for the benefit of its owners
- Benefits to the district by creating new employment opportunities.
- Benefits to the district by creating new homes.
- Benefits to the council by increasing the council's rating base in the long term.
- Benefits to Māori in the district by providing support for Marae in the district.
- Benefits to the owners by facilitating the occupation, development, and utilisation of the land.

Information for applicants

- This remission is only available to land whose beneficial ownership has been determined by the Māori Land court by freehold order.
- Applications for remission must be accompanied by the approved declaration form.
- Renewal applications for land that has qualified for remission in the year immediately prior to the year the application is for must be submitted in the month of June and must be relevant to the stage of the development at that time.
- Remission may continue to be applicable until the rating unit is predominantly sown or income is derived from the land, or the development is being used or occupied.
- Remission may be applied to land being developed that has the required resource consent and/or building consent for the development.
- Remission may be applied to land that is being developed on the provision of a plan or business case to Council that confirms resources and funding are in place to enable the development to be completed.
- The Council may remit up to 100% remission of all rates including the general rate except for rates for water (including water by meter) and sewerage for all Māori Freehold land that is under development, including:
 1. being cleared and sown for horticulture, farming, forestry or developed for other industrial or commercial purposes and does not require Council's building or resource consent, or
 2. being developed with structures or buildings and if:
 - a. the timeframes for building consents and other changes to improvements have altered the improvement value as defined in the Rating Valuation Rules 1998;¹ or
 - b. the improvement/development is sufficiently completed to add value to the property at 30 June, the value of those improvements must be entered in the District Valuation Roll and Rating Information Database by that date:

at this stage of the development the remission of the general rate may be calculated by determining the percentage of the land value that makes up the capital value and using that percentage to calculate the amount of general rates that will be remitted - so that general rates are only payable on the new improvement value and all other rates excluding rates for water (including water by meter) and sewerage for all rating units or separate rating areas may qualify for 100% remission
- If any information provided to Council to support a rates remission application is misleading or incorrect after a remission has been approved Council will reassess the rates under Section 42 of the Local Government (Rating) Act 2002 which provides that Council can recover additional rates where there has been a change in any matter affecting the liability of the ratepayer to pay rates; and the ratepayer has failed to notify the local authority of a change in circumstances, or did not do so within the required time; and as a result, the local authority has not collected the full amount of rates to which it was entitled for the rating unit.
- To support the Long-Term Plan community outcomes: Resilient communities – We partner and collaborate with others to find shared solutions, Flourishing environment – We think and act with an intergenerational view and embrace our role as kaitiaki. Tangata whenua are acknowledged and respected – We acknowledge tangata whenua and their ancestral connection to the whenua, ngā maunga and ngā wai.

¹ A building consent is actionable –the earlier of either six months after the date of issue of a building consent or the date of notification to the Council of completion of the work.

6. Remission of General Rates for Council Owned Utilities

6.1 Policy Objectives

- To avoid collecting rates that are to be paid by the Council from revenue collected from other ratepayers.
- To support the Long-Term Plan community outcomes: Flourishing environment – We manage wastewater and stormwater discharges to protect our water quality.

6.2 Conditions and Criteria

Rating units which are for utilities (i.e. water, storm water and wastewater pipes) owned by the Taupō District Council will automatically receive 100% remission of the general rates, which includes the uniform annual general charge. Based on the nature of this remission policy an application for remission is not required, Council will automatically apply the remission for properties that qualify under the criteria.

7. Water Rates Remission Attributable to Water Leaks

7.1 Policy Objectives

- In order to provide relief to ratepayers in situations where water usage is high due to a water leak, Council may remit metered water supply rates where all of the conditions and criteria in section 7.2 apply.
- To support the Long-Term Plan community outcomes: Resilient communities working in partnership – We partner and collaborate with others to find shared solutions.

7.2 Conditions and Criteria

- The council may remit water consumption rates where all of the following apply:
 - i. An application for remission has been received; and
 - ii. Council is satisfied that a leak on the property has caused excessive water consumption; and
 - iii. The leak has been repaired as soon as possible after being identified; and
 - iv. Proof that the leak has been repaired is included with the application for remission (proof can be provided by way of plumbers' invoice, photographs, etc.)
- The amount of the remission will be the difference between the average consumption (calculated over the previous two years) of the property and the actual consumption as recorded in the latest reading.

8. Natural Disasters Rates Remission

8.1 Policy Objectives

- This policy is to allow Council, at its discretion, to remit all or part of any rate charged on any property that is used as a place of residence and not used in a commercial capacity or from which income is derived - where it has been detrimentally affected by natural disaster (such as erosion, falling debris, subsidence, slippage, inundation –*deluge/flood/torrent*, or earthquake) rendering residential dwellings or buildings uninhabitable, requiring residential activities carried out on the land to cease. This policy is aimed at aiding those ratepayers whose homes are most adversely affected by natural disasters events.
- To support the Long-Term Plan community outcomes: Resilient communities working in partnership – We partner and collaborate with others to find shared solutions.

8.2 Conditions and Criteria

- For the purposes of this policy 'uninhabitable' means:
 - *a building that cannot be used for the purpose it was intended due to a 's124 notice' being issued under the Building Act 2004, and that the residents have been required to move out by the Council, and the property is not being used.*
 - *a dwelling or building that is a total loss or*
 - *as determined by Council after taking into account the matters specified in i - iii below.*
- The Council may remit all or part of any rate assessed in the district in respect of properties that are used as a place of residence and not used in a commercial capacity or from which income is derived, if the land beneath or surrounding the home is detrimentally affected by natural disaster events (such as erosion, falling debris, subsidence, slippage, inundation –*deluge/flood/torrent*, or earthquake); and as a result, dwellings or buildings previously habitable were made "uninhabitable"; and the activities for which the land and/or buildings were used prior to the disaster are unable to be undertaken or continued
- In determining whether or not a property is uninhabitable and the period of time for which the rates remission is to apply Council may take into account:
 - i. the extent to which essential services such as water, or sewerage to any dwelling or building were interrupted and could not be supplied.
 - ii. whether essential services such as water or sewerage to any dwelling or building are able to be provided; and
 - iii. whether any part of the building or land remains habitable or available for use
- The decision to remit all or any part of a rate shall be at the sole discretion of the Council. The Council may refuse to grant a remission even where the conditions & criteria set out above are met.
- The extent of any remission shall be determined by the Council and will:
 - consider the available funding at the time of the event; and
 - determine the rates that will be remitted; and
 - decide – based on the extent and nature of the event - whether an application for remission is required from the ratepayer or whether the Council will automatically apply the remission for properties that qualify under the criteria.

9. Waitahanui - Fixed Charge Targeted Water Rate Remission Policy

9.1 Policy Objectives

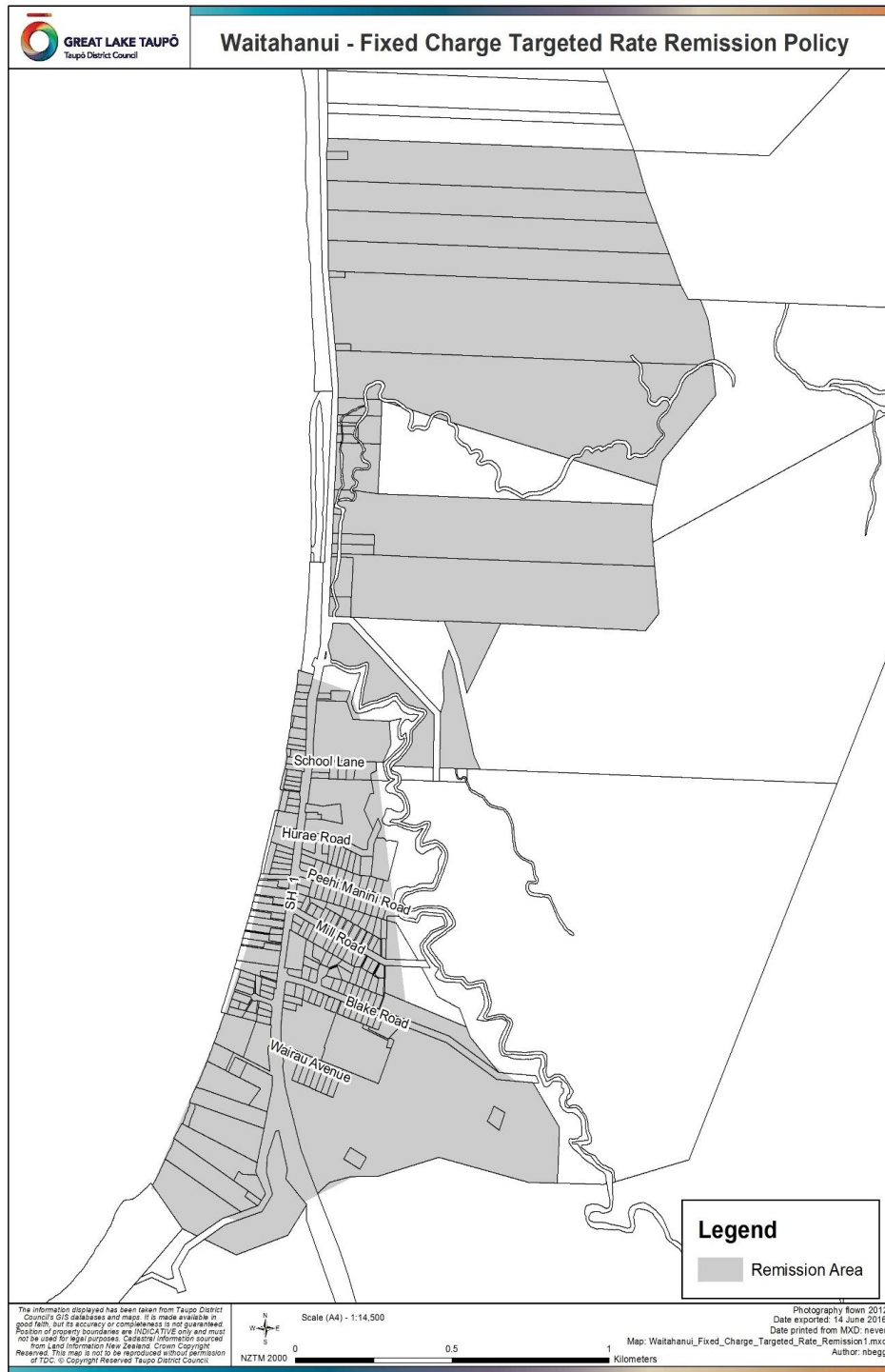
The objectives sought to be achieved by the remission of rates are:

- To provide relief from the Water Fixed Charge Targeted Rate and to acknowledge that rates assessed on specified rating units (identified in the map below) on the basis of their availability to connect to the Taupō Township/Wairakei Village water supply imposes targeted rates when there is already an existing private water supply.
- To take into consideration that the infrastructure to extend the Taupō Township/Wairakei Village water supply to Waitahanui qualified for \$1.9m funding through the Central Government's New Zealand Drinking standards programme.
- To recognise that Central Government's criteria to qualify for funding is decided by a measure on New Zealand's deprivation index.
- To support Central Government's initiative to supply potable drinking water to low socioeconomic communities that are identified through data sourced from Statistics New Zealand and Census.
- To support the Long-Term Plan Community outcomes: Resilient communities working in partnership – We partner and collaborate with others to find shared solutions.

9.2 Conditions and Criteria

- In accordance with this policy, the Council will automatically remit the Taupō Township/Wairakei Village Water Fixed Charge Targeted Rate set under section 16 of the Local Government (Rating) Act 2002.
- This remission policy:
 - i. applies to only specified rating units in the Waitahanui area as shown on the map *attached in Appendix 1* (being those rating units that had an existing and operational private water supply in place prior to the Taupō Township/Wairakei Village water supply infrastructure being extended to within 100 meters of the boundary of the relevant rating unit) and are now identified as available to be connected but not connected to the Taupō Township/Wairakei Village water supply; and
 - ii. will cease to apply with respect to a rating unit from 1 July in any rating year if, in the previous rating year, that rating unit connected to the Taupō Township/Wairakei Village water supply.

Appendix 1 – Waitahanui Water Rate Remission Area



Planning & Regulatory

- Regulatory
- Emergency Management

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
We process resource consents within legislative timeframes which ensures that property developments are in line with District Plan policy goals.	Percentage of resource consents processed within statutory timeframes as specified under the Resource Management Act 1991.	Achieved (96.3 per cent)	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
	Percentage of resource consents monitored to ensure they comply with the conditions of consent.	Not achieved (96.3 per cent)	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
We process building consents within legislative timeframes.	Percentage of all building consents applications processed within 20 working days as specified under the Building Act 2004 Section 48(1).	Not achieved (79.23 per cent)	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.

Level of service	Performance Measure	Latest Result 2022/23	Targets				
			2023/24	2024/25	2025/26	2026/27	2027/34
	Percentage of Building Warrants of Fitness audited yearly.	Achieved (52 per cent)	At least 50 per cent.	At least 55 per cent.	At least 60 per cent.	At least 65 per cent.	2027/28 - at least 70 per cent 2028/29 - at least 75 percent 2029/30 onwards - at least 80 per cent.
We maintain a register of dogs in the district.	Percentage of known dogs that are registered each year.	Achieved (99.2 per cent)	At least 99 per cent.	At least 99 per cent.	At least 99 per cent.	At least 99 per cent.	At least 99 per cent.
We respond promptly to food safety, dogs and noise complaints.	Percentage of noise complaints that are responded to within two hours.	Achieved (100 per cent)	At least 95 per cent.	At least 95 per cent.	At least 95 per cent.	At least 95 per cent.	At least 95 per cent.
	Food safety – Percentage of food complaints responded to within two working days.	Achieved (100 per cent)	At least 80 per cent.	At least 80 per cent.	At least 80 per cent.	At least 80 per cent.	At least 80 per cent.
	Dog control – percentage of initial response within 24 hours for dog control complaints.	Achieved (100 per cent)	95 per cent.	95 per cent.	95 per cent.	95 per cent.	95 per cent.

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
We inspect health, liquor and food premises regularly.	Percentage of health (funeral homes, camping grounds, hairdressers) premises that are registered and inspected annually to ensure they meet minimum legislative standards.	Achieved (100 per cent)	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
	Percentage of food premises that are registered and inspected/audited as required to ensure they meet minimum legislative standards.	Achieved (100 per cent)	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
	Percentage of liquor premises that are registered and inspected annually to ensure they meet the legislative minimum standards.	Achieved (100 per cent)	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
We are prepared for emergencies.	The evaluation of annual exercise as a measure of effectiveness of training delivery.	Achieved (67 per cent)	Increasing trend	Increasing trend	Increasing trend	Increasing trend	Increasing trend

Community Leadership

Support services which includes:

- Digital solutions
- CEO office
- People & Culture
- Rates, Remissions & Write-Offs
- Customer Services
- Policy
- Communications
- Community engagement and development

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
We manage investment assets in accordance with the Treasury Management Policy.	<p>Councils primary investment objective is capital protection. It utilises its surplus finds through internal lending to various activity centres within Council and through external investment to approved counterparties.</p> <p>Within the above credit constraints, Council will measure investment performance as follows:</p>	New measure	New measure	Achieved/Not Achieved	Achieved/Not Achieved	Achieved/Not Achieved	Achieved/Not Achieved

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
	<ul style="list-style-type: none"> Cash is held in liquid investments Investment maturities are matched to projected cashflow requirements Investment returns are maximised by obtaining quotes across the four major banks Realisation of investments prior to maturity is avoided unless absolutely necessary 						
Growth and development is planned while our natural and physical resources are managed in a sustainable manner	Plan Changes, initiated by Council and privately, to the District Plan are undertaken in accordance with legislative processes and timeframes.	New measure	New measure	100 per cent	100 per cent	100 per cent	100 per cent
Corporate planning documents, long-term plans, annual plans and annual reports are delivered for our community	Corporate plans meet legislative timeframes	New measure	New measure	100 per cent	100 per cent	100 per cent	100 per cent

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
Council operates an open and honest decision-making process that generates confidence and trust in the democratic system.	Bylaw reviews are undertaken in accordance with legislative timeframes	2022/23 – Achieved (100 per cent)	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
We are reducing our greenhouse gas emissions to support New Zealand's domestic greenhouse gas emissions reduction targets	Tonnes of CO ₂ -e of greenhouse gas emissions from Council operations (excluding wastewater and landfill) are reducing in line with Council's targets	New measure	New measure	2,510	2,455	2,385	Reducing to 1,975 by 2034
	Tonnes of CO ₂ -e of greenhouse gas emissions from Council's landfill and wastewater operations are reducing in line with Council's targets	New measure	New measure	28,465	28,191	27,917	Reducing to 26,253 by 2034

Democracy

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
Council operates an open and honest decision-making process that generates confidence and trust in the democratic system.	Percentage of requests for official information that are responded to within 20 working days.	2022/23 – Not Achieved (99.4 per cent)	100 per cent.	99 per cent	99 per cent	99 per cent	99 per cent

Strategic Property

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
Council facilitates the actions identified in the Housing Strategy	The number of actions undertaken which were identified in the Housing Strategy	New measure	New measure	At least one for each focus area. <i>Note: there are 5 focus areas identified in the strategy.</i>	At least one for each focus area <i>Note: there are 5 focus areas identified in the strategy.</i>	At least one for each focus area <i>Note: there are 5 focus areas identified in the strategy.</i>	At least one for each focus area <i>Note: there are 5 focus areas identified in the strategy.</i>

Note: a copy of Council's Housing Strategy can be found on our website www.taupo.govt.nz

District Development

- District Promotion & Events

Level of service	Performance Measure	Latest Result	Targets				
			2022/23	2023/24	2024/25	2025/26	2026/27
We facilitate and support economic development in the district.	Enterprise Great Lake Taupo (Trading As Amplify), Destination Great Lake Taupō and Town Centre report at least half-yearly to Taupō District Council on the manner of distribution of the grant as well as performance measures in line with their contracts for service and statements of intent.	Achieved	100 per cent report at least half yearly.	100 per cent report at least half yearly.	100 per cent report at least half yearly.	100 per cent report at least half yearly.	100 per cent report at least half yearly.

Water

Level of service	Performance Measure	Latest Result 2022/23	Targets				
			2023/24	2024/25	2025/26	2026/27	2027/34
We provide safe drinking water to communities connected to a Council drinking water scheme.	<p>The extent to which Council's drinking water supply complies with:</p> <p>Part 4 of the Drinking water Standards for New Zealand (Bacteria compliance criteria).</p> <ul style="list-style-type: none"> All schemes. <p><i>Please note that we are unable to report on this measure, however, we are still legally required to include this measure in our Long-term Plan 2024-34. Taumata Arowai introduced new Drinking Water Standards, Aesthetic Values, and Quality Assurance Rules which came into force on 14 November 2022 and require different monitoring and reporting than the old measures. We report compliance against the Drinking Water Standards, Aesthetic Values, and Quality Assurance Rules direct to Taumata Arowai.</i></p>	<p>2021/22 – Not Achieved (13 of 18 supplies passed)</p> <p>July to December 2022 – Not Achieved (12 out of 18 supplies passed)</p> <p>January – June 2023 – Not achieved (0 out of 18 supplies achieved)</p> <p>*Please note that due to transitioning from Drinking Water Standards New Zealand (DWSNZ) to Drinking Water Quality Assurance Rules which came into force on 1 November 2022 the results for this measure have been split for this financial year.</p>	All schemes are compliant with Part 4 of the DWSNZ.	No target	No target	No target	No target

Level of service	Performance Measure	Latest Result 2022/23	Targets				
			2023/24	2024/25	2025/26	2026/27	2027/34
The drinking water that Council provides is safe and treated to the appropriate standards.	<p>The extent to which Council's drinking water supply complies with: Part 5 of the Drinking water Standards for New Zealand (Protozoal compliance criteria).</p> <p><i>Please note that we are unable to report on this measure, however, we are still legally required to include this measure in our Long-term Plan 2024-34. Taumata Arowai introduced new Drinking Water Standards, Aesthetic Values, and Quality Assurance Rules which came into force on 14 November 2022 and require different monitoring and reporting than the old measures. We report compliance against the Drinking Water Standards, Aesthetic Values, and Quality Assurance Rules direct to Taumata Arowai.</i></p>	<p>2021/22 – Not Achieved (3 of 18 supplies passed)</p> <p>July to December 2022 – Not Achieved (3 of 18 supplies passed)</p> <p>*Please note that due to transitioning from Drinking Water Standards New Zealand (DWSNZ) to Drinking Water Quality Assurance Rules which came into force on 1 November 2022 the results for this measure have been split for this financial year.</p> <p>January – June 2023 – Not achieved (2 out of 18 supplies passed)</p>	All schemes are compliant with Part 5 of the DWSNZ as per upgrade plan.	No target	No target	No target	No target

Level of service	Performance Measure	Latest Result 2022/23	Targets				
			2023/24	2024/25	2025/26	2026/27	2027/34
Our water reticulation network is efficient.	<p>Percentage of real water loss from Council's networks reticulation system.</p> <p>Methodology in line with Water NZ "Water Loss guidelines"¹.</p>	<p>Not Achieved.</p> <ul style="list-style-type: none"> • Taupō: 169 l/connection/day • Tūrangi: 654 l/connection/day • Average of Other Urban Networks: 218 l/connection/day • Average of Rural Networks: 6.3 m3/km/day 	<p>Urban Schemes – Target Current Annual Real Loss = 160 l/connection/day</p> <p>Rural Schemes – Target Current Annual Real Loss = 4.2 m3/km watermain/day</p>	<p>Urban Schemes - Current Annual Real Loss = 300 l/connection/day</p> <p>Rural Schemes - Current Annual Real Loss = 6.0 m3/km watermain/day</p>	<p>Urban Schemes - Current Annual Real Loss = 250 l/connection/day</p> <p>Rural Schemes - Current Annual Real Loss = 5.5 m3/km watermain/day</p>	<p>Urban Schemes - Current Annual Real Loss = 200 l/connection/day</p> <p>Rural Schemes - Current Annual Real Loss = 5.0 m3/km watermain/day</p>	<p>Urban Schemes - Current Annual Real Loss = 160 l/connection/day</p> <p>Rural Schemes - Current Annual Real Loss = 4.2 m3/km watermain/day</p>

¹ Lambert, A., and Taylor, R., Water New Zealand, "Water Loss Guidelines", February 2010, https://www.waternz.org.nz/Folder?Action=View%20File&Folder_id=101&File=100503_waterloss_guidelines.pdf

Level of service	Performance Measure	Latest Result 2022/23	Targets				
			2023/24	2024/25	2025/26	2026/27	2027/34
We respond to faults with our water reticulation network promptly.	Median time for attendance for urgent call-outs: from the time that Council receives notification to the time that the service personnel reach the site.	Achieved (0.8 hours)	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.
	Median time for attendance for non-urgent call-outs: from the time that Council receives notification to the time that the service personnel reach the site.	Achieved (2.8 days)	Less than 6 days.	Less than 6 days.	Less than 6 days.	Less than 6 days.	Less than 6 days.
We resolve faults in our water reticulation network promptly.	Median time for resolution of urgent call-outs: from the time that the local authority receives notification to the time that the service personnel confirms resolution of the fault or interruption.	Not Achieved (5.4 hours)	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.
	Median time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that the service personnel confirms resolution of the fault or interruption.	Achieved (4.2 days)	Less than 7 days.	Less than 7 days.	Less than 7 days.	Less than 7 days.	Less than 7 days.
Customers are satisfied with the drinking	The number of complaints received by Council on (a) Drinking water clarity.	– Not Achieved (11.3 complaints per 1000 connections)	Less than 8 complaints per 1000 connections.	Less than 14 complaints per 1000	Less than 12 complaints per 1000	Less than 10 complaints per 1000	Less than 8 complaints per 1000

Level of service	Performance Measure	Latest Result 2022/23	Targets				
			2023/24	2024/25	2025/26	2026/27	2027/34
water that they receive.	(b) Drinking water taste. (c) Drinking water odour. (d) Drinking water pressure or flow. (e) Continuity of supply. (f) Council response to these issues. This measure is expressed per 1000 connections to Council networked reticulation.			connections.	connections.	connections.	connections.
Potable water is used sustainably.	The average consumption of drinking water per day per resident within the district expressed as m ³ /day/HEU.	2022/23 - Achieved (0.9m ³ /day/HEU)	Less than or equal to 1.5m ³ /day/HEU.	Less than or equal to 1.5m ³ /day/HEU.	Less than or equal to 1.5m ³ /day/HEU.	Less than or equal to 1.5m ³ /day/HEU.	Less than or equal to 1.5m ³ /day/HEU.
There is adequate water for firefighting in urban areas.	Percentage of hydrants tested annually to ensure water pressure in urban areas meets FW2 firefighting code of practice standards.	Achieved (9 per cent of hydrants tested)	At least 5 per cent.	At least 5 per cent.	At least 5 per cent.	At least 5 per cent.	At least 5 per cent.

Transport

Level of service	Performance Measure	Latest Result 2022/23	Targets				
			2023/24	2024/25	2025/26	2026/27	2027/34
The number of serious and fatal crashes on Council roads is falling.	Reduction from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	Achieved (A reduction of 5 serious crashes/deaths from the previous year. There were 4 deaths and 10 serious crashes).	Decrease from previous year.	Decrease from previous year.	Decrease from previous year.	Decrease from previous year.	Decrease from previous year.
That our roading network is adequately maintained and in good condition.	The average quality of ride on a sealed road network, measured by percentage of smooth travel exposure. Methodology in line with NZTA Smooth Travel Exposure (STE) Index for sealed roads.	Achieved 95% for all roads (Rural and urban).	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.
	The percentage of the sealed local road network that is resurfaced.	Not achieved 1.5% for all roads (Rural and urban)	At least 3 per cent.	At least 3 per cent.	At least 3 per cent.	At least 3 per cent.	At least 3 per cent.

Level of service	Performance Measure	Latest Result 2022/23	Targets				
			2023/24	2024/25	2025/26	2026/27	2027/34
Footpaths are adequately maintained and in good condition.	Percentage of footpaths in the district that fall within the level of service or service standard for the condition of footpaths that is set out in the Territorial Local Authorities (TLA's) Asset Management Plans (AMPs) (maintenance intervention when displacement is greater than 10mm for Taupō CBD, Taupō urban areas and Turangi and other urban areas). Please note that we plan to undertake this survey every three years.	Not assessed.	80 per cent.	80 per cent.	80 per cent.	80 per cent.	80 per cent.
We will respond to customer service requests.	Percentage of customer service requests relating to roads and footpaths to which the territorial authority that are responded to within five working days.	Achieved (90 per cent)	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.

Community facilities

- Community building (Waiora House & Community Halls)
- Heritage, Culture & Public Art
- Libraries
- Venues
- Parks & Reserves
- Public Conveniences
- Cemeteries

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
The library is accessible and offers a range of services for the community.	The total number of physical items loaned to library members is maintained or increased	Achieved 236,406 physical items	At least 227,303 physical items.	At least 227,303 physical items.	At least 227,303 physical items.	At least 227,303 physical items.	At least 227,303 physical items.
	The total number of e-books loaned to library members is maintained or increased	Achieved 54,471 e-books/e-audio items loaned	At least 30,367 e-books/e-audio items loaned.	At least 30,367 e-books/e-audio items loaned.	At least 30,367 e-books/e-audio items loaned.	At least 30,367 e-books/e-audio items loaned.	At least 30,367 e-books/e-audio items loaned.
	The number of active library card users is maintained or increased	Not achieved. 7,346 members used their library cards.	At least 7,346 members used their library card.	At least 7,346 members used their library card.	At least 7,346 members used their library card.	At least 7,346 members used their library card.	At least 7,346 members used their library card.
The Great Lake Centre and Taupō Events Centre are accessible and	The occupancy rate of the Great Lake Centre and Taupo Events Centre.	Achieved (109 percent for the	The Great Lake Centre and Taupo Events Centre are	The Great Lake Centre and Taupo Events	The Great Lake Centre and Taupo Events	The Great Lake Centre and Taupo Events	The Great Lake Centre and Taupo Events

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
provide the community with a range of services.		TEC, 95 percent for the GLC)	occupied at least 84 percent of the time.	Centre are occupied at least 84 percent of the time.	Centre are occupied at least 84 percent of the time.	Centre are occupied at least 84 percent of the time.	Centre are occupied at least 84 percent of the time.
Residents and visitors are satisfied with the exhibitions at the Taupō Museum and Art Gallery.	Total number of visitors (physical and virtual) to the museum is maintained or increased	Achieved. There were 22,937 physical visitors, 12,313 unique pageviews on website and 3,980 Facebook visits.	Visits are maintained or increased	Visits are maintained or increased	Visits are maintained or increased	Visits are maintained or increased	Visits are maintained or increased
	Number of exhibitions is maintained or increased	Achieved (three in-house exhibitions; seven local /visitor exhibitions; one touring exhibition)	Exhibitions are maintained or increased	Exhibitions are maintained or increased	Exhibitions are maintained or increased	Exhibitions are maintained or increased	Exhibitions are maintained or increased
Residents and visitors are satisfied with the parks, open spaces, playgrounds and sports grounds	Percentage of service requests responded to relating to Council-owned parks and open space.	Achieved (95 per cent)	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
	Percentage of service requests responded to relating to Council playgrounds.	Achieved (100 percent)	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.
	Percentage of service requests responded to relating to sportsgrounds.	Not achieved (84.2 per cent)	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days	At least 90 per cent responded to within 5 working days	At least 90 per cent responded to within 5 working days	At least 90 per cent responded to within 5 working days
Our pools are safe, well maintained, and attractive for users.	We maintain Pool Safe accreditation at AC Baths and Turtle Pools	Achieved	Pool safe accreditation maintained.	Pool safe accreditation maintained.	Pool safe accreditation maintained.	Pool safe accreditation maintained.	Pool safe accreditation maintained.
Public toilets are clean, safe and fit for purpose.	Percentage of service requests responded to relating to public toilets.	Achieved (100 percent)	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.	At least 90 per cent responded to within 5 working days.

Wastewater

Level of service	Performance Measure	Latest Result	Targets				
			2022/23	2023/24	2024/25	2025/26	2026/27
We comply with the resource consents conditions relating to our sewerage systems.	Number of abatement notices received by Council in relation to sewerage system resource consents.	Achieved	≤ 1 abatement notices	≤ 1 abatement notices	≤ 1 abatement notices	≤ 1 abatement notices	≤ 1 abatement notices
	Number of infringement notices received by Council in relation to sewerage system resource consents.	Achieved	0 infringements	0 infringements	0 infringements	0 infringements	0 infringement
	Number of enforcement orders received by Council in relation to sewerage system resource consents.	Achieved	0 enforcement orders	0 enforcement orders	0 enforcement orders	0 enforcement orders	0 enforcement orders
	Number of successful convictions received by Council in relation to sewerage system resource consents.	Achieved	0 successful convictions	0 successful convictions	0 successful convictions	0 successful convictions	0 successful convictions

Level of service	Performance Measure	Latest Result	Targets				
			2022/23	2023/24	2024/25	2025/26	2026/27
We will maintain the reduction in nitrogen discharged from wastewater treatment plants in the Lake Taupō catchment.	Maintain the reduction of total nitrogen discharged from wastewater treatment plants within the Lake Taupō catchment. Reduction of 20 per cent of the benchmark average has been achieved.	Not achieved (2.2 per cent)	Maintain the reduction.	Maintain the reduction.	Maintain the reduction.	Maintain the reduction.	Maintain the reduction.
Our sewerage system is maintained to prevent sewerage overflows.	Number of dry weather sewerage overflows from Council's sewerage system that expressed per 1000 connections.	Achieved (1.4 dry weather overflows per thousand connections)	Less than 3.	Less than 3.	Less than 3.	Less than 3.	Less than 3.
We respond to faults with our sewerage system promptly.	Median attendance time: from the time that Council receives notification of a sewerage overflow resulting from a blockage or other fault in Council's sewerage system to the time that service personnel reach the site of the overflow or other fault.	Achieved (2.56 dry weather overflows per thousand connections)	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.

Level of service	Performance Measure	Latest Result 2022/23	Targets				
			2023/24	2024/25	2025/26	2026/27	2027/34
We resolve faults with our sewerage system promptly.	Median resolution time: from the time that Council receives notification of a sewerage overflow resulting from a blockage or other fault in Council's sewerage system, to the time that service personnel confirm resolution of the fault or blockage.	Not achieved (0.18 hours)	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.
Our customers are satisfied with the sewerage network.	The number of complaints received by Council on: a) Sewerage odour, b) Sewerage system faults, c) Sewerage system blockages; and d) Council's response to issues with its sewerage system. This is expressed per 1000 connections to the sewage system.	– Not Achieved (9.16 per 1000 connections)	Less than 10.	Less than 10	Less than 10	Less than 10	Less than 10

Waste and Environmental Management

- Litter control
- Solid waste collection
- Solid waste disposal
- Waste management and minimization

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
We will divert suitable waste from landfill.	The quantity of material (tonnes) diverted from landfill as a percentage of the total waste stream.	2022/23 – Not Achieved (46.7 percent)	48 per cent	50 per cent	52 per cent	54 percent	2027/28 - 55 percent 2028/29 - 57 percent 2029/30 - 58.5 percent 2030/34 - 60 per cent
We comply with the resource consent conditions for our landfills.	Percentage of resource consent conditions for our landfills that are complied with	Achieved (100 percent compliance)	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.

Stormwater –

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
We manage the stormwater network to protect public health and property without compromising the environment.	The number of flooding events that occur in a territorial authority district.	Achieved (0 flooding events)	0 flooding events	0 flooding events	0 flooding events	0 flooding events	0 flooding events
	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	Achieved (0 flooding events)	0 properties affected by flooding inside the habitable dwelling	0 properties affected by flooding inside the habitable dwelling	0 properties affected by flooding inside the habitable dwelling	0 properties affected by flooding inside the habitable dwelling	0 properties affected by flooding inside the habitable dwelling
	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	Achieved (0 flooding events)	≤1hr.	≤1hr.	≤1hr.	≤1hr.	≤1hr.

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
	<p>The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.</p> <p>Please note that Council's stormwater network drains the roading network so there are no properties who connect to the stormwater network. For the purposes of this performance measure, we have considered that each property within the district benefits from the stormwater network and is therefore "connected" to our stormwater network.</p>	Achieved – (1.2 per 1000 properties.	Less than or equal to 8	Less than or equal to 8	Less than or equal to 8	Less than or equal to 8	Less than or equal to 8
We will comply with our Resource Consent for discharge from our stormwater system.	Number of abatement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	Achieved	0 abatement notices	0 abatement notices	0 abatement notices	0 abatement notices	0 abatement notices

Level of service	Performance Measure	Latest Result	Targets				
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/34
	Number of infringement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	Achieved	0 infringement notices	0 infringement notices	0 infringement notices	0 infringement notices	0 infringement notices
	Number of enforcement orders received by Council in relation to Resource Consents for discharge from our stormwater system.	Achieved	0 enforcement orders	0 enforcement orders	0 enforcement orders	0 enforcement orders	0 enforcement orders
	Number of convictions received by Council in relation to Resource Consents for discharge from our stormwater system.	Achieved	0 convictions	0 convictions	0 convictions	0 convictions	0 convictions