GREAT LAKE TAUPŌ
Taupō District Council

ATTACHMENTS

UNDER SEPARATE COVER 1

Risk and Assurance Committee Meeting

2 May 2024

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4.3 APPROVAL OF THE DRAFT TREASURY MANAGEMENT POLICY FOR CONSULTATION

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TE PŪTAKE | PURPOSE

This paper seeks Council's adoption of the (draft) Treasury Management Policy 2024 for consultation alongside the 2024 Long-term Plan (LTP). The (draft) policy document is reproduced in Attachment 1 with a tracked changes version in Attachment 2.

This paper sets out:

- the purpose of the Treasury Management Policy and our legal obligations and requirements;
- the draft contents of the 2024 Treasury Management Policy;
- the key changes proposed in the 2024 Treasury Management Policy;
- options for Council to consider; and
- a recommendation for Council consideration and approval.

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

Council is required under the Local Government Act 2002 (LGA) to have a liability and investment policy. The Treasury Management Policy provides for this requirement. The policy maintains the prudent and conservative focus of the existing policy.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council approves the draft Treasury Management Policy 2024 provided in Attachment 1 for consultation as part of the Long-term Plan 2024-34 subject to changes required as a result of the audit process.

TE WHAKAMAHUKI | BACKGROUND

Section 102(2)(b) and (c) of the LGA requires that Council adopt an investment policy and a liabilities policy setting out its policies to manage its investments and liabilities, respectively. Sections 104 and 105 set out what must be included in these policies. Council's Treasury Management Policy (TMP) includes Council's policies in respect of both liabilities and investments.

Council recently adopted amendments to the Treasury Management Policy and adopted a new Statement of Investment Policies & Objectives for the managed Taupō Electricity Ltd fund. (Council Agenda 26 March 2024: Item 5.8). The amendments to the TMP involved removing references to the management of the Taupō Electricity Ltd Fund. Due to the delay of the Long-term Plan and the last part of Council's TEL fund being transferred across to Forsyth Barr in April 2024, it was considered financially prudent to make changes earlier that would enable investments within the intended parameters, avoid potential negative impacts from an unnecessary change in policy parameters, and any subsequent investment changes.

While council has adopted a new Statement of Investment Policies & Objectives, the adoption of the Treasury Management Policy in its entirety will fulfil Council Long-term Plan requirements.

NGĀ KŌRERORERO | DISCUSSION

The policy maintains a prudent and conservative focus with accountability to Council via a monthly Treasury Report.

<u>The purpose of the Treasury Management Policy and its legal requirements</u>

The purpose of the Policy is to set out the approved policies and procedures in respect of all treasury activity to be undertaken by Taupō District Council ("TDC"). The formalisation of such policies and procedures will enable treasury risks within TDC to be prudently managed. Moreover, regular reviews are conducted to test the existing Policy against the following criteria:

- Industry "best practices" for a Council the size and 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 proactive 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 market movements and conditions.
- Assistance to TDC in achieving strategic objectives.

The draft contents of the Treasury Management Policy

The (draft) 2024 Treasury Management Policy sets out the investment policy, liability management policy and governance & management responsibilities. It identifies the key investment and financing risks and how TDC intends to manage these risks. A copy of the (draft) 2024 Treasury Management Policy for consultation is provided in Attachment 1.

Proposed changes to the Treasury Management policy

The (draft) 2024 Treasury Management Policy is substantively the same as the current 2021 policy with a few changes made to the policy itself. These changes are summarised as follows:

- Change to Net External Debt/Total Revenue Borrowing Limit from 225% to 250% (paragraph 4.2)
- Change to a simpler, easier to manage fixed rate hedging percentages (paragraph 6.1.2)
- Removal of the control limits for financial Market investments as the limits contradict the requirement to match investments with cashflows (paragraph 6.2)
- Updated Authorised Investment Parameters (paragraph 6.6)
- Updated performance measures (paragraph 7)
- Updated roles, responsibilities and delegations (section 3)

Based on this information it is considered that there are two options.

NGĀ KŌWHIRINGA | OPTIONS

Analysis of Options

Option 1 – Adopt the (draft) Treasury Management Policy 2024 for consultation (recommended)

Advantages	Disadvantages
• Will enable Council to consult on the draft policy as part of the Long-term Plan in June 2024. • The policy will reflect the current staff structure and roles and associated delegated authorities • The policy settings will be less restrictive enabling Council to make prudent investment and borrowing decisions	• None

Option 2 – Do not adopt a (draft) Treasury Management Policy 2024 for consultation.

Advantages	Disadvantages
• None	• Does not meet the legislative requirements of the LGA 2002 to have a liability and investment policy. • The policy will not reflect the current staff structure and roles and associated delegated authorities • The policy will remain restrictive and affect Council's ability to make prudent investment & borrowing decisions.

Analysis Conclusion:
Option 1 is the preferred option. Council is required to have a current liability and investment policy in place. The draft Treasury Management Policy 2024 provides for this requirement.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

The Treasury Management Policy provides the policy framework for all of Council's borrowing and investment activities and defines key responsibilities and the operating parameters within which borrowing, investment and related risk management activities are to be carried out.

Council acknowledges that there are various financial risks such as interest rate risk, currency risk, liquidity risk and credit risk arising from its treasury activities. Council is a risk adverse entity and does not wish to incur additional risk from its treasury activities.

Long-term Plan/Annual Plan
The draft information for the LTP has been prepared on the basis that the (draft) Treasury Management Policy 2024 will be approved by Council.

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002
The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of Section 10 of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that the economic wellbeing is of relevance to this particular matter.

The draft Treasury Management Policy 2024 has been made in accordance with the legislative requirements under the LGA.

Ngā Hīraunga Kaupapa Here | Policy Implications

The proposal has been evaluated against the following plans:

✓ Long Term Plan 2021-2031 ☐Annual Plan ☐ Waikato Regional Plan

☐ Taupō District Plan ☐ Bylaws ☐ Relevant Management Plan(s)

Key borrowing and investment objectives form the basis of the policies. These objectives, while consistent with corporate best practice, are subject to overall Council objectives, as stated in Annual Plans and Long-term Plans.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. Council has a responsibility to act reasonably and in good faith to reflect the partnership relationship, and to give effect to the principles of Te Tiriti. These principles include, but are not limited to the protection of Māori rights, enabling Māori participation in Council processes and having rangatiratanga over tāonga.

Our statutory obligations outline our duties to engage with Māori, and enable participation in Council processes. Alongside this, we recognise the need to work side by side with the ahi kaa / resident iwi of our district. Engagement may not always be required by law, however meaningful engagement with Māori allows Council to demonstrate good faith and our commitment to working together as partners across our district.

Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report.

Ngā Tūraru | Risks

If the Treasury Management Policy is not adopted, the policy will not be up-to-date and will not reflect our current information.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions.

Officers have undertaken an assessment of the matters in the Significance and Engagement Policy (2022), and are of the opinion that the proposal under consideration is of a low degree of significance.

TE KŌRERO TAHI | ENGAGEMENT

Officers have undertaken a rounded assessment of the matters in clause 12 of the Significance and Engagement Policy (2022) and are of the opinion that the proposal under consideration is of low importance.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

Communication will be carried out as part of wider consultation with the community on the 2024 Long-term Plan.

WHAKAKAPINGA | CONCLUSION

Council is required under the Local Government Act 2002 to have a liability and investment policy. The draft Treasury Management Policy 2024 provides for this requirement. The proposed changes to the policy maintain the prudent and conservative focus of the existing policy.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Draft Treasury Management Policy 2024
2. Draft Treasury Management Policy 2024 with tracked changes

TAUPO DISTRICT COUNCIL

Treasury Management Policy

Including Liability Management and Investment Policies

Draft

CONTENTS

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 peformace of any obligaton 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

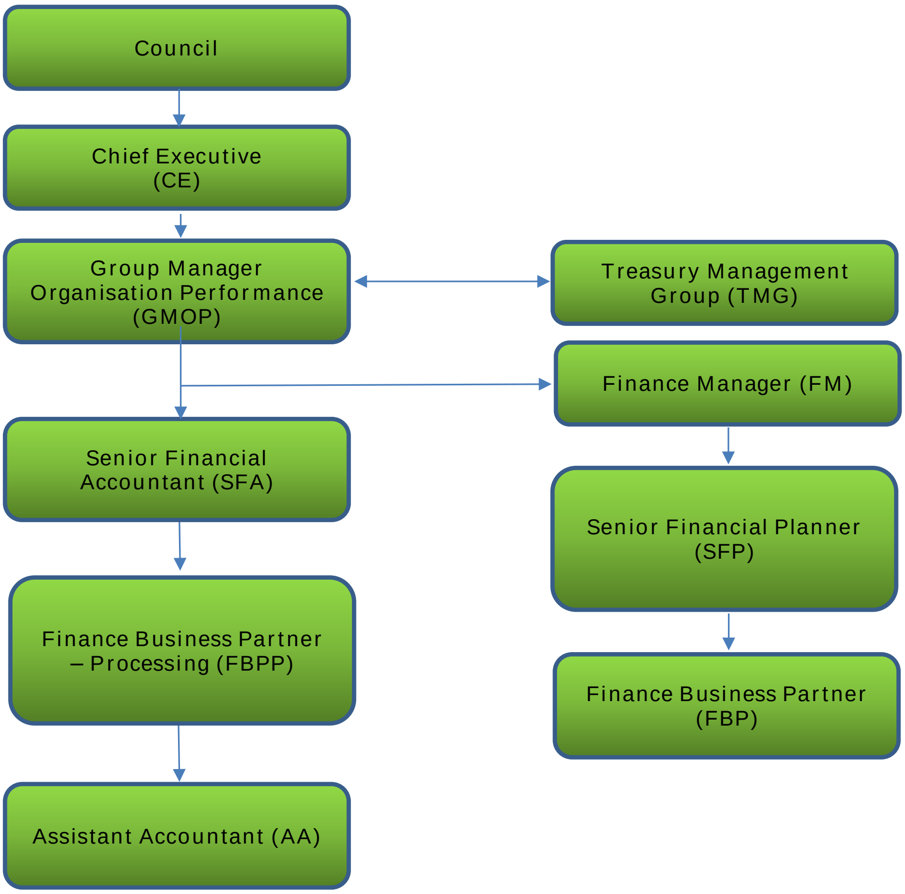
The Council approves Policy parameters in relation to its treasury activities. Council's Chief Executive has overall financial management responsibility for the Council's borrowing and investments.

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 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 Councils 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 it's 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 is 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 InvestmentsAn 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 Commercial Paper/Bonds/MTNs/FRNs	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	Not applicable	$2 million
New Zealand Registered Banks Risk management (derivatives)	100%	Call/Term Deposits, Registered Certificares of Deposit Bonds/MTNs/FRNs	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
State Owned Enterprises	33%	Commercial Paper/Bonds/MTNs/FRNs 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

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 uner 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	▪ 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	▪ Forward rate agreements ("FRAs") on: o Bank bills ▪ Interest rate swaps including: o Forward start swaps,swaptionscollars. o Swap extensions and shortenings ▪ Interest rate options on: o Bank bills (purchased caps and one for one collars) o Interest rate swaptions (purchased swaptions and one for one collars only)
Foreign exchange management	▪ Spot foreign exchange ▪ Forward exchange contracts (including par forwards) ▪ Purchased options and collars (1:1 only)
Carbon price risk management	▪ 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; • Cash • Letters of Credit in favour of the Ministry for the Environment • Bank guarantee All collateral placed in the NZETS auction system must be approved by the GMOP.

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	• 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)	• 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	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. 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: • 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. Equity: • Adherence to Policy. Forestry: • 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 ▪ 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 ▪ 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 Statement of Intent	Annual	FM	Council 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 Manger 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.

Style Definition: TOC 2

TAUPO DISTRICT COUNCIL

Treasury Management Policy

Including Liability Management and Investment Policies

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

CONTENTS

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-t~~T~~erm 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 peformace of any obligaton 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

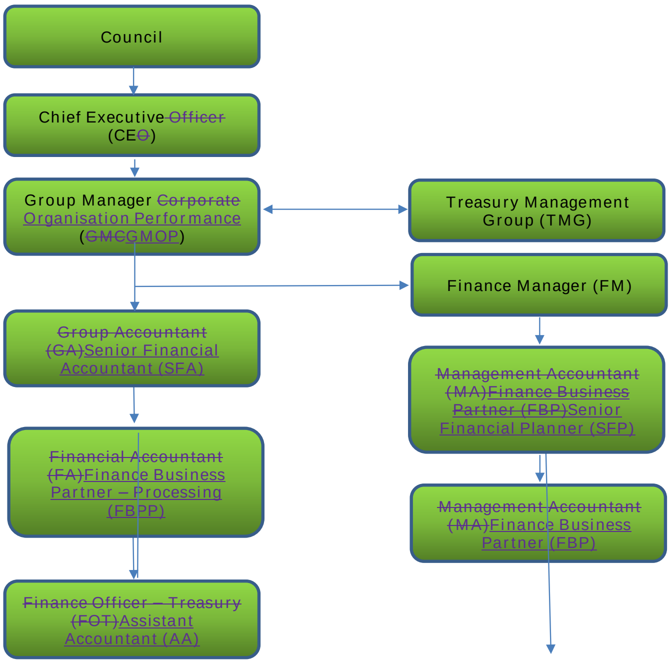
The Council approves Policy parameters in relation to its treasury activities. Council's Chief Executive ~~Officer~~ has overall financial management responsibility for the Council's borrowing and investments.

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:



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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~~-T~~-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~~O~~, GMOP~~C~~ 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~~ (CE~~O~~)

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~~O~~~~hief Executive Officer~~.

In respect of treasury management activities, the CE~~O~~~~hief Executive Officer~~'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 GM~~C~~OP 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 ~~GMC~~GMOP.
- Signing of legal documents related to the borrowing activities of Council.
- Delegating to the GM~~C~~OP 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.

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 CE).
- Management responsibility for all external borrowing and investment activities as delegated by the CE~~O~~.
- Ongoing risk assessment of borrowing and investment activit~~y~~ies 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~~O~~ for consideration and submission to the Council.
- Proposing new external borrowing and on-lending CCO/CCTO funding activity to the CE~~O~~ 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~~O~~, including dealing limits, approved instruments, counterparties, and general guidelines for the use of financial instruments prior to submission to the full council for approval~~for~~.
- 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 R~~r~~eport 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:

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- 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 T~~t~~reasury R~~r~~eport 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 CE~~O~~, ~~GMC~~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	~~GMC~~GMOP	As per TEL ~~ISS~~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	~~GMC~~GMOP	Subject to Policy
Arranging new and reviewing re-financed bank facilities/debt issuance	~~GMC~~GMOP	Subject to Policy
Approving transactions outside Policy	Council	Unlimited
Approving of Council guarantees of indebtedness	Council	Unlimited
Overall day-to-day treasury management	~~GMC~~GMOP	Subject to Policy
Authorise use of risk management instruments	~~GMC~~GMOP	Subject to Policy Per risk control limits
Approve financial instruments	~~GMC~~GMOP	Subject to Policy Per risk control limits
Approve borrowing and investment strategy	~~GMC~~GMOP	Subject to Policy Per risk control limits
Adjust debt/investment interest rate risk, and debt/investment profiles	~~GMC~~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~~O~~ ~~GMC~~GMOP FM	Unlimited $50M $30M $15M
Manage cash/liquidity requirements	FM	Per risk control limits

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Authorising list of signatories	CE~~O~~	Unlimited
Opening/closing bank accounts	CE~~O~~, ~~GMC~~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	~~GMC~~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~~O~~.

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	<~~200~~250%
Net Interest on External Debt/ Total Revenue	<~~20~~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
  - ~~Wholesale / retail B~~bank term deposits no greater than 1 year ~~30 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 total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied)

Commented [A8]: This is consistent with the ratings agencies liquidity criteria

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 Councils 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~~ Long-term and ~~annual~~ Annual ~~plans~~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~~ Treasury ~~report~~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~~ Treasury ~~report~~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 it's 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 ~~report~~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~~ Treasury ~~report~~Report.

Council may invest in approved financial instruments as set out in section 6.5 and 6.6~~7~~. 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 ~~report~~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~~, 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 ~~GMC~~GMOP. 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~~is documents.

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

5.10 Departures from normal Policy

Council may, in its discretion, depart from the Investment Policies where is 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 GM~~C~~OP~~roup 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 ~~GMC~~GMOP), 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.~~

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.

- 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~~5~~ 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.~~

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.

- 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.~~

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.

~~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:

- 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~~2.2 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 ~~GMC~~GMOP. Any purchasing of carbon units beyond the current calendar year is approved by the ~~GMC~~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.~~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~~&and~~ P Global Ratings ~~tandard & Poor'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.

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~~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-1~~	~~$40~~	~~50%~~
~~NZ registered bank -on balance sheet*~~ ~~-risk management~~	~~A-/A-1~~	~~$35 or 33% of total portfolio (whichever is the greater)~~ ~~$20~~	~~100%~~
~~Corporate / SOE~~	~~A-/A-1~~ ~~BBB/A-2~~	~~$5~~	~~50%~~
~~NZ local authority~~	~~A+/A-1~~ ~~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 ...	... 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 Commercial Paper/Bonds/MTNs/FRNs	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	Not applicable	$2 million
New Zealand Registered Banks Risk management (derivatives)	100%	Call/Term Deposits, Registered Certificares of Deposit Bonds/MTNs/FRNs	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
State Owned Enterprises	33%	Commercial Paper/Bonds/MTNs/FRNs 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

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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 uner 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~~O~~ 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	▪ 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~~181~~ days ▪ Committed standby facilities offered by the LGFA
	▪
Interest rate risk management	▪ Forward rate agreements ("FRAs") on: o Bank bills ▪ Interest rate swaps including: o Forward start swaps,swaptions~~/~~collars. ~~Start date no more than 36 months, unless linked to existing maturing swaps/collars~~ o Swap extensions and shortenings ▪ Interest rate options on: o Bank bills (purchased caps and one for one collars) o Interest rate swaptions (purchased swaptions and one for one collars only)
Foreign exchange management	▪ Spot foreign exchange ▪ Forward exchange contracts (including par forwards) ▪ Purchased options and collars (1:1 only)
Carbon price risk management	• 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; • Cash • Letters of Credit in favour of the Ministry for the Environment • Bank guarantee All collateral placed in the NZETS auction system must be approved by the ~~GMC~~GMOP.

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.

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- 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 FM~~inance Manager~~ reports directly to the ~~GMC~~ GMOP as control over the transactional activities of the MA~~anagement Accountant.~~
- The GA~~roup 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 CE~~O~~ as per register.

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- 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 ~~GMC~~GMOP, FM~~inance Manager~~ or the GA~~roup 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 Account~~FBP~~ant~~ 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 FM~~inance 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 ~~GMC~~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~~inance 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 ~~F~~OTAA~~inance Officer Treasury~~ and checked and approved by the GA~~roup Accountant~~. Any unresolved un-reconciled items arising during bank statement reconciliation which require amendment to the Council’s records are signed off by the ~~GMC~~GMOP.
- A monthly reconciliation of the treasury spreadsheet to the general ledger is reviewed and approved by the GA~~roup 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

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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~~O~~~~hief 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	• 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)	• 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	• ~~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 finds 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: • 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
	• 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. Equity: • Adherence to Policy. Forestry: • Adherence to Policy.

8.0 Cash management

The ~~FA~~FBP~~inancial 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

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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 ~~Balancing Report (bank reconciliation)~~Bank Reconciliation	Daily	~~FA~~AA	~~GA~~FBPP
▪ Investment General Ledger Reconciliations ▪ Borrowing General Ledger Reconciliations	Monthly	~~FA~~FBP	~~GA~~SFA
Treasury Report Liability Management ▪ 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 ▪ 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	~~FM~~FBP/SFA	Council
Trustee Report	As required by the Trustee	~~FM~~FBP	Trustee company
Borrowing / Investment strategy	Annual	~~GMCG~~MOP	Council
Annual Plan Statement of Intent	Annual	FM	Council CCOs
Annual Report	Annual	~~GA~~SFA	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.

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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~~inance Manager~~ is responsible for advising the ~~GMC~~ GMOP and the CE~~O~~ 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 Manger 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~~

11.1.2~~3~~ BOPLASS

11.1.3~~4~~ LGFA

11.1.4~~5~~ 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

4.6 APPROVAL OF THE DRAFT FEES AND CHARGES 2024/25 FOR CONSULTATION

Author: **Aidan Smith, Senior Policy Advisor - Climate Change**

Authorised by: **Nick Carroll, Policy Manager**

TE PŪTAKE | PURPOSE

This paper seeks your adoption of the draft fees and charges for consultation alongside the Long-term Plan 2024-34. A draft Fees and Charges Schedule cover the 2024/25 financial year is attached.

This paper sets out:

- the purpose of fees and charges and the legal requirements
- proposed changes to fees and charges
- the options for Council to consider.

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

The draft Fees and Charges 2024/25 schedule sets fees for many of Council's activities and services, including:

- building consents and resource consents
- pools
- libraries and museum
- council buildings and facilities (like the Taupō events centre, Great Lake Centre, and community halls)
- cemeteries
- housing for the elderly

This paper should be read in conjunction with the paper *Revenue and Financing Policy for consultation*, which sets out how council intents to fund its activities including what proportion of funding is expected to come from fees and charges vs rates.

Changes to fees are recommended across many of these activities to reflect the increasing costs to deliver these activities, and to ensure that that the share of funding from fees and charges aligns with the proportions set out in the Revenue and Financing Policy.

Officers are seeking Council's approval of these changes and adoption of the draft Fees and Charges Schedule 2024/25 for consultation.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council approves the draft Fees and Charges 2024/25 for consultation subject to changes required as a result of the audit process.

TE WHAKAMAHUKI | BACKGROUND

Council reviews its fees and charges annually, as set out in its 2021 Financial Strategy.[1]

The rate at which we set fees and charges impacts the funding available for Council activities and/or the contribution required from rates – so it is a key part of the Long-term Plan.

Council had a workshop on 5 October 2023 on Council's financial policies where an overview of the Revenue and Financing Policy, including the expected proportion of funding of activities from fees was presented. Council also had a workshop on 8 February 2024, where officers presented the intention to explore a 25% increase in fees and charges, where sensible, to reflect the need to catch up after a number of years of small changes to fees but significant cost increases to deliver services. This approach is intended to reduce the burden falling on rates.

[1] *"Annually review fees and charges revenue to ensure that they are set at the appropriate levels."*

Animal control (including dog registration), and Food premises fees have already been adopted by Council for consultation, as these have a requirement to be adopted by the end of May 2024. They are currently out for consultation. Those proposed changes are repeated in the draft Fees and Charges Schedule 2024/25 for context.

Proposed changes and a draft Fees and Charges Schedule 2024/25 have since been prepared.

NGĀ KŌRERORERO | DISCUSSION

The purpose of the draft Fees and Charges schedule and its legal requirements
Council sets fees and charges for a number of its services, enabled by various legislation. Fees and charges, typically, are a cost-recovery mechanism and cannot over recover the cost of providing the service. For most of Council's activities fees and charges only part pay for the cost of a service, with rates funding the remaining costs.

Fees and charges should align with Council's Revenue and Financing Policy, or otherwise Council should consider amending that policy or making adjustments overtime to align with the policy.

Proposed changes to fees and charges
Increases to many fees and charges are proposed to reflect increasing costs of these activities and to ensure that the share of funding from fees and charges aligns with the proportions set out in the Revenue and Financing Policy.

The attached Draft Fees and Charges Schedule 2024/25 sets out the proposed fees to apply from 1 October 2024. It also identifies what the change is from the current fee (for 2023/24) and what the difference is in both dollars and as a percentage. The reasons for the changes are also set out.

To inform decision-making, the draft schedule also sets out:

- how expected revenue aligns with the funding proportions of funding that should come from fees set out in the Revenue and Financing Policy.
- how much revenue is expected to be collected for each activity, and how much that offsets rates (e.g. what % increase in rates would be needed if there was no fees and charges revenue).

Some new fees and charges are proposed, and some changes to the wording of fees and charges – these are identified by tracked changes.

Animal control (including dog registration), and Food premises fees have already been adopted by Council for consultation, as these have a requirement to be adopted by the end of May 2024. They are currently out for consultation. Those proposed changes are repeated in the draft Fees and Charges Schedule 2024/25 for context.

Increases to Fees and Charges

Council has a revenue and financing policy which sets out how Council activities are to be funded. This policy determines what portion of an activity is to be funded by rates and what portion is to be funded by fees. Successive Councils have limited the scope of fee increases to ensure that they do not overburden the community. However due to cost escalation across Council activities those increases have not always been sufficient to keep the revenue collected within the bands set in the revenue and financing policy.

This slipping of fees and charges revenue outside the bands means that rates must pick up the difference. The proposed fee increases reflect this mismatch between the policy and the actual revenue. Some of the proposed increases close the gap, others stabilise or help to start shifting the splits back in line with the policy.

In other words, while rates have increased significantly over the years fees have not increased at the same pace.

There are associated changes to the draft Revenue and Financing Policy which are outlined in the respective paper with recommendations on how to address the inconsistencies going forward.

NGĀ KŌWHIRINGA | OPTIONS

Analysis of Options
Council can either adopt the draft Fees and Charges Schedule 2024/25 for consultation, or direct staff to make changes or provide additional information.

Adoption is sought to ensure alignment with Council's Revenue and Financing Policy and the draft Long-term Plan. It will form part of the supporting information for the long-term plan that Audit NZ will review. Adoption is desired today to allow Long-term Plan consultation to be undertaken over the planned period, and align with the project plan, including audit timeframes, and adoption by 30 September 2024.

If agreement on a draft for consultation cannot be reached today, officers will provide additional information and seek adoption at a special Council meeting on 3 May 2024 to avoid missing or delaying consultation with the Long-term Plan 2024-34.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations
The funding implications of the fees and charges are outlined in the draft Fees and Charges Schedule where there is a significant financial impact. The proposed fees and charges align with the Long-term Plan revenue and expenditure plans and the Revenue and Financing Policy.

Any decisions to reduce fees would need to be met by either:

- a corresponding reduction in expenditure
- or a corresponding increase in funding from rates

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002
The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of Section 10 of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that social / economic / environmental and / or cultural wellbeing are of relevance to this particular matter.

The proposal has been evaluated with regards to a range of legislation. Fees and charges are set under a range of empowering legislation, including:

- Dog Control Act 1996
- Impounding Act 1955
- Building Act 2004
- Resource Management Act 1991
- Sale and Supply of Alcohol (Fees) Regulations 2013
- Health (Registration of Premises) Regulations 1966
- Food Act 2014
- Public Places Bylaw (and other bylaws re Water Supply etc, if applicable)
- Gambling Act and Racing Industry Act
- Burial and Cremation Act 1964 (if fees set via bylaws under that Act)
- Local Government Official Information and Meetings Act 1987 (information requests and LIMs)
- Local Government (Rating) Act 2002
- Land Transport (Certification and Fees) Regulations 2014 (Overweight vehicle permits)
- Other fees in the schedule appear to be fees set using the Council's general power of competence under section 12 of the Local Government Act 2002.

Ngā Hīraunga Kaupapa Here | Policy Implications
Adjustments to fees and charges must be considered against the Revenue and Financing Policy. If the expected revenue from proposed fees and charges does not align with the proportions set in the Revenue and Financing Policy, Council should consider either:

- Amending the Revenue and Financing Policy, including the considerations of Section 101(3) of the Local Government Act 2002, to ensure alignment, or
- Signalling future adjustments to fees over time to bring them into line with the Revenue and Financing Policy.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. Council has a responsibility to act reasonably and in good faith to reflect the partnership relationship, and to give effect to the principles of Te Tiriti. These principles include, but are not limited to the protection of Māori rights, enabling Māori participation in Council processes and having rangatiratanga over tāonga.

Our statutory obligations outline our duties to engage with Māori, and enable participation in Council processes. Alongside this, we recognise the need to work side by side with the ahi kaa / resident iwi of our district. Engagement may not always be required by law, however meaningful engagement with Māori allows Council to demonstrate good faith and our commitment to working together as partners across our district.

Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report.

The draft Fees and Charges Schedule 2024/25 will be formally consulted on as part of the Long-term Plan consultation.

Ngā Tūraru | Risks
There are no known risks.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

The draft Fees and Charges are considered to be a significant matter under Council's Policy. Consultation is required by the legislation [Section 102 of the Local Government Act, extract attached, refers].

TE KŌRERO TAHI | ENGAGEMENT

Consultation with the community will be undertaken alongside the Long-term Plan 2024-34.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

Communication will be carried out as part of wider consultation with the community on the Long-term Plan 2024-34.

WHAKAKAPINGA | CONCLUSION

Officers recommend that you adopt the draft Fees and Charges Schedule 2024/25 for consultation (draft attached to this report). Consultation will happen alongside consultation for the Long-term Plan 2024-34.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Draft Fees and Charges Schedule 2024/25 for consultation (under separate cover 1)

Adopted:	30 June 2024
Next review date:	1 July 2025
Document number:	AXXX
Sponsor/Group:	Group Manager - Organisation Performance

GREAT LAKE TAUPŌ
Taupō District Council

FEES AND CHARGES SCHEDULE 2024/25

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PLANNING AND REGULATORY

Animal controll

Animal control (including dog registration) fees have already been adopted by Council for consultation, as these have a requirement to be adopted by the end of May 2024. They are currently out for consultation. Those proposed changes are repeated in the draft Fees and Charges Schedule 2024/25 for context.

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	Uniform annual charge	Fees & charges
Regulatory compliance – Animal control	50 – 70%	30 – 50%
2024/25 (proposed budget and fees est.)	74%	26%

Expected annual fees and charges revenue

Activity	2024/25 (proposed fees est.)
Regulatory compliance – Animal control	$599,000
Rates equivalent (%)	0.7%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Dog registration fees (in accordance with section 37 of the Dog Control Act 1996)					Instead of a standard 25% for dog fees, we proposed a standard 15% increase, with the expectation of a 10% increase the following year. (Note: Due to rounding the percentage changes vary)
Working dog	$40.00	$34.00	$6.00	18%	Standard – 15%

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Entire dog fee (if paid on or before 31 July)	$110.00	$95.00	$15.00	16%	" "
Entire dog fee (if paid on or after 1 Aug)	$130.00	$114.00	$16.00	14%	" "
Entire dog fee – Responsible Owner	$80.00	$70.00	$10.00	14%	" "
Responsible Owner application fee (payable upon initial application ONLY, unless owner circumstances change)	$40.00	$34.00	$6.00	18%	" "
De-sexed dog discount (off the full-year registration fee; not applicable to working dogs)	$13.00	$11.00	$2.00	18%	" "
Disability assist dog	No Fee	No Fee			No change
Pet therapy dog (as approved by Council Officers)	No Fee	No Fee			No change
Dangerous dog (*percentage of applicable Entire Dog Fee; before penalties are applied)	150%*	150%*			No change
Replacement tag	$15.00	$12.00	$3.00	25%	Standard – 15%
Multiple dog application fee for more than two dogs (urban area only)	$125.00	$110.00	$15.00	14%	" "
Dog Impounding fees (in accordance with section 68 of the Dog Control Act 1996)					
Dog – If registered and 1st impounding in any 12 months	$90.00	$80.00	$10.00	13%	" "
Dog – If unregistered or 2nd or more impounding in any 12 months	$180.00	$155.00	$25.00	16%	" "
After Hours Impounding Fee (5pm to 8.30am)	$180.00	$155.00	$25.00	16%	" "
Sustenance and Care Fee (per dog per day in Pound)	$20.00	$17.00	$3.00	18%	" "
Microchip Fee per Dog	$30.00	$25.00	$5.00	20%	" "
Sale of Dog to the Public (including microchipping and registration)	$125.00 plus desexing cost	$110.00 plus desexing cost	$15.00	14%	" "
Sale of Dog to Rescue Agencies	$45.00	$39.00	$6.00	15%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Other animal fees (in accordance with section 14 of the Impounding Act 1955)					
Impounding Fee	$90.00	$80.00	$10.00	13%	“ “
Sustenance (per animal per day)	$20.00	$17.00	$3.00	18%	“ “

Building Services

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Building consents	20 – 40%	60 – 80%
2024/25 (proposed budget and fees est.)	36%	64%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Building consents	$2,376,000
Rates equivalent (%)	2.6%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Building consent The building fees below are minimum, non-refundable, application fees. Processing applications are charged at an hourly rate, and costs greater than the application fee will be recovered from the applicant.					
Applications for building consents not entered as an online application to cover additional administration costs	$125.00	$100.00	$25.00	25%	Standard – 25% (Note: Due to rounding the percentage changes vary)
Building Consent Authority Administration Fee	$115.00	$90.00	$25.00	28%	" "
~~Freestanding~~ Fireplace fixed fee (includes one inspection, BCA & CCC application fee)	$530.00	$425.00	$105.00	25%	" "
Demolition/Removal Application (includes one inspection)	$440.00	$350.00	$90.00	26%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Temporary Building Application fixed fee (includes marquees, first inspection, BCA and CCC application fee)	$565.00	$450.00	$115.00	26%	" "
Recovery of building staff time					
Building Management Officer (hourly rate)	$245.00	$195.00	$50.00	26%	" "
Business Support Officers (hourly rate)	$170.00	$135.00	$35.00	26%	" "
Registration of exemption from Building Consent (including BCA fee)	$360.00	$150.00	$210.00	140%	Building Management Officer (1 hr) plus Building Consent Authority Administration Fee
Application to reliven existing consent (after CCC decision)	$595.00	$475.00	$120.00	25%	Standard – 25%
Amendment to Building Consent (minimum fee including BCA fee)	$325.00	$260.00	$65.00	25%	" "
Application for extension of time to start or to complete the project covered by a building consent	$190.00	$150.00	$40.00	27%	" "
Amendment to Building Consent (minimum fee) (Processed URGENTLY) processed within five working days after lodgement has been accepted (including BCA fee)	$640.00	$510.00	$130.00	25%	" "
Site inspections These are minimum non-refundable application fees (minimum fees. The actual type and number of inspections required will be assessed during the processing of the building consent and payment for these inspections will be made when uplifting the building consent. This is an estimate only, and the cost of additional inspections will be recovered from the applicant before a Code Compliance Certificate is issued.					
Residential Inspections (~~45~~ 60 minutes)	$245.00	$145.00	$100.00	69%	Change time to 60 mins.
Large building/complex works (60 minutes)	$245.00	$195.00	$50.00	26%	Standard – 25%
Inspection fee (~~45~~ 60 minutes)	$245.00	$145.00	$100.00	69%	Change time to 60 mins.
After hours inspections (per 30 minutes)	$300.00	$240.00	$60.00	25%	Standard – 25%
Inspection cancellation fee (cancellations within 24 hours of booked inspection OR works not ready for inspection)	$180.00	$145.00	$35.00	24%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Code Compliance Certificate application fee					
Residential	$205.00	$165.00	$40.00	24%	" "
Commercial	$415.00	$330.00	$85.00	26%	" "
Preparation and issuance of compliance schedule (hourly charge)	$240.00	$190.00	$50.00	26%	" "
Amendments to Compliance Schedule (hourly rate)	$240.00	$190.00	$50.00	26%	" "
Infringements in accordance with the Building Act 2004 Schedule 1 Infringement offences and fees Regulations 2007 (no GST)					
Notice to fix (s164 Building Act 2004)	$250.00	$200.00	$50.00	25%	" "
Failing to comply with the requirement that building work must be carried out in accordance with a building consent (s40)	$1,250.00	$1,000.00	$250.00	25%	" "
Person who is not a licenced building practitioner carrying restricted building work without supervision of a licenced building practitioner with an appropriate licence (s85(1))	$940.00	$750.00	$190.00	25%	" "
Licenced building practitioner carrying out restricted building work without appropriate licence (s82(2)(a))	$625.00	$500.00	$125.00	25%	" "
Failing to supply Territorial Authority with a building warrant of fitness (s108(5)(aa))	$315.00	$250.00	$65.00	26%	" "
Failing to display a building warrant of fitness when required (s108(5)(a))	$315.00	$250.00	$65.00	26%	" "
Other infringements in accordance with Building Act 2004 Schedule 1 Infringement offences and fees Regulations 2007	As per schedule	As per schedule			
Other charges					
Miscellaneous certificates	$315.00	$250.00	$65.00	26%	" "
Certificates of Title and Consent Notices (per certificate)	$31.00	$25.00	$6.00	24%	" "
Change of Use Notification (s114-s115 Building Act 2004) (plus normal consent fees if additional building work is required to meet compliance)	$190.00	$150.00	$40.00	27%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Project Information Memorandum (minimum fee)	$250.00	$200.00	$50.00	25%	" "
Council Information Memorandum (minimum fee)	$250.00	$200.00	$50.00	25%	" "
Registration of certificate (s73 Building Act 2004)	Actual costs	Actual costs			
Certificate issued under s77 of the Building Act 2004	Actual costs	Actual costs			
Building Code Certificates for new/ renewal applications for a On/Off Club licence issued pursuant to section 100(f) of the Sale & Supply of Alcohol Act 2012.	$165.00	$130.00	$35.00	27%	" "
Building Warrant of Fitness – annual	$145.00	$115.00	$30.00	26%	" "
Building Warrant of Fitness – audit inspection (hourly rate, minimum charge of one hour)	$240.00	$190.00	$50.00	26%	" "
Producer Statements/Engineers' Designs/Specialist Services – Peer reviews external specialist charges	At cost	At cost			
Certificates of Acceptance (s96 - 99 Building Act 2004) NOTE: fees associated with processing and inspecting the application is additional to this charge. (including BCA fee)	$1,250.00 Plus actual costs	$1,000.00 Plus actual costs	$250.00	25%	" "
Notification of Existing Building Work/Existing Fire Appliance (per notification)	$625.00	$500.00	$125.00	25%	" "
Certificates for Public Use (s363A Building Act 2004) Processed within 20 working days and includes one inspection (including BCA fee)	$470.00	$375.00	$95.00	25%	" "
Urgent Certificate for Public Use (s363A Building Act 2004) ~~Lodged and Granted~~Processed within 5 working days, unless further information is requested (including BCA fee)	$655.00	$525.00	$130.00	25%	" "
BRANZ levy (per $1000 value of work)	$1.00	$1.00	$0.00	0%	Set by legislation
Building levy (per $1000 value of work over $20,444)	$1.75	$1.75	$0.00	0%	" "
Swimming Pool inspection	$100.00	$80.00	$20.00	25%	Standard – 25%.

Resource consent and engineering services fees

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Resource consents	40 – 60%	40 – 60%
2024/25 (proposed budget and fees est.)	56%	44%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Resource consents	$764,000
Rates equivalent (%)	0.8%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Resource consents (land use), and other Resource Management Act processes (M=minimum fee, F=fixed fee)					
Applications for resource consents not entered as an online application to cover additional administration costs	$125.00	$100.00	$25.00	25%	Standard – 25% (Note: Due to rounding the percentage changes vary)
Notified Applications (M) initial fee	$12,500.00	$10,000.00	$2,500.00	25%	" "
Publicly notified hearing fee (M)	$7,500.00				New
Notified Applications (limited): (M)					
- Initial application fee (as per schedule below)	$1,750.00	$1,400.00	$350.00	25%	Standard – 25%
- Limited notified service fee (Section 95B) (M)	$1,875.00	$1,500.00	$375.00	25%	" "
- Limited notified hearing fee (M)	$6,250.00	$5,000.00	$1,250.00	25%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Non-Notified Applications (controlled activities) (M)	$940.00	$750.00	$190.00	25%	" "
Non-Notified Applications (restricted discretionary) (M)	$1,500.00	$1,200.00	$300.00	25%	" "
Non-Notified Applications – other activities (M)	$1,875.00	$1,500.00	$375.00	25%	" "
Requirement for Designations and Heritage Protection Orders (M) Notified	$12,500.00	$10,000.00	$2,500.00	25%	" "
Requirement for Designations and Heritage Protection Orders (M) Non Notified	$2,500.00				New
Outline Plan Applications (M)	$940.00	$750.00	$190.00	25%	Standard – 25%
Waiver for a requirement for an outline plan (F)	$440.00	$350.00	$90.00	26%	" "
Extension of time (non-notified) (M)	$690.00	$550.00	$140.00	25%	" "
Cancellation or variation of conditions (non notified) (M)	$1,250.00	$1,000.00	$250.00	25%	" "
Certificate of compliance (M)	$690.00	$550.00	$140.00	25%	" "
Existing Use Right Certificate (M)	$690.00	$550.00	$140.00	25%	" "
Compliance Certificates – pursuant to section 100(f) of the Sale & Supply of Alcohol Act 2012 (new or renewal) (F)	$250.00	$200.00	$50.00	25%	" "
Certificate of Compliance – National Environmental Standard (M)	$690.00	$550.00	$140.00	25%	" "
Removal of Building Line restrictions (F)	$625.00	$500.00	$125.00	25%	" "
Reconsideration of Development Contribution Charge (M)	$375.00	$300.00	$75.00	25%	" "
Deemed Permitted Boundary activity and marginal/temporary activity charge (F)	$500.00	$400.00	$100.00	25%	" "
Resource consents (subdivision) (M=minimum fee, F=fixed fee)					
Applications for resource consents not entered as an online application to cover additional administration costs	$125.00	$100.00	$25.00	25%	" "
Notified Applications (M)	$12,500.00	$10,000.00	$2,500.00	25%	" "
Notified Applications (limited): (M)					
- Initial application fee (as per schedule below)	$2,000.00	$1,600.00	$400.00	25%	" "
- Limited notified service fee (Section 95B)	$1,875.00	$1,500.00	$375.00	25%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
- Limited notified hearing fee	$6,250.00	$5,000.00	$1,250.00	25%	" "
Non-Notified Applications (controlled activity) (M)	$1,500.00	$1,200.00	$300.00	25%	" "
Non-Notified Applications (other activities) (M)	$1,875.00	$1,500.00	$375.00	25%	" "
Cross Lease Subdivision and 224(f) approval (M)	$1,500.00	$1,200.00	$300.00	25%	" "
Unit title approval for second and subsequent stages (M)	$625.00	$500.00	$125.00	25%	" "
ROW Application & Section 348 signing (F)	$625.00	$500.00	$125.00	25%	" "
Section 226 Certificate (F)	$625.00	$500.00	$125.00	25%	" "
Cancellation or variation of conditions (non-notified) (M)	$1,500.00	$1,200.00	$300.00	25%	" "
Cancellation or variation of consent notice (M)	$1,750.00	$1,400.00	$350.00	25%	" "
Each Plan approval certificates (e.g. Sections 221, 223, 224, 232, 240, 241, 243, 5(1) g, 321,). (M)	Hourly rates for planning, engineering and legal	Hourly rates for planning, engineering and legal			
Combined Land use and Subdivision (M)	$2,500.00	$1,600.00	$900.00	56%	" "
Application for road naming for new public/private roads	$625.00	$500.00	$125.00	25%	" "
Monitoring/recovery rates					
Fee payable on each consent with conditions (on approval), further inspections/actions at cost	$230.00	$185.00	$45.00	24%	" "
~~Infringement for failing to comply with District Plan or Resource Consent conditions (as per Schedule 1 of the Resource Management (Infringement Offences) Regulations 1999)~~		~~$300.00~~			
~~Infringement when failing to comply with an abatement notice (as per Schedule 1 of the Resource Management (Infringement Offences) Regulations 1999)~~		~~$750.00~~			
~~Other infringements in accordance with Schedule 1 of the Resource Management (Infringement Offences) Regulations 1999~~		~~As per schedule~~			
Recovery of costs where a flat fee does not apply					
Manager or team leader (hourly rate)	$255.00	$205.00	$50.00	24%	" "

Taupō District Council Revenue and Financing Policy *Page | 11*

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Senior Planner, Senior Development Advisor, Senior Policy Advisor (hourly rate)	$245.00	$195.00	$50.00	26%	" "
Environmental Planners, Development Planner, Compliance Officer, Policy Advisor (hourly rate)	$230.00	$185.00	$45.00	24%	" "
Specialist consultant (including consultant planners)	Variable based on actual cost	Variable based on actual cost			
Monitoring costs for National Environmental Standards permitted activities (hourly rate)	$230.00	$185.00	$45.00	24%	" "
Commissioners (hourly rates)	Actual cost	Actual cost			
Business support officers (hourly rate)	$170.00	$135.00	$35.00	26%	" "
Cost of all disbursements (such as venue hire, photocopying, catering, postage, public notification)	Variable based on actual cost	Variable based on actual cost			
Other Applications and Certificate Approvals					
Copy of Certificate of Title or Consent Notice (per certificate)	$31.00	$25.00	$6.00	24%	" "
Plan Change Requests					
Initial application fee (on request council can provide an indication of any additional charges likely to be imposed)	$25,000.00	$20,000.00	$5,000.00	25%	" "
Fees charged by any consultant engaged by Council (this also includes planning and legal advice)	Variable based on actual cost	Variable based on actual cost			
Junior and intermediate level officers from across Council (hourly rate)	$230.00	$185.00	$45.00	24%	" "
Senior level officers from across Council (hourly rate)	$245.00	$195.00	$50.00	26%	" "
Manager and team leader level officers from across Council (hourly rate)	$255.00	$205.00	$50.00	24%	" "
Councillor costs related to a hearing	As set by the remuneration Authority	As set by the remuneration Authority			

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Independent commissioner costs related to a hearing (including decisions under clauses 23(6), 25 and 29)	Variable based on actual cost	Variable based on actual cost			
Cost of all disbursements (such as venue hire, accommodation, photocopying, catering, postage, public notification)	Variable based on actual cost	Variable based on actual cost			
Engineering services Recovery of Engineering staff time per hour (where flat fee does not apply)					
Asset Manager, Development Engineering, Deeds of Arrangement	$295.00	$235.00	$60.00	26%	Standard – 25%
Other staff involved with development engineering and development contributions	$215.00	$170.00	$45.00	26%	“ “

REGULATORY COMPLIANCE – ALCOHOL AND HEALTH LICENSING

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Regulatory compliance – Alcohol and Health licensing	35 – 45%	55 – 65%
2024/25 (proposed budget and fees est.)	53%	47%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Regulatory compliance – Alcohol and Health licensing	$395,000
Rates equivalent (%)	0.4%

Alcohol licensing fees

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
District Alcohol Licensing fees (set by Sale and Supply of Alcohol Act 2012)					
On/Off/Club Alcohol Licence Application Fee (based on classification)~~Licence Holder~~ ~~On/Off/Club (New, Renewal), based on classification:~~					
- Very Low Risk	$368.00	$368.00	$0.00	0%	These are all set in legislation
- Low Risk	$609.50	$609.50	$0.00	0%	" "
- Medium Risk	$816.50	$816.50	$0.00	0%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
- High Risk	$1,023.50	$1,023.50	$0.00	0%	" "
- Very High Risk	$1,207.50	$1,207.50	$0.00	0%	" "
On/Off/Club Alcohol Licence Annual Fee (based on classification) ~~On/Off/Club (Annual fee), based on classification:~~					
- Very Low Risk	$161.00	$161.00	$0.00	0%	" "
- Low Risk	$391.00	$391.00	$0.00	0%	" "
- Medium Risk	$632.50	$632.50	$0.00	0%	" "
- High Risk	$1,035.00	$1,035.00	$0.00	0%	" "
- Very High Risk	$1,437.50	$1,437.50	$0.00	0%	" "
Special Licence ~~(based in class):~~(Class Based)					
- Class 1 (Large)	$575.00	$575.00	$0.00	0%	" "
- Class 2 (Medium)	$207.00	$207.00	$0.00	0%	" "
- Class 3 (small)	$63.25	$63.25	$0.00	0%	" "
Miscellaneous Alcohol Licence Fees					
~~Manager's Licence~~Managers Certificates	$316.25	$316.25	$0.00	0%	" "
Temporary Authority	$296.70	$296.70	$0.00	0%	" "
Compliance Certificates (For New Alcohol Licences)					
Building Code Compliance Certificate ~~Compliance Certificates - Sale Supply of Alcohol Act 2012 (new)~~	$250.00	$200.00	$50.00	25%	Fee based on assumption of one hours work for each type. Current fees are not sufficient to cover time spent. These might get set by the relevant teams.
Town Planning Compliance Certificate	$250.00	$200.00	$50.00	25%	" "
Gambling Act 2003					
Class 4 Gaming & TAB Venue Application Fee~~Gaming and TAB Venue Application (minimum fee)~~	$625.00	$500.00	$125.00	25%	Standard – 25%

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Class 4 Gaming & TAB Venue Application Processing Fee (Hourly rate)~~Gaming and TAB Venue Application processing (hourly rate)~~	$220.00	$180.00	$40.00	22%	Standard – 25%
Inspection/Enforcement Fees					
Alcohol Licence Inspector (Hourly Fee)	$220.00				New fee is intended to provide clarity for follow up work associated with alcohol licensing.
Infringements in accordance with the Sale and Supply of Alcohol Regulations 2013 (no GST)	As per regulations ($250-$1000)				Specifying fees framework for existing legislation
Alcohol Bylaw					
Alcohol Bylaw Exemption	$50.00	N/A	N/A	N/A	Fee to capture time spent on admin for these requests.

Food ~~licensing~~ premises fees (Note – these have already been adopted for consultation)

Fees and charges schedule

Food premises fees have already been adopted by Council for consultation, as these have a requirement to be adopted by the end of May 2024. They are currently out for consultation. Those proposed changes are repeated in the draft Fees and Charges Schedule 2024/25 for context.

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Registration Fees ~~Food Control Plans and National Programmes – Registration fees (in accordance with the Food Act 2014)~~					
New Food Control Plan Registration – 1 Year Registration (excludes verification) ~~Food Control Plan -New registration application (does not include initial verification costs)~~	$400.00	$300.00	$100.00	33%	adjusted to better reflect actual costs
New National Programme Registration (All Levels) – 2 Year Registration (excludes verification) ~~National Programme –~~	$400.00	$300.00	$100.00	33%	" "

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Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
~~New registration application (does not include verification costs)~~					
MPI Domestic Food Business Levy					
Year One Levy (2025) (per Site)	$57.50				To be confirmed – These are out for consultation currently
Year Two Levy (2026) (per Site)	$86.25				" "
Year Three levy (2027) (per Site)	$115.00				" "
Miscellaneous Food Registration Fees					
Significant Change Fee (FCPs & NPs) ~~Significant change to a Food Control Plan/National Programme minimum fee (does not include any new verification costs)~~	$150.00	$150.00	$0.00	0%	Fee is admin task only and was not appropriate for most requests. Introducing new significant amendment fee to cover large changes
Significant Amendment Fee (FCPs Only) ~~to Food Control Plan Registration~~ (~~does not include subsequent~~excludes verification ~~costs~~)	$200.00	$200.00	$0.00	0%	
Renewal of Registration ~~**Registration Renewal Fee – Food Control Plans and National Programmes**~~	$190.00	$150.00	$40.00	27%	
Late Payment Penalty for overdue invoices	10%				To try and incentive prompt payment and reduce non payment. Need to check with finance
Verification Fees ~~**Recovery of staff time**~~					
Verification Base Fee (NPs & FCPs) – Includes first two hours then hourly rate applies. ~~Food Act verification for Food Control Plan and National Programmes minimum fee (first two hours then hourly charge applies)~~	$500.00	$340.00	$160.00	47%	Verifications have been underpriced for some time and was somewhat cheaper than most nearby councils. New fee is the equivalent of two hours inspector time plus an additional fee for administration
EHO/Verifier Hourly Rate - invoiced in 15 min blocks (includes email close out of corrective actions) ~~Audit/re-inspection or corrective action revisit minimum Fee (per hour)~~	$220.00	$185.00	$35.00	19%	25% raise may result in significant costs to business where multiple revisits are required
Late cancellation/postponement or failure to attend verification penalty (<48 hours' notice)	$110.00				This is a problem and takes up a fair portion of our time. We need a fee to discourage this (equivalent to 30 minutes time)

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Verification Revisit/failure to complete CARs Fee (second and subsequent visits)	$200.00				This fee would be used for persistently non complaint businesses who require multiple revisits. These businesses consume large amounts of time and we do not capture this currently
Enforcement Fees ~~**(Food Safety Officer activity)**~~					
Infringement for failing to register a food control plan or national programme with the appropriate authority in accordance with Food Act 2014 (no GST) ~~Infringement for failing to register a food control plan or national programme with the appropriate authority in accordance with Food Regulations 2015 Schedule 2 Infringement Offences and Fees (Section 48, 240(2))~~	$450.00	$450.00	$0.00	0%	Set in legislation
Other Food Act 2014 infringements in accordance with Food Regulations 2015 Schedule 2 Infringement Offences and Fees (no GST)	As per schedule ($300 - $450)	As per schedule			" "
Food Safety Officer Hourly Rate (where enforcement action is required) ~~Hourly Rate – Environment Health Officer/Food Act Verifier/Food Safety Officer~~	$250.00	$185.00	$65.00	35%	FSO work is time consuming and technical and at this time we do not sufficiently capture this time to reflect the level of work involved. May need to check with finance/BS if this is achievable to have a different hourly rate
Request for review of enforcement	$120.00				This is a new fee designed to cover time associated with reviews. Volume is not expected to be large.
~~Hourly Rate – Administration~~		~~$135.00~~			Removed as no other councils do this.

Health licensing and inspection services fees

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
New Health Registration Fees ~~Certificates of Registrations (hairdressers, camping grounds, undertakers and offensive trades) in accordance with the Health Act 1956~~					
~~New Certificate of Registration applications onsite includes initial health inspection)~~ New hairdresser registration (includes first inspection)	$400.00	$375.00	$25.00	7%	Fees are already significantly high relative to other councils.
New camping ground registration (includes first inspection)	$400.00	$375.00	$25.00	7%	" "
New offensive trade registration (includes first inspection)	$400.00	$375.00	$25.00	7%	" "
New funeral director registration (includes first inspection)	$400.00	$375.00	$25.00	7%	" "
Renewal of Health Registration					
~~Renewal of Existing Certificate of Registration -hairdressers, campgrounds, undertakers and offensive trades (includes annual inspection)~~ Renewal of hairdresser registration (includes annual inspection)	$220.00	$200.00	$20.00	10%	Feedback from industry is that fees are already too high. Inspection time can be adequately captured by the proposed amount.
Renewal of camping ground registration (includes 1 hour inspection time, then hourly rate applies)	$250.00	$200.00	$50.00	25%	Standard – 25%
Renewal of offensive trade registration (includes annual inspection)	$250.00	$200.00	$50.00	25%	" "
Renewal of funeral director registration (includes annual inspection)	$250.00	$200.00	$50.00	25%	" "
Miscellaneous Health Fees ~~Recovery of staff time~~	$0.00				
Camping Ground Regulations Exemption Request	EHO hourly rate applies in 15 min blocks				New fee to cover costs associated with exemptions to CG regulations which can be quite time consuming depending on request.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Environment Health Officer (EHO) Hourly Rate (including re-inspections) ~~Hourly Rate – Environment Health Officer/Food Act Verifier/Food Safety Officer~~	$220.00	$185.00	$35.00	19%	Standard – 25%
~~Inspection minimum fee (rate per hour)~~		~~$185.00~~			Combined with above.
~~Hourly Rate – Administration~~		~~$135.00~~			Removed as no other councils do this.

Mobile Trading Fees

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Mobile Trading Fees ~~Mobile Shops Licence in accordance with the Trading in Public Places Bylaw 2016~~					
Public Place Bylaw trading approval for mobile vendors (annual fee) ~~Trading in public place annual approval~~	$85.00	$67.50	$17.50	26%	Standard – 25%
No trading approval penalty ~~No permit penalty~~	$2~~1~~00.00	$50.00	$50.00	100%	Current fee is insufficient to be a deterrent for unlicenced trading.
Venture Centre/Permitted Trading Location Fees					
Casual Fee (per day)	$20.00	$15.50	$4.50	29%	Standard – 25%
Weekly Fee ~~1-6 months (per week)~~	$60.00	$49.00	$11.00	22%	" "
Monthly Fee	$220.00				New fee
Annual fee Venture site	$2,575.00	$2,060.00	$515.00	25%	Standard – 25%

COMMUNITY FACILITIES

Parks and reserves

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Parks and reserves	90 – 100%	0 – 10%
2024/25 (proposed budget and fees est.)	94%	6%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Parks and reserves	$392,000
Rates equivalent (%)	0.4%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Tongariro Domain					
Hire (commercial event) per day	$530.00	POA			Currently charging $330 per day.
Commercial event – Set up (minimum per day)	$265.00				New
Community event - Set up (minimum per day)	$200.00	$170.00	$30.00	18%	Slightly lower than 25% adjustment for community
Community event – Operational (minimum per day)	$400.00	$340.00	$60.00	18%	“ “

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Community/Commercial event - Bond (no GST)	$500.00 to $3,000.00	$500.00 to $3,000.00			
Riverside Park					
Hire (commercial event)	POA	POA			
Community event - Set up (minimum per day)	$200.00	$170.00	$30.00	18%	" "
Community event - Operational (minimum per day)	$400.00	$340.00	$60.00	18%	" "
Bond (no GST)	$500.00 to $3,000.00	$500.00 to $1,000.00			Range adjusted
Riverside Park - Amphitheatre					
Hire (commercial event)	POA	POA			
Community event - Set up (minimum per day)	$200.00	$170.00	$30.00	18%	Slightly lower than 25% adjustment for community
Community event - Operational (minimum per day)	$400.00	$340.00	$60.00	18%	" "
Bond (no GST)	$500.00 to $3,000.00	$500.00 to $1,000.00			Range adjusted
Owen Delany Park					
Ground hire (commercial event)					
Bond (no GST)	$500.00 to $3,000.00	$500.00 to $1,000.00			Range adjusted
Owen Delany Park Entire Venue					
Operational Day	$1,850.00	$1,480.00	$370.00	25%	Standard – 25%
Set Up / Pack Down Day	$925.00	$740.00	$185.00	25%	" "
Corporate Lounges					
Hourly rate for community groups only	$48.00	$38.00	$10.00	26%	" "
Full day	$230.00	$185.00	$45.00	24%	" "
Downstairs Lounge					

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Hourly rate for community groups only	$23.00	$18.50	$4.50	24%	" "
Full day	$230.00	$185.00	$45.00	24%	" "
Upstairs and downstairs – full day	$400.00	$320.00	$80.00	25%	" "
ODP Number 1 field plus grandstand	$120.00	$95.00	$25.00	26%	Standard – 25%
General reserves and sportsgrounds (including Turangi and Mangakino)					
Hire (commercial event)					
- Set up (Commercial)	$215.00	$170.00	$45.00	26%	Standard – 25%
- Operational (Commercial)	$425.00	$340.00	$85.00	25%	" "
- Bond (no GST)	$500.00 to $1,000.00	$500.00 to $1,000.00			
General Reserves / Sportsgrounds (Community)	$95.00	$75.00	$20.00	27%	" "
Rugby (per field per season)	$450.00	$360.00	$90.00	25%	" "
Rugby (casual use per day)	$95.00	$75.00	$20.00	27%	" "
Rugby league (per field per season)	$450.00	$360.00	$90.00	25%	" "
Rugby league (casual use per day)	$95.00	$75.00	$20.00	27%	" "
Senior soccer (per field per season)	$450.00	$360.00	$90.00	25%	" "
Senior soccer (casual use per day)	$95.00	$75.00	$20.00	27%	" "
Touch (per field per season)	$225.00	$180.00	$45.00	25%	" "
Touch (casual use per day)	$45.00	$36.00	$9.00	25%	" "
Cricket (turf wicket per season)	$650.00	$520.00	$130.00	25%	" "
Cricket (turf wicket casual use per day)	$325.00	$260.00	$65.00	25%	" "
Cricket (artificial wicket per season)	$130.00	$105.00	$25.00	24%	" "
Cricket (artificial wicket casual use per day)	$65.00	$50.00	$15.00	30%	" "
Kaimanawa cricket pavilion (per day)	$225.00	$180.00	$45.00	25%	" "
Hourly rate for community groups only	$48.00	$38.00	$10.00	26%	" "
School group charges ODP and Crown Park	$70.00				New charge for schools using sports grounds

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Interschool Kiwi Sport and/or festival sports organised by Sports Advisory Council	Free				
Other sporting use and services	Price on enquiry	Price on enquiry			
Wedding Booking Fee	$65.00	$50.00	$15.00	30%	Standard – 25%
Nukuhau boat trailer park					" "
Bays 1-6, 8-13 and 15-19 (11m)	$1,765.00	$1,410.00	$355.00	25%	" "
Bays 7, 14 and 20-49 (9.5m)	$1,550.00	$1,240.00	$310.00	25%	" "
Reserve Applications					
Bond for processing commercial use of reserve (per hour) (no GST)	$120.00	$95.00	$25.00	26%	" "
Leases and licences					
Ground rental for sporting and community leases (Taupō, per m2)	At cost (POA)	$2.40			Reflects direction to make sure we are recovering costs but not seeking a commercial return on land
Ground rental for sporting and community leases (Turangi, per m2)	At cost (POA)	$2.20			" "

AC Baths

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Venues - AC Baths	55 – 65%	35 – 45%
2024/25 (proposed budget and fees est.)	70%	30%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Venues - AC Baths	$1,513,000
Rates equivalent (%)	1.7%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Casual Entry*					
Adult (16 +) (includes pool and sauna)	$12.00	$10.00	$2.00	20%	Instead of a standard 25% for pools, we proposed a standard 20% increase. (Note: Due to rounding the percentage changes vary)
Senior / Student (Senior is 65+ years. Students must present current New Zealand student ID)	$7.00	$6.00	$1.00	17%	Standard – 20%
Child (6 - 15 years)	$6.00	$5.00	$1.00	20%	Standard – 20%
LOCAL Child 5 years and under (includes one free adult for supervision. With proof of address)	Free	Free			Could reintroduce a charge. A $2 charge would provide around $10,000 a year in revenue.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
					Could discontinue the free accompanying adult
VISITOR child 5 years and under (includes one free adult for supervision)	$6.00	$5.00	$1.00	20%	Standard – 20% Could discontinue the free accompanying adult
Family Pass (2 adults & 3 children, or 1 adult & 4 children)	$29.00	$24.00	$5.00	21%	Standard – 20%
Spectator	$1.50	$1.00	$0.50	50%	Standard – 20%
Private thermal pool (minimum two people, 18 years + only)	$15.00 per person	$15.00 per person	$0.00	0%	Unchanged. Charges were lowered in 2023 to try to increase use.
Hydro Slide (unlimited rides)	$8.50	$7.00	$1.50	21%	Standard – 20%
If you need a person in the pool with you because of a disability, entry for the support person is free (the swimmer pays their usual rate)					
Aqua Fitness Class Casual Entry					
Excl pool entry	$6.50	$5.50	$1.00	18%	Standard – 20%. Note we have recently reduced the number of classes but charges are pay per class so should still increase.
Adult includes pool entry	$18.50	$15.50	$3.00	19%	Above plus casual entry
Senior / Student includes pool entry	$13.50	$11.50	$2.00	17%	" "
Memberships*					
Adult pool					
- 3 months	$120.00	$100.00	$20.00	20%	Based off 10 visits
- 6 months	$180.00	$150.00	$30.00	20%	Based off 15 visits
- 12 months	$300.00	$250.00	$50.00	20%	Based off 25 visits
Senior / Student pool					
- 3 months	$70.00	$60.00	$10.00	17%	Based off 10 visits
- 6 months	$105.00	$90.00	$15.00	17%	Based off 15 visits
- 12 months	$175.00	$150.00	$25.00	17%	Based off 25 visits
Child (6 - 15 years) pool					

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
- 3 months	$60.00	$50.00	$10.00	20%	Based off 10 visits
- 6 months	$90.00	$75.00	$15.00	20%	Based off 15 visits
- 12 months	$150.00	$125.00	$25.00	20%	Based off 25 visits
Family pool					
- 3 months	$240.00	$190.00	$50.00	26%	Standard – 25% increase
- 6 months	$345.00	$275.00	$70.00	25%	Standard – 25% increase
- 12 months	$545.00	$435.00	$110.00	25%	Standard – 25% increase
Aqua fitness class includes pool entry					
Adult					
- 3 months	$185.00	$160.00	$25.00	16%	Based off 10 visits
- 6 months	$277.50	$225.00	$52.50	23%	Based off 15 visits
- 12 months	$462.50	$375.00	$87.50	23%	Based off 25 visits
Senior / Student					
- 3 months	$135.00	$130.00	$5.00	4%	Based off 10 visits
- 6 months	$202.50	$170.00	$32.50	19%	Based off 15 visits
- 12 months	$337.50	$275.00	$62.50	23%	Based off 25 visits
***Memberships can be paid by monthly direct debit** ~~**Paid by Direct Debit**~~ (minimum three month term)	*POA (based on membership prices and any processing or administration costs)*				
~~***Pools (monthly fee)***~~	-	-	-	-	-
~~Adult~~		~~$28.00~~			
~~Senior/student/~~		~~$18.00~~			
~~Child 6 years and over~~		~~$16.00~~			
~~Family~~		~~$55.00~~			

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
~~***Pools & fitness (monthly fee)***~~					
~~Adult~~		~~$81.00~~			
~~Senior/student~~		~~$46.00~~			
Swim school					
Child learn to swim lesson	$15.00	$12.00	$3.00	25%	Standard – 25% increase
Adult	$21.00	$17.00	$4.00	24%	" "
Adult private lesson	$55.00	$44.00	$11.00	25%	" "
Child private lesson	$41.00	$33.00	$8.00	24%	" "
Holiday intensive block	$80.00	$65.00	$15.00	23%	" "

Turangi Aquatic Centre

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Venues - Turangi Turtle Pools	85 – 95%	5 – 15%
2024/25 (proposed budget and fees est.)	96%	4%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Venues - Turangi Turtle Pools	$51,000
Rates equivalent (%)	0.1%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Casual Entry*					
Adult (16+ years)	$6.50	$5.50	$1.00	18%	Instead of a standard 25% for pools, we proposed a standard 20% increase. (Note: Due to rounding the percentage changes vary)
Senior / Student (Senior is 65+ years. Students must present current New Zealand student ID)	$5.50	$4.50	$1.00	22%	Standard – 20%
Child (6 - 15 years)	$4.50	$3.50	$1.00	29%	" "
LOCAL Child 5 years and under (includes one free adult for supervision. With proof of address)	Free	Free			Could reintroduce a charge. A $2 charge would provide around $10,000 a year in revenue.

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Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
					Could discontinue the free accompanying adult
VISITOR child 5 years and under (includes one free adult for supervision)	$4.00	$3.00	$1.00	33%	Standard – 20% Could discontinue the free accompanying adult
Family (2 adults & 3 children, or 1 adult & 4 children)	$24.00	$20.00	$4.00	20%	Standard – 20%
Spectator	Free	Free			No change.
Concession cards (20 swims)					
- Adult	$85.00	$66.00	$19.00	29%	Based on 13 swims
- Child	$54.00	$50.00	$4.00	8%	Based on 12 swims
Schools/Swim Clubs/Aqua programmes (per hour)	$44.00	$35.00	$9.00	26%	Standard – 25% increase
Hire Learners Pool (as venue or private hire - per hour)	N/A	N/A			
* If you need a person in the pool with you because of a disability, entry for the support person is free (the swimmer pays their usual rate)					
Memberships					
Adult					
- 3 months	$65.00	$55.00	$10.00	18%	Based off 10 visits
- 6 months	$97.50	$80.00	$17.50	22%	Based off 15 visits
- 12 months	$162.50	$135.00	$27.50	20%	Based off 25 visits
Senior / student					
- 3 months	$55.00	$40.00	$15.00	38%	Based off 10 visits
- 6 months	$82.50	$60.00	$22.50	38%	Based off 15 visits
- 12 months	$112.50	$100.00	$12.50	13%	Based off 25 visits
Child (6 - 15 years)					
- 3 months	$45.00	$35.00	$10.00	29%	Based off 10 visits
- 6 months	$67.50	$52.50	$15.00	29%	Based off 15 visits
- 12 months	$112.50	$87.50	$25.00	29%	Based off 25 visits

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Family (2 adults & 3 children, or 1 adult & 4 children)					
- 3 months	$175.00	$140.00	$35.00	25%	Standard – 25% increase
- 6 months	$250.00	$200.00	$50.00	25%	" "
- 12 months	$420.00	$335.00	$85.00	25%	" "

Mangakino Pool

Share of funding from fees and charges (from Revenue and Financing Policy)

Activity	General rate	Fees & charges
Venues - Mangakino Pools	100%	0%
2024/25 (proposed budget and fees est.)	100%	0%

Expected annual revenue (2024/25)

Activity	Current (2023/24 est.)	2024/25 (proposed fees est.)	Revenue gained from proposed changes
Venues - Mangakino Pools	Nil	Nil	Nil
Rates equivalent (%)	Nil	Nil	Nil

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Adult (16+ years)	Free	Free			Could reintroduce a charge for Mangakino pool. For example, a $25 Family summer pass.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Senior / Student	Free	Free			
Child (6 - 15 years)	Free	Free			
Child 5 years and under	Free	Free			
Spectator	Free	Free			
Bond (no GST)	Free	Free			

Taupō Events Centre fees

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Venues - Taupo Events Centre	65 – 75%	25 – 35%
2024/25 (proposed budget and fees est.)	79%	21%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Venues - Taupo Events Centre	$445,000
Rates equivalent (%)	0.5%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Taupō Events Centre - Stadium and Associated Rooms					Instead of a standard 25% for venues, we proposed a standard 20% increase for community groups and 30% for commercial activities. (Note: Due to rounding the percentage changes vary)
Stadium					
Hourly rate (community only)	$100.00	$83.50	$16.50	20%	Standard – 20% (community)
Full day (commercial)	$1,400.00	$1,076.00	$324.00	30%	Standard – 30% (commercial)
Full day (community)	$700.00	$585.50	$114.50	20%	Standard – 20% (community)
Full Court					

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Hourly Rate (commercial)	$55.00	$41.00	$14.00	34%	Standard – 30% (commercial)
Hourly rate (community)	$33.00	$27.50	$5.50	20%	Standard – 20% (community)
Full day (commercial)	$495.00	$377.50	$117.50	31%	Standard – 30% (commercial)
Full day (community)	$280.00	$234.50	$45.50	19%	Standard – 20% (community)
Clubroom					
Hourly rate (community only)	$45.00	$38.00	$7.00	18%	Standard – 20% (community)
Full day (commercial)	$240.00	$183.50	$56.50	31%	Standard – 30% (commercial)
Function Room					
Hourly rate (community only)	$70.00	$58.00	$12.00	21%	Standard – 20% (community)
Full day (commercial)	$445.00	$340.00	$105.00	31%	Standard – 30% (commercial)
Entire Venue					
Full day (commercial)	$2,000.00	$1,560.00	$440.00	28%	Standard – 30% (commercial)
Full day (community)	$1,200.00	$1,050.00	$150.00	14%	Standard – 20% (community)
Climbing Wall					Too much increase in the climbing wall will put us as the most expensive wall outside of Auckland.
Casual entry					Need to balance memberships with rockwall closures from events that impact number of uses.
Adult (16+)	$15.00	$12.50	$2.50	20%	Standard – 20% (community)
Student (any student with valid ID)	$12.50	$10.50	$2.00	19%	" "
Child (under 16)	$11.50	$9.50	$2.00	21%	" "
Bouldering (non roped and low level)	$7.50	$6.50	$1.00	15%	" "
Harness hire (Casual visitors need to hire a harness unless they are bringing their own)	$6.00	$5.00	$1.00	20%	" "
Memberships					
Adult					

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
- 3 months	$150.00	$125.00	$25.00	20%	Based off 10 visits
- 6 months	$225.00	$187.50	$37.50	20%	Based off 15 visits
- 12 months	$375.00	$312.50	$62.50	20%	Based off 25 visits
Senior / student					
- 3 months	$125.00	$105.00	$20.00	19%	Based off 10 visits
- 6 months	$187.50	$157.50	$30.00	19%	Based off 15 visits
- 12 months	$312.50	$262.50	$50.00	19%	Based off 25 visits
Child (6 - 15 years)					
- 3 months	$115.00	$95.00	$20.00	21%	Based off 10 visits
- 6 months	$172.50	$142.50	$30.00	21%	Based off 15 visits
- 12 months	$287.50	$237.50	$50.00	21%	Based off 25 visits
Chalkies climbing club – one class per week (ages 5 – 12) Per term and includes tuition and equipment hire during group lesson, 1 group lessons per week and weekend/school holidays, general membership during scheduled opening hours	$95.00	$87.00	$8.00	9%	
Chalkies climbing club–- two classes per week (ages 5 – 12) Per term and includes tuition and equipment hire during group lessons, 2 group lessons per week and weekend/school holidays, general membership during scheduled opening hours	$120.00	$110.00	$10.00	9%	Note – last increase for Chalkies (July 2023) was from $87 to $110 (27%) for two days per week.
Stalactites youth club – one class per week (ages 13 – 17) Per term and includes tuition and equipment hire during group lesson, 1 group lessons per week and weekend/school holidays, general membership during scheduled opening hours	$111.00	$102.00	$9.00	9%	

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Stalactites youth club – two classes per week (ages 13 – 17) Per term and includes tuition and equipment hire during group lessons, 2 group lessons per week and weekend/school holidays, general membership during scheduled opening hours	$142.00	$130.00	$12.00	9%	Note – last increase for Stalactites (July 2023) was from $102 to $130 (27%) for two days per week. So this would be a 47% increase in a short amount of time.
Fitness Studio					
Casual entry					
Adult (16 +)	$20.00	$16.50	$3.50	21%	Standard – 20% (community) More than $20 for casual use would be not palatable for a community gym with no classes and the equipment we have.
Senior / Student **(Senior is 65+ years. Students must present current New Zealand student ID – minimum age is 16)**	$11.50	$9.50	$2.00	21%	Standard – 20% (community)
Memberships*					
Adult					
- 3 months	$200.00	$165.00	$35.00	21%	Based off 10 visits
- 6 months	$300.00	$247.50	$52.50	21%	Based off 15 visits
- 12 months	$500.00	$412.50	$87.50	21%	Based off 25 visits
Senior / Student					
- 3 months	$115.00	$95.00	$20.00	21%	Based off 10 visits
- 6 months	$172.50	$142.50	$30.00	21%	Based off 15 visits
- 12 months	$287.50	$237.50	$50.00	21%	Based off 25 visits
~~Membership Paid by Direct Debit (minimum three-month term)~~					
~~- Adult (per month)~~		~~$54.00~~			
~~- Senior / Student (per month)~~		~~$32.00~~			
Memberships including pool					

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Adult					
- 3 months	$320.00	$251.75	$68.25	27%	Based off 10 visits
- 6 months	$480.00	$377.60	$102.40	27%	Based off 15 visits
- 12 months	$800.00	$629.40	$170.60	27%	Based off 25 visits
Senior / Student					
- 3 months	$185.00	$147.25	$37.75	26%	Based off 10 visits
- 6 months	$277.50	$220.90	$56.60	26%	Based off 15 visits
- 12 months	$462.50	$368.10	$94.40	26%	Based off 25 visits
* **Memberships can be paid by monthly direct debit** ~~Paid by Direct Debit~~ (minimum three-month term)	*POA (based on membership prices and any processing or administration costs)*				
~~- Adult (per month)~~		~~$81.00~~			
~~- Senior / Student (per month)~~		~~$46.00~~			

Great Lake Centre

Share of funding from fees and charges (from Revenue and Financing Policy)

Activity	General rate	Fees & charges
Venues - Great Lake Centre	75 –85%	15 –25%
2024/25 (proposed budget and fees est.)	91%	9%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Venues - Great Lake Centre	$177,000
Rates equivalent (%)	0.2%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Entire Venue					
Full day (commercial)	$2,450.00	$1,892.00	$558.00	29%	Instead of a standard 25% for venues, we proposed a standard 20% increase for community groups and 30% for commercial activities. (Note: Due to rounding the percentage changes vary)
Full day (community)	$1,200.00	$1,045.50	$154.50	15%	Standard – 20% (community)
Theatre including backstage rooms					
Full day (commercial)	$1,300.00	$999.00	$301.00	30%	Standard – 30% (commercial)
Full day (community)	$690.00	$576.50	$113.50	20%	Standard – 20% (community)

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Multi Show Day (Commercial)	$1,740.00	$1,339.00	$401.00	30%	Standard – 30% (commercial)
Multi Show Day (Community)	$900.00	$765.00	$135.00	18%	Standard – 20% (community)
Theatre only					
Full day (commercial)	$1,025.00				New – without backstage rooms
Full day (community)	$540.00				" "
Hourly (community - with technical support)	$185.00	$168.50	$16.50	10%	Already priced high, rarely used.
Hourly (community – no technical support)	$70.00	$58.20	$11.80	20%	Standard – 20% (community)
Hall					
Full day (commercial)	$1,025.00	$790.50	$234.50	30%	Standard – 30% (commercial)
Full day (community)	$540.00	$459.00	$81.00	18%	Standard – 20% (community)
Hall/Eastwing					
Full day (commercial)	$1,300.00	$999.00	$301.00	30%	Standard – 30% (commercial)
Full day (community)	$690.00	$585.50	$104.50	18%	Standard – 20% (community)
Eastwing/Conservatory					
Full Day	$450.00	$345.50	$104.50	30%	Standard – 30% (commercial)
Community group short hire hourly rate (minimum of 2 hours)	$70.00	$58.20	$11.80	20%	Standard – 20% (community)
Rimu Room					
Full Day (one room)	$200.00	$163.50	$36.50	22%	Standard – 20% (community)
Full Day (two rooms)	$365.00	$295.80	$69.20	23%	" "
Community group short hire hourly rate (minimum of 2 hours)	$45.00	$38.00	$7.00	18%	" "
Green Room					
Full Day	$235.00	$188.70	$46.30	25%	Standard – 25%
Community group short hire hourly rate (minimum of 2 hours)	$45.00	$38.00	$7.00	18%	Standard – 20% (community)

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Upper Foyer - Full Day	$178.50	$142.80	$35.70	25%	Standard – 25%
Lower Foyer - Full Day	$178.50	$142.80	$35.70	25%	" "
Kitchen					
Full Day	$235.00	$188.70	$46.30	25%	" "
Hourly rate	$40.00	$32.00	$8.00	25%	" "

Libraries

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Community Buildings - District Libraries	90 – 100%	0 – 10%
2024/25 (proposed budget and fees est.)	98%	2%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Community Buildings - District Libraries	$44,000
Rates equivalent (%)	0.0%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Membership fees					
Local residents and rate payers (fee covers the cost of a library card)	$1.50	$1.50	$0.00	0%	No change. Keep low to support access to library services.
Temporary residents and visitors (Six month subscription)	$20.00	$10.00	$10.00	100%	For non-locals. Currently cheap relative to elsewhere.
Replacement membership card	$2.00	$1.50	$0.50	33%	Standard – 25%
Borrowing fees					
Books (28 days)	Free	Free			No change
Magazines (14 days)	Free	Free			" "
e-Books and e-Audiobooks	Free	Free			No change

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
New Releases / Hot Picks (14 days)	$3.00	$3.00	$0.00	0%	Note: Tried $5 in the past, but the charge was too high and books didn't turn over
~~DVD new release (7 days)~~		~~$5.00~~			We don't do new releases any more.
DVD TV series (multiple discs) (14 days)	$5.00	$5.00	$0.00	0%	No change
All other DVDs (7 days)	$3.00	$3.00	$0.00	0%	" "
Reserves - adult (per item)	free	$1.50			In practice this isn't being charged currently. Reflects the intent to move the books to you from around the district rather than have individual copies in each area.
Reserves – kids and teen books	Free	Free			No change
Interloan – search fee (per book)	$4.00	$3.00	$1.00	33%	Standard – 25%
Interloan - postage	$10.00	$8.00	$2.00	25%	" "
Interloan - renewal	$4.00	$3.00	$1.00	33%	" "
Overdue fees					
New releases / Hot picks / DVDs / CDs	Recharged full rental amount when two days overdue	Recharged full rental amount when two days overdue			No change
Other items	No fee	No fee			" "
Damaged / lost books (replacement) / per item	Replacement cost plus $10 admin per invoice raised	Replacement cost plus $10 admin per invoice raised			" "
Book a Librarian Session (Research & Computer support) (up to a maximum of 2 hours research support)	$20.00	$5.00 - $10.00 (subject to session content & booking time)			Simplified

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Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Meeting Room hire fees					
Hourly rate (community) (free for education related purpose)	$25.00	$25.00	$0.00	0%	No change
Daily rate (community)	$135.00	$135.00	$0.00	0%	" "
Hourly rate (commercial)	$45.00	$38.00	$7.00	18%	Standard – 25%
Daily rate (commercial)	$320.00	$255.00	$65.00	25%	" "

Taupō Museum and Art Gallery

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Heritage, culture & public art - Taupo Museum & Art Gallery	85 – 95%	5 – 15%
2024/25 (proposed budget and fees est.)	92%	8%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Heritage, culture & public art - Taupo Museum & Art Gallery	$95,000
Rates equivalent (%)	0.1%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Entry					
Ratepayers and residents	Free	Free			No change
Adults	$6.00	$5.00	$1.00	20%	Standard – 25%
Senior / Students over 18	$4.00	$3.00	$1.00	33%	" "
Students under 18 / Children	Free	Free			No change
Large groups - 8 or more (per person)	$4.00	$3.00	$1.00	33%	Standard – 25%
Children – education activity (per person)	Free	$2.00			Same as children
Research Fee (~~per half hour, first half hour free,~~ up to a maximum of two hours)	$20.00	$20.00 – $40.00			Simplified. Same as library.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Exhibition Space					
One artist (6 week booking)	$500.00	$484.00	$16.00	3%	
Up to two artists (6 week booking)	$750.00	$640.00	$110.00	17%	
Three or more artists (6 week booking)	$900.00	$796.00	$104.00	13%	
Ora Garden					
Community group (per hour, eligibility at discretion of management)	$30.00	$310.00	-$280.00	-90%	Rarely used.
Corporate group (per hour~~subject to duration of booking~~)	$60.00	$310.00 – $615.00			Simplified
Weddings (base fee)	$350.00 additional charges may apply	$350.00 additional charges may apply			
Wedding photos only	$30.00	$75.00	-$45.00	-60%	Rarely used.
Workshop (Niven Room)					
Community rate (per person, subject to duration of workshop)	$10.00	$5.00 - $10.00			Simplified
Gallery space (Niven Room)					
Hourly rate (community)	$33.00	$26.00	$7.00	27%	Standard – 25%
Hourly rate (commercial)	$48.00	$38.00	$10.00	26%	" "
Community rate (6-week booking)	$295.00	$235.00	$60.00	26%	" "
Commercial rate per month (6-week booking)	$495.00	$395.00	$100.00	25%	" "
Touring Exhibitions (selected tours)					
Ratepayers and residents	$6.00	$5.00	$1.00	20%	" "
Adults (includes entry fee)	$12.00	$10.00	$2.00	20%	" "
Senior / Students over 18 (includes entry fee)	$4.00	$3.00	$1.00	33%	" "
Students under 18 / Children	Free	Free			No change

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Photographs					
A4	$15.00	$15.00	$0.00	0%	No change. Prices already cover costs to produce
A3	$20.00	$20.00	$0.00	0%	“ “
A2	$55.00	$55.00	$0.00	0%	“ “
A1	$125.00	$125.00	$0.00	0%	“ “
Digital copy on CD	$35.00	$35.00	$0.00	0%	“ “

Community halls and conference room fees

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Community Buildings - Community Halls	90 – 100%	0 – 10%
2024/25 (proposed budget and fees est.)	96%	4%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Community Buildings - Community Halls	$28,000
Rates equivalent (%)	0.0%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Bond (no GST) (All Users EXCEPT Hourly Users) - DAMAGE & CLEANING	$250.00	$200.00	$50.00	25%	Standard – 25%
Bond (alcohol) (no GST)	$350.00	$300.00	$50.00	17%	" "
Community Groups - Hourly Rate	$17.50	$16.00	$1.50	9%	Adjusted around 10% for community groups
~~Community Groups - 1/2 Day Rate (12 hours)~~		$60.00			Delete – hourly rates apply
Community Groups - Full Day Rate (8 – 24 hours)	$140.00	$120.00	$20.00	17%	8 hours
Non-Community Groups - Hourly rate	$37.50				New charge.
~~Non-Community Groups - 1/2 Day Rate (12 hours)~~		$120.00			Delete – hourly rates apply
Non-Community Groups - Full Day Rate (8 – 24 hours)	$300.00	$250.00	$50.00	20%	8 hours
Turangi Gym - Hourly Rate	$20.00	$16.00	$4.00	25%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Sports Clubs Usage Annual Charge (up to 30 hours per year)	$350.00	$300.00	$50.00	17%	Adjusted around 15% for community groups

Superloo

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Entry fee	Free	Free			No change
Shower (includes towel, shampoo and soap) (for every five minutes, KiwiCash used, no cash onsite)	$6.00	$5.00	$1.00	20%	Standard – 25% (rounded)
Locker	Free	Free			No change

Cemeteries

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	Uniform annual charge	Fees & charges
Cemeteries	0 – 20%	80 –100%
2024/25 (proposed budget and fees est.)	29%	71%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Cemeteries	$70,000
Rates equivalent (%)	0.1%

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Purchase of Plot					
Burial					
- 0 – 5 Years	Free	Free			No change.
- 6 – 12 Years	$750.00	$625.00	$125.00	20%	Three quarters adult plot
- 12+ Years	$1,000.00	$830.00	$170.00	20%	Standard – 25%
Ashes (up to two internments of ashes in one plot) (all ages)	$250.00	$145.00	$105.00	72%	A quarter of adult burial plot
Internment*					
Burial					
- 0 – 5 Years	$200.00	$150.00	$50.00	33%	Half adult burial

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
- 6 –12 Years	$300.00	$230.00	$70.00	30%	Three quarters adult burial
- 12+ Years	$400.00	$340.00	$60.00	18%	Updated to better reflect estimated cost.
Ashes (all ages)	$100.00	$57.00	$43.00	75%	Updated to better reflect estimated cost. A quarter of adult burial internment.
Ashes into an existing grave	$100.00	$58.00	$42.00	72%	Same as above
* Additional fee for internment (ashes or burial) on a Saturday, Sunday or public holiday	Double standard charge	$148.00			
Natural burial					
Purchase of plot (all ages)	$1,000.00	$800.00	$200.00	25%	Same as other plots
Internment (all ages)	$400.00	$355.00	$45.00	13%	" "
Opepe Cremation Berm Plots					
All ages (up to six interments of ashes in one plot)	$750.00	$480.00	$270.00	56%	Same as other plots (x3 as allows 6 instead of 2)
Wairarapa Moana Māori - Mangakino Cemetery					
Purchase of plot	*No purchase of plot fee for Wairarapa Moana Descendants	*No purchase of plot fee for Wairarapa Moana Descendants			No change
Internment	$400.00	$300.00	$100.00	33%	Same as other plots
Other					
Purchase of Family Plots - Burials & Ashes	POA	POA			No change
Disinterment	POA	POA			" "
Reinternment	POA	POA			" "
Special Culture Needs	POA	POA			" "

TRANSPORT, WATER, AND WASTEWATER

Transport

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Vehicle Crossing Bond (no GST) – all areas					
Urban residential crossing	Nil	$280.00			Bond that is given back. We currently don't require them.
Urban commercial or industrial crossing	Nil	$500.00			" "
Rural crossing	Nil	$500.00			" "
Stock Underpasses					
Legal fees relating to registration of license to occupy road reserve	$720.00	$575.00	$145.00	25%	Standard – 25%
Processing and approving underpass application in relation to engineering, design, location and traffic management	$720.00	$575.00	$145.00	25%	" "
Biannual maintenance inspection fee	$360.00	$287.50	$72.50	25%	" "
Overweight Vehicle permits – set under Land Transport (Certification and Other Fees) Regulations 2014 Note: The fees below are for two years. Where applicable, if a permit is only issued for one year, then half the amount will be charged.					
Application for each single, multiple trip or linked permit where 3 or more working days available for processing	$36.36	$36.36	$0.00	0%	Set by legislation
Application for each single, multiple trip or linked permit where less than 3 working days are available for processing	$54.54	$54.54	$0.00	0%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Application for each continuous or high productivity motor vehicle permit where 3 or more working days available for processing	$109.10	$109.10	$0.00	0%	" "
Application for each continuous or high productivity motor vehicle where less than 3 working days available for processing	$127.28	$127.28	$0.00	0%	" "
Application for renewal of each continuous permit where 3 or more working days available for processing	$18.18	$18.18	$0.00	0%	" "
Application for renewal of each continuous permit where less than 3 working days available for processing	$36.36	$36.36	$0.00	0%	" "
Miscellaneous					
Street name plate	At cost plus 10%	At cost plus 10%			
Access way sign	At cost plus 10%	At cost plus 10%			
Second coat seal	At cost plus 10%	At cost plus 10%			
Traffic management plan					
Basic plan	$100.00				New charge
Medium plan	$250.00				" "
Complex plan	$400.00				" "
Utility service providers traffic management plan	$400.00				" "
Road closure notifications under Transport (Vehicular Traffic Road Closure Regulations 1965) (includes design and publication)	$250.00				" "

Water supply and wastewater

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Water connections to main – Urban areas					
~~Un-metered 20 mm domestic **~~		~~$1,000.00~~			Delete - all new connections metered
Metered 20 mm connections (domestic /commercial) **	$1,920.00	$1,510.00	$410.00	27%	
~~Convert existing unmetered to metered connection (20mm) **~~		~~$840.00~~			Delete - not used
Metered greater than 20 mm connections (commercial)	At Cost	At Cost			
~~Upgrade connection to include medium risk backflow protection device and meter (domestic/commercial) **~~		~~$1,100.00~~			Delete - will use at cost / hourly rate
Upgrade domestic or commercial connection to include ~~high risk~~ backflow prevention device and meter~~(e.g. RPZD)~~	At Cost	At Cost			
Water connections to main – Rural areas					
20mm rural restricted metered domestic connection (using double check valve with restrictors) **	$2,460.00	$2,075.00	$385.00	19%	
Metered greater than 20 mm connections (subject to allocation)	At Cost	At Cost			
Other Works					
** If new connection requires pipe laying more than 10 m and or through hard surface / thrusting of road, additional cost will be recovered	** At Cost	** At Cost			
Toby turn on	$320.00	$275.00	$45.00	16%	
Toby relocation – where connection to watermain does not change (up to 0.5m movement)	$350.00	$295.00	$55.00	19%	
Toby relocation – where new connection to watermain is needed (includes disconnection of current connection)	$800.00	$655.00	$145.00	22%	
Disconnection	$400.00	$360.00	$40.00	11%	
Toby location	$290.00	$215.00	$75.00	35%	

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Final meter reading	$140.00	$110.00	$30.00	27%	
Install new flow restrictor 20 mm connection (includes removal and install of new restrictor)	$540.00	$540.00	$0.00	0%	
Visit to remove or reinstall exisiting flow restrictor 20 mm connection	$200.00	$165.00	$35.00	21%	
Water Meter calibration checking application (refunded if in error)	$540.00	$435.00	$105.00	24%	
Hydrant Permit – fixed fee for new or replacement permit	$120.00	60 x extraordinary rate per m3			
Hydrant Permit – volume charge based on Metere Water Supply targeted rate, by scheme where use is permitted	Extraordinary rate per m3	Extraordinary rate per m3			
Water Bylaw breach	Actual cost	Actual cost			
Hydraulic Model Impact Assessment Small Development (available in Taupo & Kinloch only)	At Cost	At Cost			
Network Management Fee – 3 waters maintenance contractor price to oversee shutdowns and new connections	$750.00	$605.00	$145.00	24%	
Hourly rates where a flat fee does not apply					
Maintenance contractor 2-man crew	$120.00				New fee
Network Engineer	$170.00				New fee
Wastewater **Sewer Connections to Main (urban areas)** New wastewater connections (to be done by registered and approved drain layer at owner's cost), new connections require inspection and these fees are outlined below. Where a new sewer connection is required, and this involves work in the road corridor Taupo District Council will install the connection to the property boundary and the actual cost of the work will be charged.					
~~Site inspection fees, (including review of as built) and including TDC supplied pipe saddle~~		~~$290.00~~			Delete. No longer used.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Site inspection fees, (including review of as built) Pipe saddle ~~not~~ no longer provided.	$230.00	$185.00	$45.00	24%	

Trade waste

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Trade waste					
Permitted/Controlled Discharge (including final inspection)	$285.00	$228.00	$57.00	25%	All costs come from CoLAB, and we pass on the charge. Cost increase to reflect cost of service delivery with aim to reach full cost recovery of the TW service by 2027.
Conditional Consent (covering 12 hours work including final inspection, including tanker disposal)	$530.00	$423.00	$107.00	25%	" "
Hourly rate for applications (per hour)	$150.00	$119.00	$31.00	26%	" "
Temporary Discharge (including final inspection)	$285.00	$228.00	$57.00	25%	" "
Renewal Fee for Trade Waste Consents (plus additional hourly rate for more than 2 hours' time noting that site inspection charges may also apply)	$140.00	$112.00	$28.00	25%	" "
Variation / Change of Details Request for permitted or conditional consents (plus additional hourly rate for more than 30-minute time noting that site inspection charges may also apply)	$70.00	$61.00	$9.00	15%	" "
Special trade waste agreements, variations or renewals. Actual costs recovered including but not limited to consultant or legal fees	At cost	At cost			
Permitted/Controlled Discharge - Site Inspection / audit (per site visit)	$200.00	$161.00	$39.00	24%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Conditional Consent - Site Inspection (per site visit)	$300.00	$255.00	$45.00	18%	" "
Temporary Discharge - Inspection / audit (per site visit)	$300.00	$255.00	$45.00	18%	" "
Site Inspection / audit - Non-Compliance (per site visit)	$300.00	$255.00	$45.00	18%	" "
Permitted/Controlled/Special (annual fee)	$85.00	$61.00	$24.00	39%	" "
Conditional/Special - Risk Class 3 (annual fee)	$2,220.00	$1,788.00	$432.00	24%	" "
Conditional/Special - Risk Class 2 (annual fee)	$1,350.00	$1,021.00	$329.00	32%	" "
Any temporary Discharge (annual fee)	$285.00	$228.00	$57.00	25%	" "
Independent Monitoring (per sample collected)	$305.00	$244.00	$61.00	25%	" "
Tankered Waste Consents (annual fee)	$975.00	$781.00	$194.00	25%	" "

Trade Waste charges for conveyance, treatment and disposal of conditional trade waste

All activities that require a Conditional trade waste consent under the Council's Trade Waste Bylaw are liable to pay trade waste charges, which have three components:

- Volume – the amount of waste disposed through the sewer (m3)
- cBOD5 – Carbonaceous biochemical oxygen content of the trade waste (kg)
- Suspended solids – the content of solid material in the trade waste (kg)
- Conditional trade waste consents for areas outside of those listed, pay the Taupō Trade Waste rates.

Flow and load based charges for area outside of the Taupo wastewater catchment will be calculated on a case by case basis.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Flow and load-based charge (for wastewater not of domestic nature)					This is a cost allocation and recovery charge. We estimate / calculate how much of our treatment costs are related to processing trade

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
					waste. Then we divide by volumes to determine a per unit charge.
Taupō					
Flow ($/m3)	$3.46	$2.58	$0.88	29%	
cBOD5 ($/kg)	$0.78	$0.67	$0.11	15%	
TSS ($/kg)	$0.47	$0.41	$0.06	14%	
TN ($/kg)	$4.07	$3.88	$0.19	5%	
TP ($/kg)	$16.52	$14.47	$2.05	13%	

SOLID WASTE

Landfill and transfer stations

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	Targeted rate	Fees & charges
Solid waste disposal	45 – 55%	45 – 55%
2024/25 (proposed budget and fees est.)	26%	74%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Solid waste disposal	$6,439,000
Rates equivalent (%)	7.2%

Fees and charges schedule

A weighbridge at the Broadlands Road Resource Recovery Centre enables charging based on weight. At other transfer stations around the district the fees will continue to be determined based on the size of the load as they have in the past.

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Broadlands Road Landfill Charges for the disposal of refuse and green waste are based on weight. Load composition will be assessed upon arrival at the site					
Residential refuse collection (per bag up to 60L)	$2.50	$2.00	$0.50	25%	Standard – 25%
Refuse – all vehicles, including trailers					
- Minimum charge	$26.00	$21.00	$5.00	24%	Based off the per tonne charge

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
- per tonne	$265.00	$210.00	$55.00	26%	Standard – 25%
Small load e.g. car (<100kg) (minimum charge)	$26.00	$21.00	$5.00	24%	Based off the per tonne charge
Medium load e.g. small van, utility, trailer (<250kg) (minimum charge)	$66.00	$52.00	$14.00	27%	" "
Large load e.g. large van, utility, trailer (<400kg) (minimum charge)	$106.00	$84.00	$22.00	26%	" "
Green waste					
- Minimum charge	$7.50	$6.00	$1.50	25%	" "
- per tonne	$75.00	$60.00	$15.00	25%	Standard – 25%
Clean fill					
- Minimum charge	$2.50	$2.10	$0.40	19%	Based off the per tonne charge
- per tonne	$26.00	$21.00	$5.00	24%	Standard – 25%
Car tyre disposal (per tyre, maximum 4 tyres)	$7.00	$3.50	$3.50	100%	Cost recovery. Note we don't accept commercial loads.
Concrete disposal					
- Minimum charge	$2.50	$2.10	$0.40	19%	Based off the per tonne charge
- per tonne	$26.00	$21.00	$5.00	24%	Standard – 25%
Crushed concrete sale (per tonne)	$16.00	$13.00	$3.00	23%	Standard – 25%
Special waste – immediate burial ~~(per tonne)~~					
- Minimum charge	$27.50				Based off the per tonne charge
- per tonne	$275.00	$220.00	$55.00	25%	Standard – 25%
Septage (fats, oils and grease) disposal	$50.00	$40.00	$10.00	25%	Standard – 25%
District Transfer Stations					
Refuse (minimum charge)					
- Small load e.g. car (<100kg)	$26.00	$21.00	$5.00	24%	Match Broadlands charges
- Medium load e.g. small van, utility, trailer (<250kg)	$66.00	$52.00	$14.00	27%	" "
- Large load e.g. large van, utility, trailer (<400kg)	$106.00	$84.00	$22.00	26%	" "
Per tonne charge	$265.00	$210.00	$55.00	26%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Green waste (minimum charge)					" "
- Small load e.g. car (<100kg)	$7.50	$6.00	$1.50	25%	" "
- Medium load e.g. small van, utility, trailer (<250kg)	$19.00	$15.00	$4.00	27%	" "
- Large load e.g. large van, utility, trailer (<400kg)	$30.00	$24.00	$6.00	25%	" "
Per tonne charge	$75.00	$60.00	$15.00	25%	" "
Car tyre disposal (per tyre, maximum 4 tyres)	$7.00	$3.50	$3.50	100%	" "
~~Concrete disposal (per tonne)~~		~~$21.00~~			Delete – not available at transfer stations
Residential refuse collection (per bag up to 60L)	$2.50	$2.00	$0.50	25%	Match Broadlands charges

Litter Infringement fees

(No GST)

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Infringement Fee - set under sections 13 and 14 of the Litter Act 1979					
Deposited or left used cigarette or chewing gum in a public place	$100.00	$100.00	$0.00	0%	unchanged
Deposited or left litter in a public place	$400.00	$400.00	$0.00	0%	400 is the maximum allowed by legislation.
Deposited or left litter in a private place without consent	$400.00	$400.00	$0.00	0%	" "
Deposited or left dangerous litter in a public place	$400.00	$400.00	$0.00	0%	" "
Deposited or left dangerous litter in a private place without consent	$400.00	$400.00	$0.00	0%	" "

STRATEGIC PROPERTY

Housing for the elderly

Share of funding from fees and charges (from Revenue and Financing Policy 2021)

Activity	General rate	Fees & charges
Housing for the Elderly	40 – 60%	40 – 60%
2024/25 (proposed budget and fees est.)	65%	35%

Expected annual revenue (2024/25)

Activity	2024/25 (proposed fees est.)
Housing for the Elderly	$395,000
Rates equivalent (%)	0.4%

Fees and charges schedule

~~All fees and charges include GST except where noted.~~

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Taupō					
Single Units (per person / per week)	$170.00	$135.00	$35.00	26%	Standard – 25%. Note. Must give tenants 60 days' notice. Increase won't apply to any recent tenancy agreements, until it has been one year.
Double Units (per couple / per week)	$245.00	$195.00	$50.00	26%	" "
Tūrangi					
Single Units (per person / per week)	$170.00	$135.00	$35.00	26%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Double Units (per couple / per week)	$245.00	$195.00	$50.00	26%	" "
Requests for additional tenants (over one for a single unit and over two for a double per unit)	POA	POA			" "
Mangakino					
Single Units (per person / per week)	$130.00	$105.00	$25.00	24%	" "

OTHER AREAS

~~*Turangi Aerodrome*~~

~~**Fees and charges schedule**~~

~~All fees and charges include GST except where noted.~~

~~Fee / charge~~	~~2024/25 (proposed)~~	~~2023/24 (current)~~	~~Difference ($)~~	~~(%)~~	~~Reason for proposed change~~
~~Turangi Aero Club members (per landing)~~		~~Free~~			Deleting because the Tūrangi Aeroclub sets its own fees and publishes them in aviation publications.
~~Private operators (per landing)~~		~~$10.00~~			
~~Commercial operators (per landing)~~		~~$10.00~~			

Taupō CBD rental spaces and airspace lease fees

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Taupo CBD Rental Spaces charges A limited number of spaces adjacent to CBD footpaths have been set aside for retailers' use by Licence to Occupy. A typical use is for café tables and chairs.					
- Per 12m2 site	$785.00	$627.80	$157.20	25%	Standard – 25%.
- Additional square metre	$15.00	$12.08	$2.92	24%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Taupo CBD Airspace Leases CBD (veranda or similar) airspace may be available for lease on individual application at Council's sole discretion. Conditions of lease including rental are on a "commercial fair market value" basis.		POA			

Land information memorandum and corporate services fees

Fees and charges schedule

All fees and charges include GST except where noted.

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Land information memorandum (LIM)					
LIM - Residential/Rural property (10 days)	$265.00	$210.00	$55.00	26%	Standard – 25%.
LIM Residential/Rural Express (Within four hours)	$590.00	$470.00	$120.00	26%	" "
LIM Residential/Rural Urgent (three days)	$450.00	$360.00	$90.00	25%	" "
LIM Commercial/Industrial property (10 days)	$390.00	$310.00	$80.00	26%	" "
LIM Commercial Urgent (five days)	$520.00	$415.00	$105.00	25%	" "
LIM – hourly rate (after three hours)	$85.00	$67.00	$18.00	27%	" "
Corporate services					
Recovery of in-house legal services (per hour)	$240.00	$190.00	$50.00	26%	" "
LGOIMA					
LGOIMA requests for information (minimum half hour charge)	$39.00 per half hour	$39.00 per half hour			Similar to OIA guidelines ($38)
LGOIMA Photocopying in excess of 20 pages	$0.20 per page	$0.20 per page			
LGOIMA – All other charges	At cost	At cost			
Requests for District valuation rating roll information					
Electronic file containing limited District valuation rating roll information for the district (10 fields, not including names & addresses or sales data) updated monthly	$1,325.00	$1,060.00	$265.00	25%	Standard – 25%.
Taupō/Kaingaroa	$650.00	$520.00	$130.00	25%	" "
Taupō	$495.00	$395.00	$100.00	25%	" "
Kaingaroa	$140.00	$110.00	$30.00	27%	" "
Turangi/Tongariro	$400.00	$320.00	$80.00	25%	" "
Turangi	$275.00	$220.00	$55.00	25%	" "

Fee / charge	2024/25 (proposed)	2023/24 (current)	Difference ($)	(%)	Reason for proposed change
Tongariro	$275.00	$220.00	$55.00	25%	" "
Mangakino/Pouakani	$275.00	$220.00	$55.00	25%	" "
Mangakino	$140.00	$110.00	$30.00	27%	" "
Pouakani	$140.00	$110.00	$30.00	27%	" "
Property printout (per copy, first 5 free)	$6.50	$5.00	$1.50	30%	" "
Annual Rates Financial Hardship					
Postponement Fee	$65.00	$50.00	$15.00	30%	" "

4.4 APPROVAL OF THE (DRAFT) DEVELOPMENT CONTRIBUTIONS POLICY

Author: **Philip Caruana, Senior Policy Advisor**

Authorised by: **Nick Carroll, Policy Manager**

TE PŪTAKE | PURPOSE

This paper seeks Council's approval of the draft Development Contributions Policy for consultation alongside the Long-term Plan 2024-34 (LTP). The draft policy document is reproduced in Attachment 1.

This paper sets out:

- the purpose of the Development Contributions Policy and our legal obligations and requirements;
- the draft contents of the Development Contributions Policy 2024;
- the key changes proposed in the Development Contributions Policy 2024;
- options for Council to consider; and

WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

Development contributions are used to recover growth-related costs of new or upgraded infrastructure required to service new developments. The principles, objectives and methodologies about how Council determines and collects development contributions are set out in the Development Contributions Policy.

This policy is reviewed every three years in conjunction with the development of the LTP to take into account the new capital expenditure projects, the timing of the expenditure and updated growth projections and growth component attributed to this expenditure.

Officers are seeking Council's approval to these changes to include the draft Development Contributions Policy for consultation.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That Council approves the draft Development Contributions Policy provided in Attachment 1 for consultation subject to changes required as part of the audit process.

TE WHAKAMAHUKI | BACKGROUND

The proposal has been presented to Council at a workshop on 10 October 2023.

Under the Local Government Act 2002 (LGA), Council is required to review the Development Contributions Policy every three years and to consult on the proposed Policy as part of its LTP consultation package.

NGĀ KŌRERORERO | DISCUSSION

Population and business growth create the need for new subdivisions and developments in our District. This growth places increasing demands on network infrastructure (transport, water supply, wastewater services) and parks and reserves provided by Council. As a result, significant investment in new or upgraded infrastructure is required to meet this demand.

Council intends to pay for new or upgraded infrastructure by levying development contributions as permitted under the LGA 2002. A development contribution is a contribution made by a developer to Taupō District Council according to the methodology set out in the Development Contributions Policy, and can be either: money, land, community facilities; or a combination of them.

Development contributions are charged for each Household Unit Equivalent (HUE). This is a unit of demand that is equivalent to one detached dwelling unit (household unit). Contributions are assessed for each development in each catchment area to pay for new or upgraded infrastructure and are then charged on the number of HUEs.

The purpose of the Development Contributions Policy and its legal requirements

The purpose of the Policy is to ensure that the cost of new or improved infrastructure required to service population and business growth is funded by developers that build residential or commercial units. The overarching guiding principle of the Policy is that ***Growth-Pays-For-Growth***.

This ensures that those who directly benefit from new or improved infrastructure bear the costs associated with it. Hence, developers and property owners within a catchment area benefitting from the infrastructure upgrades and expansions will be required to contribute proportionally to the cost of providing this infrastructure.

Extracts from the LGA 2002 setting out the purpose of the Development Contributions Policy and Council's legal requirements are provided in Attachment 2.

The draft contents of the Development Contributions Policy

The draft Development Contributions Policy sets out the principles, objectives and methodologies by which Council will fund new or upgrades to infrastructure required to meet the demand generated by population and business growth.

A copy of the draft Development Contributions Policy for consultation is provided in Attachment 1.

Proposed changes to the Development Contributions Policy

The draft Development Contributions Policy 2024 is substantively the same as the current 2021 Policy with a few changes made to the Policy itself. These changes are summarised as follows:

- new report layout that uses the template recommended by the Department of Internal Affairs Te Tari Taiwhenua, which better sets out Council's responsibilities and obligations under the LGA 2002.
- revised methodology and approach to collecting development contributions for reserve land, with a focus on improving existing parks and reserves in some areas as opposed to continuing to buy land for reserves purposes.
- agglomerated catchment areas for large projects, to better align the costs associated with these projects with the future communities who will directly benefit from them.
- new clauses to meet the principles set out in the preamble of the Te Ture Whenua Māori Act 1993, by providing more favourable payment conditions on developments, including Kaumātua housing, on Māori land.

Based on this information it is considered that there are 2 options.

NGĀ KŌWHIRINGA | OPTIONS

Analysis of Options

Option 1 – Approve the draft 2024 Development Contributions Policy for consultation (recommended)

Advantages	Disadvantages
• Meets the 'beneficiary-pays-principle' whereby those who directly benefit from new or improved infrastructure bear the costs associated with it. • Reduces the burden on general rates by allocating a share of the cost of new or upgraded infrastructure onto developers (and future communities). • Allows Council to spend funds that have already been collected for the purposes of building new or upgrading existing infrastructure. • Meets the legislative requirements under the LGA 2002.	• Perception that development contributions are an added cost to developers, and which may inhibit growth. • Perception that there is less certainty when funding infrastructure through development contributions compared to rate funding.

Option 2 – Do not approve the draft Development Contributions Policy for consultation.

Advantages	Disadvantages
• Perception that funding new infrastructure from general rates, as opposed to development contributions, will encourage growth.	• Cost of new infrastructure will need to be collected from other sources, most likely through general rates. • Higher borrowing and debt servicing cost that is transferred to the ratepayer. • Creates inequities because current ratepayers will bear the cost of new infrastructure that benefits future communities.

Analysis Conclusion:
Option 1 is the preferred option because it ensures the draft Development Contributions Policy is included with the LTP consultation to be undertaken over the planned period, and is aligned with the LTP project plan, including audit timeframes, and adoption by 30 September 2024.

Option 1 also ensures that a revised Development Contributions Policy is adopted in-time for developers to pay their contributions towards the growth effects of their development, and ensures that the cost of new infrastructure resulting from growth is paid by those that create the need for this infrastructure in a fair and equitable way.

NGĀ HĪRAUNGA | CONSIDERATIONS

Ngā Aronga Pūtea | Financial Considerations

Council recovers growth-related costs of capital expenditure projects through development contributions. This figure is estimated at $208 million over the next 30 years, with the majority earmarked to start in the next decade.

If Council decides not to collect development contributions, these costs will need to be funded from other sources such as general rates. If that were to occur, the increase in rates would be substantially higher than what is being currently proposed. There would also be implications for Council in terms of meeting the agreed debt limits within the draft Financial Strategy. An itemized list of past and future capital projects funded by development contributions is set out in Schedules 1 and 2 in the draft Development Contributions Policy in Attachment 1.

Long-term Plan/Annual Plan
The draft information for the LTP has been prepared on the basis that development contributions will be collected.

Ngā Aronga Ture | Legal Considerations

Local Government Act 2002
The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of Section 10 of the Local Government Act 2002. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that the economic wellbeing is of relevance to this particular matter.

The proposal has been evaluated with regards to a range of legislation. The key legislation applicable to the proposal is the LGA, which provides the framework for how development contributions are established and charged to developers.

Ngā Hīraunga Kaupapa Here | Policy Implications

The draft Development Contributions Policy has been prepared in conjunction with the LTP decision-making process. The considerations set out in s101 of the LGA have also been evaluated as part of the LTP.

Te Kōrero tahi ki te Māori | Māori Engagement

Taupō District Council is committed to meeting its statutory Tiriti O Waitangi obligations and acknowledges partnership as the basis of Te Tiriti. Council has a responsibility to act reasonably and in good faith to reflect the partnership relationship, and to give effect to the principles of Te Tiriti. These principles include, but are not limited to the protection of Māori rights, enabling Māori participation in Council processes and having rangatiratanga over tāonga.

Our statutory obligations outline our duties to engage with Māori, and enable participation in Council processes. Alongside this, we recognise the need to work side by side with the ahi kaa / resident iwi of our district. Engagement may not always be required by law, however meaningful engagement with Māori allows Council to demonstrate good faith and our commitment to working together as partners across our district.

Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report.

The draft Development Contributions Policy includes provisions that meet the requirements set out in the preamble of the Te Ture Whenua Māori Act 1993. The draft Policy will be consulted on as part of the wider package of Long-term Plan supporting information.

Ngā Tūraru | Risks

Development contributions, and respective per HUE charges, need to reflect the costs associated with new or improved infrastructure to service future growth. There is an element of uncertainty in both the accuracy of projected growth and in the future cost of this infrastructure. There is a risk that Council sets the development contributions either too high or too low.

If development contributions are set too low, then Council will not recover all the costs associated with the new infrastructure, resulting in a shortfall that will need to be funded from other sources, such as rates. If development contributions are set too high, they will impose a higher cost on developers, which may inhibit growth. There are also equity implications if development contributions are set too high because it means that earlier developments will be subsidizing developments occurring at a later date.

TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions.

Officers have undertaken an assessment of the matters in the Significance and Engagement Policy (2022), and are of the opinion that the proposal under consideration is significant.

TE KŌRERO TAHI | ENGAGEMENT

The draft Policy will be included in the wider package of supporting information related to the Long-term Plan that will be consulted on in conjunction with the Long-term Plan 2024-34.

TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

Communication will be carried out as part of wider consultation with the community on the LTP.

WHAKAKAPINGA | CONCLUSION

Funding tools are essential in meeting the infrastructure needs of growing communities. Council recovers the growth-related costs of new capital expenditure projects through development contributions. Collecting development contributions is preferred, as the cost implications of development are paid for by those creating it rather than transferring it to the ratepayer. This option also allows Council to use any reserve funds already collected. It is recommended that Council approves the draft Development Contributions Policy for consultation with the LTP consultation package.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. (draft) Development contributions policy
2. Extracts of legal requirements and obligations in the LGA

GREAT LAKE TAUPŌ
Taupō District Council

TAUPŌ DISTRICT

DEVELOPMENT CONTRIBUTIONS POLICY 2024

TABLE OF CONTENTS

ADOPTION, APPLICATION AND REVIEW OF THE POLICY

This Development Contributions Policy (the Policy) was adopted by Taupō District Council (Council) on [insert date] with effect from [insert date]. The Policy will be reviewed on a three-yearly basis but may be updated at shorter intervals if Council considers it necessary. See the Council website: www.taupodc.govt.nz for further information.

REVOCATIONS

The Taupō District Council Development Contributions Policy 2021 is revoked when the Development Contributions Policy 2024 comes into force.

INTRODUCTION

PURPOSE OF THE POLICY

1. Population and business growth create the need for new subdivisions and developments in our District, and this growth places increasing demands on the assets and services provided by Taupō District Council (Council). As a result, significant investment in new or upgraded assets and services is required to meet the demands of growth.

2. The purpose of the Policy is to ensure that the cost of that infrastructure is funded by development with the overarching guiding principle that **"Growth-Pays-For-Growth".** The objective is to:

    - enable Council to provide the additional infrastructure capacity required to service growth.
    - provide an integrated approach to network management when designing and delivering growth-related infrastructure activities.
    - provide a transparent method for calculating development contributions provide a consistent application of development contribution charges.
    - support the principles set out in the preamble to Te Ture Whenua Māori Act 1993.

3. Council intends to achieve these objectives by levying development contributions under the Local Government Act 2002 (LGA) for extending existing services or supplying new services in relation to transportation, water, wastewater, and reserves in the catchment areas set out in Part 3.

NAVIGATING THIS DOCUMENT

4. This Policy outlines Council's approach to funding development infrastructure via development contributions under the LGA.

5. This Policy has three main parts:

    - Part 1: Policy operation
    - Part 2: Policy background and supporting information
    - Part 3: Catchment maps for the development contributions

PART 1: POLICY OPERATION

6. Part 1 provides information needed to understand if, when, and how development contributions will apply to developments. It also explains peoples' rights and the steps required to properly operate the Policy.

7. The key sections of Part 1 are:

    - Definitions
    - The charges

- Liability for development contributions
- When development contributions are levied
- Determining infrastructure impact
- Review rights
- Other operational matters

PART 2: BACKGROUND AND SUPPORTING INFORMATION

8. Part 2 provides the information needed to meet the accountability and transparency requirements of the LGA for the Policy, including explaining Council's policy decisions, how the development contributions were calculated, and what assets the development contributions are intended to be used towards.

9. The key sections of Part 2 are:
   - Requirement to have the Policy
   - Funding summary
   - Funding policy summary
   - Catchment determination
   - Significant assumptions of the Policy
   - Cost allocation
   - Calculating the development contributions
   - Schedule 1 Future assets and programmes funded by development contributions
   - Schedule 2 Past assets and programmes funded by development contributions

PART 3: CATCHMENT MAPS

10. Part 3 provides the catchment maps that show where the development contributions in the Policy apply.

Part 1: Policy Operation

DEFINITIONS

11. In this Policy, unless the context otherwise requires, the following applies:

24-hour aged care facilities means rest homes providing full 24-hour care with residents requiring high levels of help and high staff ratios due to the level of care provided.

Accommodation unit means units, apartments, rooms in one or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation. These are distinct from commercial accommodation units or retirement units as separately defined below.

Activity means the provision of facilities and amenities within the meaning of s8 of the Infrastructure Funding and Financing Act 2020, namely water services infrastructure, transport infrastructure, community infrastructure, and environmental resilience infrastructure, and reserves.

Allotment (or lot) has the meaning given to allotment in s218(2) of the RMA.

Asset Management Plan means a Council plan for the management of assets within an activity that applies engineering and financial management techniques to ensure that specified levels of service are provided in the most cost-effective manner over the full life-cycle of each asset.

Backlog means the portion of an activity's cost or capacity required to rectify an existing service level shortfall without growth.

Capacity life means the number of years that an infrastructure activity will have spare capacity to accommodate growth in demand, including additional demand arising from developments.

Catchment Area means the areas in our District where development contributions charges are set and charged.

CBD means the Taupō Town Centre Pedestrian Precinct as per the Taupō District Plan.

Commercial Accommodation - temporarily occupied means a unit in a commercial accommodation establishment or facility that offer lodging or temporary accommodation services to paying guests or customers. Such establishments typically include hotels, motels, serviced apartments, lodges, hostels, bed and breakfasts, resorts, and other similar establishments.

Commercial Accommodation – permanently occupied means a unit in a commercial accommodation establishment or facility that is used as a permanent accommodation by paying customers or employees of that same establishment.

Commercial activity means any activity associated with (but not limited to): communication services, financial services, insurance, services to finance and investment, real estate, business services, central government administration, public order and safety services, tertiary education provision, local government administration services and civil defence, and commercial offices.

Community facilities means reserves, network infrastructure, or community infrastructure and buildings as defined in the LGA.

Cost Allocation means the allocation of the capital costs of an activity to its different drivers, including renewal, backlog, and providing additional capacity for growth.

Council means Taupō District Council.

Destination Parks means the premier parks such as Owen Delany Park, Tongariro Domain, Tūrangitukua and lakefront reserves, which are focal points for the whole district and visitors.

Development means any subdivision, building, land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure (but does not include the pipes or lines of a network utility operator).

District means the Taupō District.

Gross floor area (GFA) means the sum of the total area of all floors of a building or buildings (including any void area in each of those floors, such as service shafts, liftwells or stairwells) measured:

- where there are exterior walls, from the exterior faces of those exterior walls;
- where there are walls separating two buildings, from the centre lines of the walls separating the two buildings;
- where a wall or walls are lacking (for example, a mezzanine floor) and the edge of the floor is discernible, from the edge of the floor.

See the National Planning Standards 2019.

High users of water / high discharge of wastewater means non-residential developments likely to use more than 5m^3 of water or likely to discharge more than 2m^3 of wastewater per day.

Household unit equivalent (HUE) means demand for Council services equivalent to that produced by a nominal household in a standard residential unit.

Industrial activity means an activity that manufactures, fabricates, processes, packages, distributes, repairs, stores, or disposes of materials (including raw, processed, or partly processed materials) or goods. It includes any ancillary activity to the industrial activity and associated land.

Industrial environment means those areas zoned as Industrial Environment in the Taupō District Plan.

Kaumātua Housing means housing for Māori over the age of 65 years situated on Māori land administered under the Te Ture Whenua Māori Act 1993 and on the same site as Marae or Papakāinga.

LGA means the Local Government Act 2002.

Local Parks means neighbourhood or community parks in the vicinity of the development being charged defined as:

- **Neighbourhood Parks** means small recreation spaces with a basic playground that is within walking distance of most urban residential properties.
- **Community Parks** means large recreation spaces with more facilities that is a short drive or cycle from most urban residential properties and that services a large community catchment such as Te Kaupua Park, Beasley Park, Pihanga Reserve, Wharewaka Point Reserve, Secombe reserve, Mangakino Lakefront Reserve, Kinloch Lakefront Reserve.

LTP means the Long-term Plan 2024-34.

Māori land means as being either:

- Māori customary land (Te Ture Whenua Māori Act 1993);
- Māori freehold land (Te Ture Whenua Māori Act 1993);
- Crown land reserved for Māori (Te Ture Whenua Māori Act 1993);
- General land owned by Māori that is beneficially owned by more than ten Māori either individually or through a Māori incorporation, Māori Trust Board, Settlement Trust, subsidiary or other similar legally incorporated Māori entity;
- General land that ceased to be Māori land under Part 1 of the Māori Affairs Amendment Act 1967; where the land is beneficially owned by the persons, or by the descendants of the persons, who beneficially owned the land immediately before the land ceased to be Māori land.

Minor residential unit means a second residential unit of less than $60m^2$ of gross floor area on an allotment.

Network infrastructure means the provision of transportation (roading, public transport, and active modes such as walking and cycling), water and wastewater infrastructure.

Papakāinga means:

- Any residential unit erected to exclusively house members of the same whanau, hapū or iwi on land which is owned by the whanau, hapū, or iwi, and;

- Is located on Māori land within the meaning of S129 (1) (a, b or c) of Te Ture Whenua Māori Land Act 1993, and
- Is consistent with any licence to occupy Māori land that has been issued by the Māori Land Court.

Policy means this Development Contributions Policy.

Renewal means the portion of activity expenditure already funded via depreciation of the existing asset.

Reserves has the meaning given to reserve or public reserve in the Reserves Act 1977.

Residential unit means building(s) or part of a building that is used for a residential activity exclusively by one household, and must include sleeping, cooking, bathing and toilet facilities. See the National Planning Standards 2019.

Retail activity means any activity trading in goods, equipment or services that is not an industrial activity or commercial activity. It includes land associated with these retail activities.

Retirement village means the same as in s6 of the Retirement Villages Act 2003.

Retirement unit means any residential unit in a retirement village excluding units requiring full 24-hour care.

RMA means the Resource Management Act 1991.

Service connection means a physical connection to an activity provided by, or on behalf of, Council.

Subdivision means the same as s218(1) of the RMA.

WHAT IS A DEVELOPMENT CONTRIBUTION?

12. A development contribution is a contribution made by a developer to Taupō District Council, according to the methodology set out in this policy, and can be either: money, land, community facilities or a combination of them. Council has sole discretion to collect development contributions in ways other than money on a case-by-case basis.

13. Council may, under s198 of the LGA, require development contributions to be made. When officers are determining whether a specific development is liable for paying development contribution under this Policy, they will consider the following:

    - Is the development in accordance with s197 the LGA?
    - Does it, either alone or in combination with another development, have the effect of requiring expenditure to provide new or additional infrastructure, s199 the LGA?
    - Is the development provided for in s198(2) the LGA?

- Are there any third funding sources that need to be taken into account?

14. The period over which the growth component of each activity will be recovered from development contributions is the lesser of:

    a. The asset's capacity life, or

    b. The asset's useful life, or

    c. 30 years

RATIONALE FOR FUNDING GROWTH THROUGH DEVELOPMENT CONTRIBUTIONS

15. Council considers that funding growth through development contributions strikes the right balance between practical and administrative efficiency, and considerations of fairness and equity for the following reasons:

    - **Fairness and Equity:** development contributions aim to ensure that the costs of providing infrastructure and services necessary for new developments are borne by the developers and future property owners who directly benefit from them. This approach is considered fairer than placing the burden solely on existing ratepayers.

    - **Infrastructure Provision:** as new developments are created, there is often a need for additional infrastructure such as roads, water supply systems, wastewater treatment facilities, parks, and community facilities. Development contributions help fund the construction and expansion of these essential services to accommodate the increased demand resulting from population growth.

    - **Sustainable Growth:** by requiring developers to contribute to the cost of infrastructure and services, development contributions encourage more sustainable patterns of growth. Developers are incentivized to consider the long-term impacts of their projects and to incorporate infrastructure planning into their development proposals.

    - **District Council Funding:** development contributions provide an important revenue stream for our Council, enabling us to fund capital projects and infrastructure upgrades without relying solely on rates or central government funding. This diversification of funding sources can help alleviate financial pressures on our Council.

    - **Cost Recovery Principle:** development contributions are based on the principle of cost recovery, whereby developers pay a proportionate share of the costs incurred by Council to provide community infrastructure to accommodate growth. This helps ensure that the costs are allocated fairly and transparently.

RATIONALE FOR ESTABLISHING CATCHMENT AREAS

16. When setting development contributions, Council delineates catchments to set variable charges by geographic area and activity. The designated catchment areas (see Part 3) reflect practical and administrative efficiencies and wherever practical, avoid grouping across the entire district for the following reasons:

    - **Economic Efficiency**: by linking development contributions to the catchment areas where infrastructure is required, the Council aims to ensure that infrastructure investments are made in an economically efficient manner. This reduces the risk of over-investment in certain areas and under-investment in others;

- **Beneficiary Pays Principle**: those who directly benefit from new or improved infrastructure bear the costs associated with it. Hence, developers and property owners within a catchment area benefit from the infrastructure upgrades and expansions, and as a result, they are required to contribute proportionally;

- **Equitable funding**: development contributions aim to distribute the costs of infrastructure upgrades and expansion fairly among developers and new residents. The catchment area is used to determine which developments will benefit from specific infrastructure projects and should therefore contribute to their costs;

- **Avoiding Cross-Subsidization**: Catchment-based development contributions help prevent situations where residents or developers in one area are unfairly subsidizing the infrastructure costs of another area. By tying contributions to specific catchment areas, the policy seeks to maintain a more transparent and accountable system;

- **Spatial Planning and Growth Management**: catchment areas help us plan and manage growth by strategically allocating development contributions to fund necessary infrastructure improvements in specific areas where growth is occurring or expected to occur. This helps prevent haphazard development and promote efficient land use.

THE CHARGES

17. There are 11 area catchments within the Taupō's district (the District) where development contributions apply. These area catchments are Taupō Town, Taupō South, Taupō North, Acacia Bay, Kinloch, Mapara, Tūrangi, Mangakino, Pukawa/Omori/Kuratau, Whareroa and Motuoapa.

18. Council has also delineated 5 wider catchments that agglomerate smaller catchment areas for some large projects that serve multiple areas of the district or whole district. These wider catchment areas are:

    - Taupō - Kinloch Transport Corridor
    - Taupō North and Acacia Bay Wastewater
    - Wider Taupō Urban Area Wastewater
    - Wider Taupō Urban Area Water Supply
    - District-Wide

    These catchments are mapped in Part 3 of the Policy.

19. The development contribution charges set per Household Unit Equivalent (HUE) for each activity are listed in Table 1. See the *Determining infrastructure impact* section below for an explanation of a HUE. These charges are published on Council's website: www.taupodc.govt.nz.

20. For each infrastructure activity for which development contributions are required, the development contribution payable is calculated by multiplying the number of additional HUEs generated through the development by the charge for that activity. This is then aggregated for all activities to give the total charge.

Table 1: Development Contributions charges 2024 (GST exclusive)

All Figures are Per Household Unit Equivalent (HUE)							
Catchment Area	Water Infrastructure	Wastewater Infrastructure	Transport Network	Improvements to Destination Parks	Improvements to Local Parks[1]	Reserve land for new Local Parks[2]	Total Charge (exclusive of Reserve land for new local parks)
Taupō Town	$1,100	$2,100	$12,100	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Nil	Greenfield areas – Residential: $20,025 Greenfield areas – Low-density residential: $18,565 – Residential Infill areas: $19,295
Taupō South	$4,400	$7,200	$12,100	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Greenfield areas – Residential: 2.5% of land value[3] Greenfield areas – Low-density residential: Nil – Infill areas: Nil	Greenfield areas – Residential: $28,425 Greenfield areas – Low-density residential: $26,965 – Residential Infill areas: $27,695
Taupō North	$5,500	$5,900	$12,100	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Greenfield areas – Residential: 2.5% of land value[3] Greenfield areas – Low-density: Nil – Infill areas: Nil	Greenfield areas – Residential: $28,225 Greenfield areas – Low-density residential: $26,765 – Residential Infill areas: $27,495

All Figures are Per Household Unit Equivalent (HUE)							
Catchment Area	Water Infrastructure	Wastewater Infrastructure	Transport Network	Improvements to Destination Parks	Improvements to Local Parks[1]	Reserve land for new Local Parks[2]	Total Charge (exclusive of Reserve land for new local parks)
Acacia Bay	$1,900	$9,100	$12,100	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Nil	Greenfield areas – Residential: $27,825 Greenfield areas – Low-density residential: $26,365 – Residential Infill areas: $27,095
Kinloch	$14,000	$15,900	$12,100	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Nil	Greenfield areas – Residential: $46,725 Greenfield areas – Low-density residential: $45,265 – Residential Infill areas: $45,995
Mapara	$4,700	Nil	$12,100	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Nil	Greenfield areas – Residential: $21,525 Greenfield areas – Low-density residential: $20,065 – Residential Infill areas: $20,795

All Figures are Per Household Unit Equivalent (HUE)							
Catchment Area	Water Infrastructure	Wastewater Infrastructure	Transport Network	Improvements to Destination Parks	Improvements to Local Parks[1]	Reserve land for new Local Parks[2]	Total Charge (exclusive of Reserve land for new local parks)
Mangakino	Nil	$8,800	$2,600	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Nil	Greenfield areas – Residential: $16,125 Greenfield areas – Low-density residential: $14,665 – Residential Infill areas: $15,395
Tūrangi	Nil	$3,000	$2,600	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Nil	Greenfield areas – Residential: $10,325 Greenfield areas – Low-density residential: $8,865 – Residential Infill areas: $9,595
Pukawa/Omori/Kuratau	$12,000	Nil	$2,600	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Nil	Greenfield areas – Residential: $19,325 Greenfield areas – Low-density residential: $17,865 – Residential Infill areas: $18,595

All Figures are Per Household Unit Equivalent (HUE)							
Catchment Area	Water Infrastructure	Wastewater Infrastructure	Transport Network	Improvements to Destination Parks	Improvements to Local Parks[1]	Reserve land for new Local Parks[2]	Total Charge (exclusive of Reserve land for new local parks)
Whareroa	Nil	Nil	$2,600	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Nil	Greenfield areas – Residential: $7,325 Greenfield areas – Low-density residential: $5,865 – Residential Infill areas: $6,595
Motuoapa	Nil	Nil	$2,600	$1,805	Greenfield areas – Residential: $2,920 Greenfield areas – Low-density residential: $1,460 Residential Infill areas: $2,190	Nil	Greenfield areas – Residential: $7,325 Greenfield areas – Low-density residential: $5,865 – Residential Infill areas: $6,595

Notes:

[1] The charge for local parks and reserves applies in-full to new residential areas to pay for new parks as set out in the catchment area maps in Part 3. Low-density developments pay 50% of this charge because they are not expected to require a neighbourhood reserve. Infills are expected to pay 75% of the charge because they will contribute towards improvements in both their neighbourhood and community parks. Developments are classified as residential, low-density residential or infill areas based on the size of the land area, as follows:

- Residential developments are lots smaller than 2,500m² per HUE in a residential urban area. This is based on the proposed development not the underlying District Plan environment.
- Low-density developments are lots that are 2,500m² or larger per HUE in a low-density residential urban or rural-residential area. This is based on the proposed development not the underlying District Plan environment.
- Infill areas are existing established residential areas that already have a community or neighbourhood park as set out in the catchment area maps in Part 3.

[2] The charge applicable to **reserve land for new local parks** is used to purchase land or to develop reserves for neighbourhood or community parks, including community or recreational facilities associated with the use of a reserve, as per s205 and s206 of the LGA. It does not include land that forms, or is to form, part of any road, access way, esplanade strip, gully, local purpose reserve, or is used, or is to be used, for stormwater management purposes – unless council, at its sole discretion, determines that this land is suitable for the intended neighbourhood or community Park.

[3] A land valuation shall be provided at time of 224(c) or CCC (or no more than 3 months from the date of application) for an assessment of reserve land charges. The valuation shall be provided by an independent registered valuer with the 2.5% based on the value excluding GST. Council reserves the right to seek an independent review of a valuation.

LIABILITY FOR DEVELOPMENT CONTRIBUTIONS

21. If subdividing, building, connecting to Council's services, or otherwise undertaking development in the District, development contributions may need to be paid. Development contributions apply to developments within the areas shown in the Development Contribution Catchment Maps in Part 3.

22. In some circumstances, development contributions may not apply or may be reduced. Further information on these circumstances can be found in the sections *When development contributions are levied*, *Credits*, and *Limitations on imposing development contributions*.

23. Development of new infrastructure sometimes means that areas not previously subject to the development contributions policy now are. For example, a bare section in a subdivision may be liable for development contributions whereas previously constructed houses on the same subdivision were not.

24. Council officers are available to help resolve any uncertainty about development contribution liabilities.

WHEN DEVELOPMENT CONTRIBUTIONS ARE LEVIED

25. Once an application for a resource consent, building consent, certificate of acceptance, or service connection has been made with all the required information, the normal steps for assessing and requiring payment of development contributions are:

TRIGGER	NOTICE	INVOICE	PAYMENT
We assess the development for development contributions	We issue an assessment of development contribution fees	We issue an invoice requiring payment	Development contributions are paid

26. These steps are explained in more detail below.

TRIGGER FOR REQUIRING DEVELOPMENT CONTRIBUTIONS

27. Subject to the 3-step initial assessment outlined in paragraph 30 below, Council can require development contributions for a development upon the granting of:

- A resource consent.
- A building consent or certificate of acceptance.
- An authorisation for a service connection.

28. Council will generally require development contributions at the earliest possible point (i.e. whichever consent, certificate, or authorisation listed above is granted first). For new developments, the resource consent is often the first step in the process and therefore the first opportunity to levy development contributions. Where development contributions were not assessed (or only part assessed) on the first consent, certificate or authorisation for a development, this does not prevent the Council assessing contributions on a subsequent consent,

certificate or authorisation for the same development (for the reasons set out in the following paragraphs).

29. Development contributions will be assessed under the Policy in force at the time the application for resource consent, building consent, certificate of acceptance, or service connection was submitted with all required information.

INITIAL ASSESSMENT

30. On receiving an application for resource consent, building consent, certificate of acceptance, or service connection, Council will check that:

    (A) the development (subdivision, building, land use, or work) generates a demand for reserves, community infrastructure or network infrastructure; and

    (B) the effect of that development (together with other developments) is to require new or additional assets or assets of increased capacity in terms of reserves, community infrastructure or network infrastructure; and

    (C) Council has incurred or will incur capital expenditure to provide appropriately for those assets. This includes capital expenditure already incurred by Council in anticipation of development.

31. Council has identified the assets and areas that are likely to meet the requirements of 30(B) and 30(C), and these are outlined in Schedules 1 and 2 (Past and future assets funded by development contributions) and Part 3 (Development contribution catchment maps). In general, if a development is within one of the areas covered by the catchment maps it is likely that development contributions will be required.

    Development contributions may be waived or reduced if:

    - a resource consent or building consent does not generate additional demand for reserves, community infrastructure or network infrastructure (such as a minor boundary adjustment); or
    - one of the circumstances outlined in the section *Limitations on imposing development contributions* apply; or
    - credits apply as outlined in the *Credits* section; or
    - offsets apply as outlined in the *Offsets* section.

32. If a subsequent resource consent (including a change to a condition of a resource consent), building consent, certificate of acceptance, or service connection is sought, a new assessment may be undertaken using the Policy in force at that time. Any increase or decrease in the number of HUEs, relative to the original assessment, will be calculated and the contributions adjusted to reflect this.

33. This means Council will require additional development contributions where additional units of demand are created, and development contributions for those additional units of demand have not already been required.

34. Examples of where additional development contributions may apply after a subsequent trigger event include:

- Minimal development contributions have been levied on a commercial development at subdivision or land use consent stage as the type of development that will happen will only be known at building consent stage.
- The nature of use has changed, for example from a low infrastructure demand commercial use to a high infrastructure demand commercial use.

DEVELOPMENT CONTRIBUTION ASSESSMENT

35. A draft development contribution assessment will normally be issued when a resource consent, building consent, certificate of acceptance, or service connection authorisation is granted. In some cases, the assessment may be issued or re-issued later. The assessment is an important step in the process as it outlines the activities and the number of HUEs assessed for development contributions, as well as the charges that will apply to the development. It also triggers rights to request a development contributions reconsideration or to lodge an objection (see the section on *Review rights* below).

36. If multiple consents or authorisations are being issued for a development, a development contribution assessment may be issued for each.

37. Development contribution assessments do not constitute an invoice or an obligation to pay for the purposes of the Goods and Services Tax Act 1985.

INVOICE

38. An invoice for development contributions will be issued to provide an accounting record and to initiate the payment process. This invoice will be issued prior to granting Code of Compliance Certificate or Certificate of Acceptance or before subdivision completion (s224c approval is issued), or upon approval of a service connection.

39. Despite the provisions set out above, if a development contribution required by Council is not invoiced at the specified time as a result of an error or omission on the part of Council, the invoice will be issued when the error or omission is identified. The development contributions remain payable.

PAYMENT

40. Development contributions must be paid by the 20th of the month following the issue of the invoice, unless otherwise determined by Council for developments on Māori land and Papakāinga (see below).

41. On time payment is important because, until the development contributions have been paid in full, Council may use powers under s208 of the LGA to:

(a) in the case of a development contribution required under s198(1)(a), -

(i) withhold a certificate under s224(c) of the Resource Management Act 1991

(ii) prevent the commencement of a resource consent under the Resource Management Act 1991

(b) in the case of a development contribution required under s198(1)(b), withhold a code of compliance certificate under s95 of the Building Act 2004.

(c) in the case of development contribution required under s198(1)(c), withhold a service connection to the development.

(d) in each case, register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge.

42. Where invoices remain unpaid beyond the payment terms set out in the Policy, Council will start debt collection proceedings, which may involve the use of a credit recovery agent. Council may also register the development contribution under the Land Transfer Act 2017, as a charge on the title of the land in respect of which the development contribution was required.

DETERMINING INFRASTRUCTURE IMPACT

43. To ensure a consistent method of charging for development contributions, the Policy is centred around the concept of a household unit equivalent or "HUE" for infrastructure. In other words, an average household in a standard residential unit and the demands they typically place on reserves, community infrastructure or network infrastructure. Table 2 summarises the demand characteristics of each HUE.

Table 2: HUE demand measures

ACTIVITY	UNIT OF MEASUREMENT	DEMAND PER HUE
Water	Litres per day	1728 litres per day
Wastewater	Litres per day	675 litres per day
Transport	Trips per day	8 trips per day
Reserves	Allotment or residential unit	1
Community infrastructure	Allotment or residential unit	1

RESIDENTIAL DEVELOPMENT

44. In general, the number of HUEs charged is one per new allotment or residential unit created.

45. When calculating the number of HUEs for a residential subdivision, Council will adjust the assessment to account for any:

- Credits relating to the site (refer to the *Credits* section below).
- Allotment which, by agreement, is to be vested in Council for a public purpose.
- Allotment required as a condition of consent to be amalgamated with another allotment.

46. A minor residential unit, a unit in a retirement village, and temporary commercial accommodation units (see Definitions) will be assessed as generating 0.5 HUEs for each activity. A unit in a retirement facility or rest home providing 24-hour care to its resident will be assessed as generating 0.33 HUE.

MĀORI LAND AND PAPAKĀINGA

47. Taupō District Council recognises that land is a taonga tuku iho of special significance to Māori people. Council is committed to actively promoting the retention of that land in the hands of its owners, their whānau, and their hapū, and to protect wāhi tapu.

48. The Council supports the facilitation of the occupation, development, and utilisation of that land for the benefit of the owners, their whānau, and their hapū through several means including by remitting rates on Māori vacant land, through the Taupō District housing strategy and the proposed new objectives and policies in the District Plan that support papakāinga in the residential environment.

49. In recognition of the principles of the Te Ture Whenua Māori Act and to support development and occupation of Māori land (see definition) and to prevent the payment of development contributions from inhibiting the development of Māori land, this policy provides the ability for developments on Māori land to request favourable payment conditions than those specified in the 'Payment' section if the developer can demonstrate the development contributions payable to Council are not facilitating the development.

50. The developer of the land with the consent and on behalf of the owners of the land or the owners of the land with the consent of the developer may apply to Council to pay by instalments or pay over a longer period. In both cases, Council will only issue the Code of Compliance certificate once full payment of the development contributions is received.

51. Council will consider providing different payment conditions only to developments of residential or Kaumātua housing on Māori land.

52. Once Council has received all required information, the request will be considered by a panel of a minimum of two, and a maximum of three, Council staff. The panel will comprise staff that were not involved in the original assessment.

53. Notice of Council's decision will be given to the applicant within 15 working days from the date on which Council receives all required relevant information relating to the request.

NON-RESIDENTIAL DEVELOPMENT

54. Non-residential subdivisions, land uses, or building developments are more complicated as they do not usually conform with typical household demands for each service.

55. In these cases, Council will assess demand as being equivalent to one HUE excluding reserves and community infrastructure.

56. In cases where the non-residential development meets the definition of high user of water or high discharge of wastewater (see Definitions), Council will carry out a special assessment.

SPECIAL ASSESSMENTS

57. Developments sometimes require a special level of service or are of a type or scale which is not readily assessed in terms of HUEs – such as large-scale primary sector processors or commercial car washing stations. In these cases, Council may decide to make a special assessment of the HUEs applicable to the development. In general, Council will evaluate the need for a special assessment for one or more activities where it considers that:

- The development is of relatively large scale or uses; or
- The development is likely to use more than 5m^3 of water or discharge more than 5m^3 of wastewater per day and therefore meets the definition of a high user of water/ discharge of wastewater (see Definitions); or
- A non-residential development does not fit into an industrial, retail or commercial land use.

58. If a special assessment is sought, Council may require the developer to provide information on the demand for community facilities generated by the development. Council may also carry out its own assessment for any development and may determine the applicable development contributions based on its estimates.

CREDITS

59. Credits are a way of acknowledging that the lot, home or business may already be connected to, or lawfully entitled to use, one or more Council services, or a development contribution has been paid previously. Credits can reduce or even eliminate the need for a development contribution. Credits cannot be refunded and can only be used for development on the same site and for the same service for which they were created.

60. Credits will be given for properties when:

    - a development contribution for a lot has already been paid (at least in part). For example, most new subdivision lots will already have had development contributions levied and paid for at least one HUE; or
    - the lot existed before 01 July 2021 and was within an urban zoning at that time under the District Plan (i.e. urban residential or urban industrial, commercial, or retail zoning). This excludes rural or rural residential properties; or
    - the property was otherwise lawfully connected to a service as at 01 July 2021.
    - Is a vacant site created after 01 July 2004 and development contributions have previously been assessed and paid.

OFFSETS

61. Offsets are a way of acknowledging that the developer may prefer to provide infrastructure on the development or to vest land for recreation purposes in lieu of cash payment. Council has sole discretion on any offsets provided to developers on a case-by-case basis.

62. Where a developer is providing infrastructure including on reserve land that would otherwise be provided by Council (such as water or wastewater infrastructure, playgrounds, toilets, furniture etc), an offset may be applied against the development contributions normally collected for this infrastructure. Should the developer provide infrastructure for more than the value of the equivalent development contributions, Council will not fund this additional cost.

63. Where a developer vests reserve land to Council, this land shall be considered in lieu of cash payment subject to an independent valuation and agreement by Council. Subject to this agreement, if the reserve land value exceeds the development contributions for this land and the

reserve is sufficient to serve more than just the proposed development, Council may provide a payment or credit, and recover the cost of this payment or credit from future developments.

64. If the reserve land value exceeds the development contributions for this land and the reserve is insufficient to serve more than just the proposed development, Council will not offset this additional cost.

POSTPONEMENT AND REMISSIONS

65. There are no postponements on payment of development contributions.

66. There are no remissions on development contributions.

REVIEW RIGHTS

67. Developers are entitled under the LGA to request a reconsideration or lodge a formal objection if they believe Council has made a mistake in assessing the level of development contributions for their development.

RECONSIDERATION

68. Reconsideration requests are a process that formally requires Council to reconsider its assessment of development contributions for a development as provided under s199A of the LGA. Reconsideration requests can be made where the developer has grounds to believe that:

    - the development contribution levied was incorrectly calculated or assessed under the Policy; or
    - Council has incorrectly applied the Policy; or
    - the information Council used to assess the development against the Policy, or the way that Council has recorded or used that information when requiring a development contribution, was incomplete or contained errors.
    - developers can show that the demand per HUE of their development is lower than one HUE.

69. To seek a reconsideration, the developer must lodge the reconsideration request, which shall include any information that the Council considers necessary to reconsider its decision, within 10 working days of receiving the development contribution notice.

70. A developer may not apply for a reconsideration if the developer has already lodged an objection under s199C and Schedule 13A of the LGA.

71. Once Council has received all required information, the request will be considered by a panel of a minimum of two, and a maximum of three, Council staff. The panel will comprise staff that were not involved in the original assessment.

72. Notice of Council's decision will be given to the applicant within 15 working days from the date on which Council receives all required relevant information relating to the request.

73. A developer who requested a reconsideration may object to the outcome of the reconsideration in accordance with s199C of the LGA.

OBJECTIONS

74. Objections are a more formal process that allow developers to seek a review of Council's decision on the assessed amount of the development contribution required from the developer. Developers have the right to pursue an objection as provided for under s199C of the LGA regardless of if a reconsideration request has been made.

75. A panel of up to three development contributions commissioners appointed and selected in accordance with the processes in the LGA will consider the objection. The decision of the commissioners is binding on the developer and Council, although either party may seek a judicial review of the decision.

76. Objections may only be made on the grounds that Council has:

    - failed to properly take into account features of the objector's development that, on their own or cumulatively with those of other developments, would substantially reduce the impact of the development on requirements for community facilities in the District or parts of the District; or
    - required a development contribution for community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or
    - required a development contribution in breach of s200 of the LGA; or
    - incorrectly applied the Policy to the objector's development.

77. Schedule 13A of the LGA sets out the procedure relating to development contribution objections. To pursue an objection, the developer must lodge the request for an objection within 15 working days of receiving notice to pay a development contribution, or within 15 working days of receiving the outcome of any request for a reconsideration.

78. Objectors are liable for Council's actual and reasonable costs incurred in the objection process including staff:

    (a) the selection, engagement, and employment of the development contributions commissioners; and

    (b) the secretarial and administrative support of the objection process; and

    (c) preparing for, organising, and holding the hearing.

79. However, objectors are not liable for the fees and allowances associated with any Council witnesses.

OTHER OPERATIONAL MATTERS

REFUNDS

80. S209 and s210 of the LGA state the circumstances where development contributions must be refunded, or land returned. In summary, Council will refund development contributions paid if:

    - the resource consent:
        - lapses under s125 of the RMA; or
        - is surrendered under s138 of the RMA; or
    - the building consent lapses under s52 of the Building Act 2004; or
    - the development or building in respect of which the resource consent or building consent was granted does not proceed and the resource consent is surrendered and building consent is cancelled; or
    - Council does not provide the reserve or network infrastructure for which the development contributions were required.

81. Council may retain any portion of a development contribution referred to above of a value equivalent to the costs incurred by Council in relation to the development or building and its discontinuance.

82. Council may retain a portion of a development contribution (or land) refunded of a value equivalent to:

    - Any administrative and legal costs it has incurred in assessing, imposing, and refunding a development contribution or returning land for network infrastructure or community infrastructure development contributions.
    - Any administrative and legal costs it has incurred in refunding a development contribution or returning land for reserve development contributions.

83. Development contributions for reserves may be retained for up to a 20-year period as applicable under s210(1)(a) of the LGA.

LIMITATIONS ON IMPOSING DEVELOPMENT CONTRIBUTIONS

84. Council is unable to require a development contribution in certain circumstances, as outlined in s200 of the LGA, if, and to the extent that:

    - it has, under s108(2)(a) of the RMA, imposed a condition on a resource consent in relation to the same development for the same purpose; or
    - the developer will fund or otherwise provide for the same reserve, network infrastructure or community infrastructure; or
    - a third party has funded or provided, or undertaken to fund or provide, the same reserve, network infrastructure or community infrastructure; or

- Council has already required a development contribution for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance.

85. In addition, Council will not require a development contribution in any of the following cases:

- Where a building consent is for a bridge, dam (confined to the dam structure and any tail race) or other public utility.
- The application for a resource or building consent, authorisation, or certificate of acceptance is made by the Crown.

MAXIMUM DEVELOPMENT CONTRIBUTIONS FOR RESERVES

86. S203 of the LGA prohibits Council from charging development contributions for reserves that exceed the greater of:

- 7.5% of the value of the additional lots created by a subdivision; and
- the value equivalent of $20m^2$ of land for each additional household unit or accommodation unit created by the development.

87. If the reserves development contribution would be more than 7.5% of the market value of a lot, as evidenced by a valuation supplied by a registered valuer, the reserves development contributions are capped at 7.5% of the valuation.

88. Council reserves the right to seek a second valuation from another registered valuer. If there is a material difference between valuations, Council and the developer can agree to either:

- use the average of the two valuations; or
- refer the matter to a third registered valuer to arbitrate an agreement between valuers.

DEVELOPMENT AGREEMENTS

89. Council may enter into specific arrangements with a developer for the provision and funding of particular infrastructure under a development agreement, including the development contributions payable, as provided for under s207A-s207F of the LGA. For activities covered by a development agreement, the agreement overrides the development contributions normally assessed as payable under the Policy.

PUBLIC INSPECTION

This policy, and any supporting information, is available for public inspections.

Part 2: Policy Details

REQUIREMENT TO HAVE A POLICY

90. Council is required to have a policy on development contributions as a component of its funding and financial policies in its Long-term Plan (LTP) under s102(2)(d) of the LGA. The Policy meets this requirement.

FUNDING SUMMARY

91. Council plans to incur $502 million (after interest costs) on infrastructure partially or wholly needed to meet the increased demand for reserves, community infrastructure and network infrastructure. This includes works undertaken in anticipation of growth, and future planned works. Of this cost, 41% percent will be funded from development contributions. Including interest costs.

92. Table 3 provides a summary of the total capital expenditure and the funding sought by development contributions for all activities.

Table 3. Total cost of capital expenditure for growth

Activity	Total CAPEX	Development contribution funded CAPEX	Total CAPEX Proportion funded by development contributions	CAPEX Proportion funded from other sources
Water infrastructure	$95,619,520	$27,220,943	28%	72%
Wastewater infrastructure	$72,120,756	$31,741,094	44%	56%
Transportation infrastructure	$204,022,679	$76,711,284	38%	62%
Improvements to Destination Parks	$45,198,196	$14,786,445	33%	67%
Improvements to Local Parks	$34,391,798	$6,625,927	19%	81%
Improvements to Community Parks	$6,692,692	$6,692,692	100%	0%
Reserve land for new Local Parks	$44,282,316	$44,282,316	100%	0%
Total	**$502,327,957**	**$208,060,701**	**41%**	**59%**

FUNDING POLICY SUMMARY

FUNDING GROWTH EXPENDITURE

93. Population and business growth create the need for new subdivisions and development, and these place increasing demands on the assets and services provided by Council. Accordingly, significant investment in new or upgraded assets and services may be required to meet the demands of growth.

94. S106(2)(c) of the LGA requires Council to justify charging developers for the cost of development-driven increases in infrastructure capacity for reserves, community infrastructure or network infrastructure. In forming this justification, Council has considered the matters set out in s101(3) of the LGA within its Revenue and Financing Policy, and within the Policy.

95. The Revenue and Financing Policy is Council's primary and over-arching statement on its approach to funding its activities. It outlines how all activities will be funded, and the rationale for Council's preferred funding approach.

96. In addition, Council is required under s106(2)(c) of the LGA to explain within the Policy why it has decided to use development contributions to fund capital expenditure relating to the cost of growth. This assessment is below.

97. This policy identifies the projects/activities to be funded (fully or partly) by development contributions then allocates costs between the existing and future communities based on the:

    a. relative benefits the existing and future communities receive, including the period over which benefits accrue, and

    b. the degree to which each caused the need for the project.

98. This approach recognises that the existing community has already made a considerable investment in existing infrastructure networks and rightly benefits from them.

99. The effects of growth, particularly the cumulative effects of development, may require Council to incur capital expenditure to increase the capacity of existing networks and/or sometimes build new ones. Funding tools like development contributions, and others, are essential to meeting the cost of these long-term obligations.

100. Development contributions also promote intergenerational equity (i.e. fairness between generations) by aligning the each activity's funding horizon with the period over which it provides capacity to accommodate growth (i.e. the capacity period)

101. Ratepayers have historically borne a disproportionate burden of the cost of new reserves, community infrastructure and network infrastructure required for growth. Development contributions address this by recovering a more equitable share of costs from growth in future.

102. Council has identified several growth-related projects that require development contributions funding to help fund them. For greenfield residential subdivisions, the acquisition of local reserve land and improvements are required to provide amenities and sustain council's levels of service.

103. Council has decided to fund these costs from:

    - Development contributions under the LGA for:
        - Water infrastructure
        - Wastewater infrastructure
        - Transport Network infrastructure
        - Parks and Reserves

104. Council has determined that, within these activities, it is appropriate to use development contributions as a funding source for capital expenditure related to activities listed Table 3.

105. However, development contributions will not be used to fund:

(a) Network renewal, operating and maintenance costs;

(b) Any capital expenditure already paid via a third-party funding; or

(c) Costs incurred by Council for backlog works to meet existing service level shortfalls.

COMMUNITY OUTCOMES (SECTION 101(3)(A)(I))

106. Council has considered whether development contributions are an appropriate source of funding considering each activity, the outcomes sought, and their links to growth infrastructure. Council has developed five outcomes to help achieve our vision to be "a district of connected communities who thrive and embrace opportunities":

- Tangata whenua are acknowledged and respected;
- Vibrant places and connected communities;
- Resilient communities working in partnership;
- Innovative, Thriving economy;
- Flourishing Environment.

107. These outcomes seek to establish vibrant, connected and resilient communities in a thriving economy and a flourishing environment. Development contributions provide a mechanism for funding of water, wastewater and roading infrastructure and reserves needed to achieve these community, environmental and economic outcomes. As a dedicated growth funding source, they also promote long term financial sustainability to help deliver on our vision and outcomes for new communities.

OTHER FUNDING DECISION FACTORS (SECTIONS 101(3)(A)(II) – (V))

108. Council has considered the funding of growth-related reserves, community infrastructure and network infrastructure against the following matters:

- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals, and the extent to which the actions or inaction of particular groups or individuals contribute to the need to undertake the activity.
- The period in or over which those benefits are expected to occur.
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

109. A summary of this assessment is below.

Table 4: Other funding decision factors

WHO BENEFITS / WHOSE ACT CREATES THE NEED	A significant portion of Council's work programme over the next 10 years is driven by development or has been scoped to ensure it provides for new developments. Each asset or programme is assessed for to determine the extent to which it services and benefits (i) growth or (ii) the existing community. Council believes that the growth costs identified for each asset or programme should be recovered from growth through development contributions, with the non-growth portion recovered from the existing community through rates or other Council funding mechanisms. The *Catchment determination* section below explains how Council delineated the catchments used in this Policy.
PERIOD OF BENEFIT	Most infrastructure works, including those for growth, typically have very long lives, often spanning decades. In many cases, the "capacity life" of such assets– over which there is spare capacity to accommodate growth – also spans decades. Development contributions align the recovery of growth-related project costs with its capacity life. Developments that benefit from the growth-related works will contribute to their cost, even if they occur before or after them.
FUNDING SOURCES & RATIONALE INCLUDING RATIONALE FOR SEPARATE FUNDING	The cost of supporting development in the Taupō District is significant. Development contributions send clear signals to the development community about capital costs of providing infrastructure to support them. The benefits to the community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development contributions.

OVERALL IMPACT OF LIABILITY ON THE COMMUNITY (SECTION 101(3)(B))

110. S101(3)(b) of the LGA require local authorities to manage their revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, including following consideration of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.

111. Council has considered the impact of the overall allocation of liability on the community and concluded that the liability for revenue falls directly with the development community. Council endorses the principle that growth-pays-for-growth and does not consider it likely that there will be an undue or unreasonable social, economic, environmental, or cultural impacts as a result.

112. Conversely putting the burden on existing ratepayers to fund growth would likely be perceived as unfair and significantly increase their annual rates bill despite not causing the need for, nor benefitting from, the growth infrastructure needed for new developments.

113. Overall, Council considers it fair and reasonable, and that the social, economic, environmental and cultural interests of the District's communities are best advanced through using development contributions to fund the costs of growth-related capital expenditure for reserves, community infrastructure and network infrastructure.

CATCHMENT DETERMINATION

114. When setting development contributions, Council delineates catchments to set variable charges by geographic area and activity. The catchment areas (see Part 3) reflect practical and administrative efficiencies and wherever practical, avoiding grouping across the entire district.

115. Council has determined that there are 11 area-specific catchments within the Taupō's district, namely: Taupō Town, Taupō South, Taupō North, Acacia Bay, Kinloch, Mapara, Tūrangi, Mangakino, Pukawa/Omori/Kuratau, Whareroa and Motuoapa.

116. Council has also delineated 5 wider catchments that agglomerate smaller catchment areas for some large projects that benefit multiple areas of the district or the whole district. These wider catchment areas are:

- Taupō - Kinloch Transport Corridor
- Taupō North and Acacia Bay Wastewater
- Wider Taupō Urban Area Wastewater
- Wider Taupō Urban Area Water Supply
- District-Wide

117. These catchment areas are delineated based on the location of existing water and wastewater infrastructure, which will also service growth via investments to increase capacity e.g. larger pipelines or expanded treatment facilities.

118. Any developments outside these catchment areas are managed through Development Agreements (see *Development Agreements*) on a case-by-case basis.

SIGNIFICANT ASSUMPTIONS OF THE POLICY

PLANNING HORIZONS

119. A 30-year timeframe has been used as a basis for forecasting growth and growth-related assets and programmes.

PROJECTING GROWTH

120. The District has experienced steady population growth, with this growth accelerating from 2015 to 2021 compared to the previous two decades. Population growth for the Taupō District averaged 2.1% per annum since 2015, equivalent to 800 persons moving into the District per year.

121. Taupō District Council produces population and household projections using an in-house model that covers a period from 2024 to 2063. The model uses the cohort component method to produce projections by subjecting all cohorts to fertility, mortality, migration and other assumptions related to gender and birth ratios and reproductive age of women. Population projections are produced for each age and gender, and for each statistical area unit within the District.

122. Using the medium growth scenario and figures obtained from a separate report1 on commercial growth as a starting point, the key assumptions about future growth are:

- Years 2021-2031:
  - District population growth of around 1.3% (or around 540 persons) per annum.
  - District residential unit growth of around 1.1% (or around 240 units) per annum.
  - Development of around 1850m2 GFA annually for commercial space.
- Years 2031-2051:
  - District population growth of around 1.5% (or around 780 persons) per annum.
  - District residential unit growth of around 1.4% (or around 360 units) per annum.
  - Development of around 1750m2 GFA annually for commercial space.

123. A five-yearly breakdown of population and residential unit projections are in Table 5.

Table 5: Five-yearly breakdown of population and residential unit projections

	2018 Census	2023 (est)	2025	2030	2035	2040	2045	2050	2055	2060
Taupō Township										
Population	25,300	27,100	27,700	29,900	32,400	35,000	38,000	41,200	44,400	47,700
Residential Units	11,900	12,700	12,900	13,900	15,000	16,200	17,500	19,000	20,400	21,900
Tūrangi										
Population	3,600	3,900	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700
Residential Units	1,800	2,000	2,000	2,100	2,100	2,200	2,300	2,400	2,400	2,500
Marotiri										
Population	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300	3,300
Residential Units	1,300	1,300	1,400	1,400	1,500	1,500	1,600	1,600	1,600	1,700
Mapara										
Population	2,000	2,300	2,400	2,800	3,200	3,700	4,200	4,700	5,300	5,900
Residential Units	800	1,000	1,000	1,200	1,300	1,500	1,800	2,000	2,200	2,500
Lake Taupō Bays										
Population	1,600	1,800	1,800	2,000	2,200	2,400	2,600	2,900	3,200	3,600
Residential Units	1,700	1,800	1,800	1,900	2,000	2,100	2,300	2,500	2,600	2,800

[1] "Taupō proposed district plan review - economic assessment", Property Economics, September 2021

	2018 Census	2023 (est)	2025	2030	2035	2040	2045	2050	2055	2060
Northern rural										
Population	3,200	3,400	3,500	3,800	4,000	4,200	4,300	4,400	4,500	4,600
Residential Units	1,300	1,400	1,400	1,500	1,600	1,700	1,700	1,800	1,800	1,800
Eastern Rural										
Population	400	400	400	400	400	400	500	500	500	500
Residential Units	100	100	100	100	100	100	100	100	100	100
Total										
Population	38,600	41,500	42,500	45,800	49,300	53,000	57,100	61,400	65,800	70,300
Residential Units	18,900	20,300	20,600	22,100	23,600	25,300	27,300	29,400	31,100	33,300

124. These projections were subsequently adjusted to estimate the projected HUE for each catchment area. The resulting projected HUEs differ from the projected households due to several factors, including differences in base years and financial/calendar year and infrastructure capacity constraints in certain areas.

125. Using adjusted HUE figures, Council projects approximately 270 HUEs of demand for business development over the next 30 years to accommodate expected growth in the industrial, commercial (including accommodation) and retail sectors and the related business land requirement.

126. These projections translate to a combined growth of approximately 9,670 HUEs over 30 years as follows:

a. 9,400 HUEs for residential units and

b. 270 HUEs for business development.

127. Further information about these forecasts can be found in Council's 2024-2034 Long-term Plan and on Council's website: www.taupodc.govt.nz.

BEST AVAILABLE KNOWLEDGE

128. Development contributions are based on capital expenditure budgets included in Council's asset management plans using the best available knowledge at the time of preparation. As better information becomes available, the Policy will be updated, generally through the Annual Plan process.

KEY RISKS/EFFECTS

129. There are two key risks and resulting effects associated with administering development contributions. These are:

- That the growth predictions do not eventuate, which affects the recovery of growth-related capital costs. Council will regularly monitor the rate, nature, and location of growth and update assumptions used to set development contributions accordingly, as required from time-to-time.

- The time offset between expenditure incurred by Council to service growth, and the receipt of development contributions to help fund them differs from the assumptions used in the funding model, causing and under- or over-recovery of growth-related project costs. This will be addressed by, and reinforces the need for, regularly monitor the rate, nature, and location of growth and updating the funding model's assumptions as required from time-to-time.

SERVICE ASSUMPTIONS

130. It is assumed that methods of service delivery and levels of service will remain substantially unchanged and in accordance with Council's Long-term Plan, asset management plans and relevant Technical Specifications or Engineering Standards.

FUNDING MODEL

131. A funding model is used to calculate development contributions under the Policy. It accounts for the activities for which contributions are sought, the assets and programmes related to growth, forecast growth and associated revenue.

132. The funding model uses several key inputs including interest rates, growth projections in each catchment area and projected capital expenditure associated with those areas, and applies a cost allocation methodology (see *Cost Allocation* below), to estimate the share of the costs attributable to new developments in those catchment areas. An illustrative example of the funding model used to calculate development contributions under the Policy is provided in Schedule 3.

133. The funding model embodies several important assumptions, including that:

- All capital expenditure estimates are inflation adjusted and GST exclusive.
- The levels of service (LOS)/backlog, renewal and maintenance portions of each asset or programme will not be funded by development contributions. See the *Cost allocation* section below.
- The growth costs associated with an asset are spread over the capacity life of the asset and any debt incurred in relation to that asset will be fully repaid by the end of that capacity life.
- Interest expenses incurred on debt accrued will be recovered via development contributions and shared equally over all forecast HUEs over a 30-year period for each activity/catchment.

COST ALLOCATION

134. Cost allocation is a process which maps the drivers and purposes of a project to available funding sources. Common sources of project funding include depreciation reserves for renewal, development contributions for growth, and loan funding for backlog to maintain levels of service for the existing community. Rates and user charges are typically used to fund operation and maintenance activities and to help service debt on capital loans. Council's Finance Policy provides more details about these funding tools.

135. To ensure that project expenditure is correctly matched to each source of funds it is necessary to consider a cost allocation process for each project.

136. Council must consider how to allocate the cost of each asset or programme between three principal drivers – growth, LOS/backlog, and renewal:

- Cost allocated to Growth – the portion of a planned (or completed) capital project providing capacity / quality surplus to the existing community's requirement at the current agreed levels of service.
- Cost allocated to Backlog – the portion of a planned (or completed) capital project that is required to rectify a shortfall in service (capacity / quality) to meet existing community demand at the current agreed levels of service.
- Cost allocated to Renewal – a portion of the gross cost of replacing an existing asset (with a modern equivalent asset to the same function and capacity at the end of its life) determined by the ratio of asset age over expected life. (Note renewal funding is about the "money put aside" in anticipation of the cost of replacing the asset at some future time).

137. Council's general approach to cost allocation is summarised as:

- Where a project provides for and benefits only growth, 100% of a project's cost is attributed to growth. To qualify for this, there would have to be no renewal element (see below) or material level of service benefit or capacity provided for existing residents and businesses.
- Where a project involves renewal of existing capacity, this portion is estimated by the subject matter expert within the relevant business unit on a case-by-case basis.
- If a project provides for growth and LOS, after deducting any share of costs attributable to renewal, Council will split the cost between growth and LOS based on the cost allocation described above.

138. For particularly large and expensive projects, Council may undertake a bespoke cost apportionment assessment to ensure that it is funded according to the principles and objectives of this policy.

CALCULATING THE DEVELOPMENT CONTRIBUTIONS

139. This section outlines how the development contributions were calculated in accordance with s203 and Schedule 13 of the LGA.

PROCESS

140. The steps needed to determine growth, growth projects, cost allocations, and to calculate the development contributions charges are summarised in Table 6.

Table 6: Summary of development contribution calculation methodology

STEP	DESCRIPTION / COMMENT
1. Forecast growth	Council estimates potential land supply and likely take up of that land. The estimates help provide household and business growth forecasts for up to 30 years. See the *Projecting growth* section above for further information.
2. Identify projects required to facilitate growth	Council develops the works programme needed to facilitate growth. In some cases, Council may have already undertaken the work. The programme in the Policy is for 10 years.
3. Determine the cost allocation for projects	The cost of each asset or programme is apportioned between renewal, growth, and LOS/backlog in accordance with the approach outline in the *Cost allocation* section of the Policy. Schedules 1 and 2 of the Policy outline the amount required to fund growth from development contributions for each of these assets or programmes.
4. Determine growth costs to be funded by development contributions	Council determines whether to recover all of the growth costs identified in step 3 from development contributions, or whether some of the growth costs will be funded from other sources.
5. Divide development contribution funded growth costs by capacity lives	The growth costs from step 4 are divided by the estimated capacity life (defined in HUEs) to provide a charge per HUE for each future and past asset and programme.
6. Sum all per asset charges	For each catchment and activity, add up the per HUE asset or programme charges to provide a "raw" total development contribution before interest costs are added. For each activity and catchment, development contributions fund the programme on an aggregated basis.
7. Adjust for interest costs and charge inflation adjustments	The raw cost requires adjustments in the funding model to ensure total revenue received over 20 years equals total costs after accounting for interest costs. These costs are shared equally among all HUEs in the relevant catchment over 20 years. These adjustments impact the final charges.

SCHEDULE 1 – FORECASTED FUTURE ASSETS

Schedule 1 provides the forecast future capital expenditure on assets or programmes attributable to new growth in accordance with s201A of the LGA. All figures exclude GST.

WATER SUPPLY

Catchment Area	Project Description	Total cost ($)	% Funded by DCs	% Funded from other sources	DC funded Cost ($)	Year1 2024/ 2025 $	Year2 2025/ 2026 $	Year3 2026/ 2027 $	Year4 2027/ 2028 $	Year5 2028/ 2029 $	Year6 2029/ 2030 $	Year7 2030/ 2031 $	Year8 2031/ 2032 $	Year9 2032/ 2033 $	Year10 2033/ 2034 $	Years 11-30 2034/2035- 2053/2054 $
Wider Taupō Urban Area Water Supply Catchment																
Wider Taupō Urban Area Water supply	Taupō WTP Capacity Upgrade to 35 MLD 2041-2042	400,000	100%	0%	400,000	-	400,000	-	-	-	-	-	-	-	-	-
	Total	400,000			400,000											
Taupō North Catchment																
Taupō North	Poihipi Reservoir 2031-2034	8,750,000	39%	61%	3,437,388	-	-	392,844	1,767,800	1,276,744	-	-	-	-	-	-
Taupō North	Brentwood Reservoir Construction 2033-2035	2,000,000	41%	59%	813,064	-	-	-	-	-	-	-	-	60,980	752,084	-
Taupō North	Wairakei Reservoir Upgrade and Renewal 2031-2033	1,500,000	40%	60%	599,928	-	-	-	-	-	-	599,928	-	-	-	-
Taupō North	Taupō - Wairakei Pipeline Capacity Upgrade	1,050,000	60%	40%	633,136	-	-	-	-	-	-	60,299	572,837	-	-	-
	Total	13,300,000			5,483,516											
Taupō South Catchment																
Taupō South	Napier Road Reservoir 2032-2034	5,500,000	73%	27%	4,041,747	-	220,459	3,159,911	661,377	-	-	-	-	-	-	-
Taupō South	Tauhara Ridge Reservoir 2022-2024	2,000,000	62%	38%	1,238,620	928,965	309,655	-	-	-	-	-	-	-	-	-
	Total	7,500,000			5,280,367											
Pukawa, Omori, Kuratau Catchment																
Pukawa/Omori/Kuratau	Omori Reservoir Upgrade	2,200,000	8%	92%	184,656	-	-	-	-	92,328	92,328	-	-	-	-	-
Pukawa/Omori/Kuratau	Omori water DWSNZ upgrade 2021-2023	1,600,000	7%	93%	111,656	111,656	-	-	-	-	-	-	-	-	-	-
	Total	3,800,000			296,312											
Mapara Catchment																
Mapara	Mapara Scheme Capacity Increase 2032-2034	3,650,000	23%	77%	838,882	229,831	321,763	287,288	-	-	-	-	-	-	-	-
	Total	3,650,000			838,882											
Kinloch Catchment																

Kinloch	Kinloch Water Treatment Plant 2024-2034	4,900,000	22%	78%	1,059,606	1,059,606	-	-	-	-	-	-	-	-	-	-
Kinloch	Kinloch Low Zone Reservoir & Construction 2022-2024	4,150,000	44%	56%	1,810,291	-	1,090,536	719,754	-	-	-	-	-	-	-	-
Kinloch	Kinloch Fire Flow Improvements	500,000	66%	34%	331,816	66,363	265,453	-	-	-	-	-	-	-	-	-
	Total	9,550,000			3,201,713											

WASTEWATER INFRASTRUCTURE

Catchment Area	Project Description	Total cost $	% Funded by DCs	% Funded from other sources	DC funded Cost $	Year1 2024/ 2025 $	Year2 2025/ 2026 $	Year3 2026/ 2027 $	Year4 2027/ 2028 $	Year5 2028/ 2029 $	Year6 2029/ 2030 $	Year7 2030/ 2031 $	Year8 2031/ 2032 $	Year9 2032/ 2033 $	Year10 2033/ 2034 $	Years 11-30 2034/2035- 2053/2054 $
Acacia Bay Catchment																
Acacia Bay	Acacia Bay WW Connection to Taupō	2,500,000	17%	83%	429,760	-	-	85,952	343,808	-	-	-	-	-	-	-
Acacia Bay	Acacia Bay Tank 2	350,000	39%	61%	135,062	-	135,062	-	-	-	-	-	-	-	-	-
	Total	2,850,000			564,822											
Kinloch Catchment																
Kinloch	Kinloch Wastewater MBR Upgrade Second Reactor	1,600,000	100%	0%	1,600,000	-	100,000	1,500,000	-	-	-	-	-	-	-	-
	Total	1,600,000			1,600,000											
Mangakino Catchment																
Mangakino	Mangakino Wastewater Treatment Plant Upgrade	7,000,000	13%	87%	925,409	-	-	66,101	859,308	-	-	-	-	-	-	-
	Total	7,000,000			925,409											
Taupō North Catchment																
Taupō North	Control Gates Bridge Siphon 2024/34	2,700,000	59%	41%	1,605,298	118,911	1,486,387	-	-	-	-	-	-	-	-	-
	Total	2,700,000			1,605,298											
Taupō North & Acacia Bay Wastewater Catchment																
Taupō North and Acacia Bay Wastewater	Northern Wastewater Solution	6,300,000	73%	27%	4,613,247	-	-	-	-	109,839	109,839	4,393,569	-	-	-	-
	Total	6,300,000			4,613,247											
Taupō South Catchment																
Taupō South	Southern trunk main upgrade (stage 1)	3,911,000	69%	31%	2,710,633	2,710,633	-	-	-	-	-	-	-	-	-	-
	Total	3,911,000			2,710,633											
Taupō Town Catchment																

Taupō Town	Eastern trunk main capacity upgrade	2,200,000	7%	93%	153,435	-	-	-	13,949	139,486	-	-	-	-	-	-
	Total	2,200,000			153,435											
Tūrangi Catchment																
Tūrangi	Turangi WW - Alternative Disposal Site	6,000,000	15%	85%	888,566	-	-	52,269	418,149	418,149	-	-	-	-	-	-
	Total	6,000,000			888,566											
Wider Taupō Urban Area Wastewater Catchment																
Wider Taupō Urban Area Wastewater	Taupō WWTP Side Stream - Solids Filtrate Treatment	4,600,000	100%	0%	4,600,000	100,000	1,500,000	3,000,000	-	-	-	-	-	-	-	-
Wider Taupō Urban Area Wastewater	Wastewater Treatment Plant Primary Clarifier 3	2,500,000	86%	14%	2,155,122	1,077,561	1,077,561	-	-	-	-	-	-	-	-	-
Wider Taupō Urban Area Wastewater	Taupō WWTP Pump Station Upgrade	900,000	100%	0%	896,299	-	896,299	-	-	-	-	-	-	-	-	-
	Total	8,000,000			7,651,421											

TRANSPORT NETWORK

Catchment Area	Project Description	Total cost ($)	% Funded by DCs	% Funded from other sources	DC funded Cost ($)	Year1 2024/ 2025 $	Year2 2025/ 2026 $	Year3 2026/ 2027 $	Year4 2027/ 2028 $	Year5 2028/ 2029 $	Year6 2029/ 2030 $	Year7 2030/ 2031 $	Year8 2031/ 2032 $	Year9 2032/ 2033 $	Year10 2033/ 2034 $	Years 11-30 2034/2035- 2053/2054 $
Taupō-Kinloch Transport Corridor																
Taupō-KinlochTransport Corridor	Second Bridge Crossing	65,000,000	85%	15%	55,249,301	-	-	-	339,996	339,996	27,284,655	27,284,655	-	-	-	-
	Total	65,000,000			55,249,301											
District-Wide Catchment																
District Wide	Poihipi Seal widening 2025-2027	1,690,000	14%	86%	241,273	98,508	71,383	71,383	-	-	-	-	-	-	-	-
District Wide	Whangamata Road Improvements 2024/34	2,700,000	10%	90%	264,023	9,779	63,561	63,561	63,561	63,561	-	-	-	-	-	-
District Wide	Napier Road to Crown Road Footpath	600,000	12%	88%	74,000	-	37,000	37,000	-	-	-	-	-	-	-	-
District Wide	Roundabout Crown on Napier Road	2,800,000	60%	40%	1,680,000	-	-	-	-	60,000	720,000	900,000	-	-	-	-
District Wide	Nga Roto Estate Footpath Link	75,000	25%	76%	18,375	18,375	-	-	-	-	-	-	-	-	-	-
District Wide	Wairakei Drive Shared Path	1,300,000	40%	60%	520,000	-	-	-	20,000	200,000	300,000	-	-	-	-	-
District Wide	Lake Terrace Street Lighting	300,000	10%	90%	29,400	29,400	-	-	-	-	-	-	-	-	-	-
District Wide	Poihipi and Huka Falls Road Intersection Improvements	3,200,000	60%	40%	1,920,000	-	-	-	-	-	-	-	-	-	-	1,920,000
District Wide	Napier Road and Lake Terrace Intersection Improvements	2,080,000	25%	75%	520,040	-	-	-	-	-	-	20,002	250,019	250,019	-	-
District Wide	Footpath connection Airport to Waitahanui	3,000,000	12%	88%	367,500	-	-	-	-	91,875	91,875	91,875	91,875	-	-	-
District Wide	Lake Terrace and Ruapehu Street platform	300,000	31%	69%	94,498	-	-	47,249	47,249	-	-	-	-	-	-	-

District Wide	Norman Smith cycle lane enhancements	2,000,000	15%	85%	303,979	75,995	75,995	75,995	75,995	-	-	-	-	-	-	-
District Wide	Ped/cycle bridge Riverside Park to Countdown	600,000	31%	69%	188,997	-	-	-	-	-	-	-	-	31,500	157,498	-
District Wide	Rifle Range and Mere Street intersection	2,700,000	31%	69%	850,486	-	-	62,999	472,492	314,995	-	-	-	-	-	-
District Wide	Taharepa Road and Crown Road intersection	1,600,000	31%	69%	499,068	31,192	155,959	311,918	-	-	-	-	-	-	-	-
District Wide	Tauhara Road and AC Baths intersection	1,480,000	15%	85%	228,229	12,337	61,684	154,209	-	-	-	-	-	-	-	-
District Wide	Tauhara Road and Spa Road intersection	1,050,000	31%	69%	330,448	-	-	-	-	-	-	-	-	15,736	314,712	-
	Total	27,475,000			8,130,316											

DESTINATION PARKS

Catchment Area	Project Description	Total cost ($)	% Funded by DCs	% Funded from other sources	DC funded Cost ($)	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	Years 11-30
						2024/	2025/	2026/	2027/	2028/	2029/	2030/	2031/	2032/	2033/	2034/2035-
						2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2053/2054
						$	$	$	$	$	$	$	$	$	$	$
District Catchment																
District Wide	Owen Delany Park Upgrade Project	9,200,000	32%	68%	2,898,630	-	1,575,342	1,323,288	-	-	-	-	-	-	-	-
District Wide	Taupō Events Centre 4th Court	11,400,000	32%	68%	3,591,781	-	-	-	-	-	3,591,781	-	-	-	-	-
District Wide	Tūrangi Recreation & Events Centre	16,267,650	32%	68%	5,125,424	-	-	-	2,245,972	2,879,452	-	-	-	-	-	-
District Wide	Two Mile Bay parking improvements	1,000,000	32%	68%	315,068	31,507	283,561	-	-	-	-	-	-	-	-	-
District Wide	Hickling Park project	2,472,500	32%	68%	779,007	-	-	-	-	-	-	90,582	688,425	-	-	-
	Total	40,340,150			12,709,910											

LOCAL PARKS & RESERVES

Catchment Area	Project Description	Total cost ($)	% Funded by DCs	% Funded from other sources	DC funded Cost ($)	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	Years 11-30
						2024/	2025/	2026/	2027/	2028/	2029/	2030/	2031/	2032/	2033/	2034/2035-
						2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2053/2054
						$	$	$	$	$	$	$	$	$	$	$
Taupō North Catchment																
Taupō North	Reserve land purchases for new local parks	4,862,880	100%	0%	4,862,880	-	-	-	-	-	1,204,269	1,227,171	-	-	-	2,431,440
Taupō North	Playground improvements on Reserves land	1,926,486	100%	0%	1,926,486	-	-	-	-	-	477,085	486,158	-	-	-	963,243
	Total	6,789,366			6,789,366											
Taupō South Catchment																
Taupō South	Reserve land purchases for new local parks	39,419,436	100%	0%	39,419,436	1,630,688	-	4,249,573	-	4,434,248	-	4,609,140	-	4,786,069	-	19,709,718
Taupō South	Playground improvements on Reserves land	4,766,206	100%	0%	4,766,206	-	438,600	-	458,122	-	477,085	-	495,403	-	513,893	2,383,103
Taupō South	Secombe Park Development Plan	2,078,304	20%	80%	415,661	40,000	489,600	83,392	426,160	-	-	-	-	-	-	1,039,152

Taupō South	Wharewaka Point Reserve Development Plan	7,494,448	20%	80%	1,498,890	40,000	40,800	500,352	2,556,960	609,112	-	-	-	-	-	3,747,224
	Total	53,758,394			46,100,192											
Kinloch Catchment																
Kinloch	Kinloch Lakefront Development Plan	11,819,968	12%	88%	1,418,396	-	-	-	-	-	-	90,448	184,336	5,635,200	-	5,909,984
	Total	12,729,968			2,328,396											
All Catchment Areas																
All Catchment Areas	Youth Play Spaces	11,418,938	15%	85%	1,712,841	-	-	-	85,232	870,160	887,600	144,717	1,843,360	1,878,400	-	5,709,469
All Catchment Areas	Local and/or community reserve improvement	1,693,740	100%	0%	1,693,740	-	-	-	319,620	217,540	166,425	339,180	-	352,200	298,775	-
	Total	13,112,678			3,406,581											

SCHEDULE 2 – ASSET CONSTRUCTED IN ANTICIPATION OF GROWTH

Schedule 2 provides the capital expenditure incurred on assets and programmes attributable to new growth constructed in anticipation of growth, in accordance with s201A of the LGA. All figures exclude GST.

WATER SUPPLY

Catchment Area	Project Description	Total cost ($)	% Funded by DCs	% Funded from other sources	DC funded cost ($)	Years
Acacia Bay Catchment						
Acacia Bay	Acacia Bay Cherry Lane Reservoir	1,400,287	14%	86%	190,439	2004_05; 2005_06
	Total	1,400,287			190,439	
Kinloch Catchment						
Kinloch	Kinloch Water Treatment Plant 2024-2034	14,072,558	22%	78%	3,043,137	2018_19; 2019_20; 2020_21; 2021_22; 2022_23; 2023_24
Kinloch	Kinloch Low Zone Reservoir & Construction 2022-2024	1,412,400	44%	56%	616,109	2022_23; 2023_24
Taupō South	Kinloch Reservoir	2,213,050	24%	76%	529,247	2015_16; 2016_17; 2017_18; 2018_19
Kinloch	Kinloch Water Reticulation upgrade	648,547	11%	89%	70,014	2004_05; 2005_06; 2006_07; 2007_08
Kinloch	Kinloch Water Treatment & Storage 2010-2012	87,352	12%	88%	10,867	2010_11; 2011_12
Kinloch	Kinloch Water Treatment & Storage 2013-2015	38,776	12%	88%	4,830	2012_13; 2013_14
	Total	18,472,683			4,274,204	
Mapara Catchment						
Mapara	Marpara New Pump Station and Rising Main	1,094,648	38%	62%	414,968	2015_16; 2016_17; 2017_18; 2018_19; 2019_20; 2020_21
	Total	1,094,648			414,968	
Pukawa, Omori, Kuratau Catchment						
Pukawa/Omori/Kuratau	Omori water DWSNZ upgrade 2021-2023	6,019,711	7%	93%	420,087	2021_22; 2022_23; 2023_24
Pukawa/Omori/Kuratau	Omori water pre-treatment 2018-2020	172,669	5%	95%	9,047	2019_20; 2020_21; 2021_22
	Total	6,192,380			429,134	
Taupō North Catchment						
Taupō North	Brentwood Reservoir Land	605,208	11%	89%	64,844	2020_21
Taupō North	Poihipi Reservoir Land 2021-2022	50,000	27%	73%	13,626	2023_24
	Total	655,208			78,470	
Taupō South Catchment						
Taupō South	Tauhara Ridge Reservoir 2022-2024	2,023,900	62%	38%	1,253,422	2022_23; 2023_24
Taupō South	Tauhara Ridge Reservoir Land 2021-2022	350,000	53%	47%	185,150	2021_22

Taupō South	Napier Road Reservoir Land 2021-2022	50,000	30%	70%	14,818	2023_24
	Total	2,423,900			1,453,390	

Wider Taupō Urban Area Water Supply Catchment						
Wider Taupō Urban Area Water supply	Taupō WTP Reticulation	17,750,990	8%	92%	1,345,574	2014_15
Wider Taupō Urban Area Water supply	Taupō WTP Building	7,730,900	33%	67%	2,515,140	2014_15
Wider Taupō Urban Area Water supply	Taupō WTP Capacity Upgrade	1,698,524	60%	40%	1,018,834	2018_19; 2019_20; 2020_21
	Total	27,180,414			4,879,548	

WASTEWATER INFRASTRUCTURE

Catchment Area	Project Description	Total cost ($)	% Funded by DCs	% Funded from other sources	DC funded cost ($)	Years
Kinloch Catchment						
Kinloch	Kinloch Wastewater Treatment Plant MBR	17,517,582	19%	81%	3,295,660	2018_19; 2019_20; 2020_21; 2021_22; 2022_23
Kinloch	Kinloch Land Disposal System	3,463,174	10%	90%	354,480	2017_18; 2018_19; 2019_20; 2020_21
	Total	20,980,756			3,650,140	

Taupō North Catchment						
Taupō North	Control Gates Bridge Siphon 2020-2021	150,000	100%	0%	150,000	2019_20; 2020_21
	Total	150,000			150,000	

Taupō South Catchment						
Taupō South	Southern trunk main upgrade (stage 1)	10,429,000	69%	31%	7,228,123	2019_20; 2020_21; 2021_22; 2022_23; 2023_24
	Total	10,429,000			7,228,123	

TRANSPORT NETWORK

Catchment Area	Project Description	Total cost ($)	% Funded by DCs	% Funded from other sources	DC funded cost ($)	Years
District-Wide Catchment						
District Wide	Whangamata Road Improvements 2024/34	2,081,893	10%	90%	203,581	2021_22; 2022_23; 2023_24
District Wide	Sweeny East Taupō Arterial (ETA)	104,753,312	10%	90%	10,003,629	2006_07; 2007_08; 2008_09; 2009_10; 2010_11; 2011_12
District Wide	Wakeman Road Extension	2,507,018	100%	0%	2,507,018	2007_08; 2008_09; 2009_10

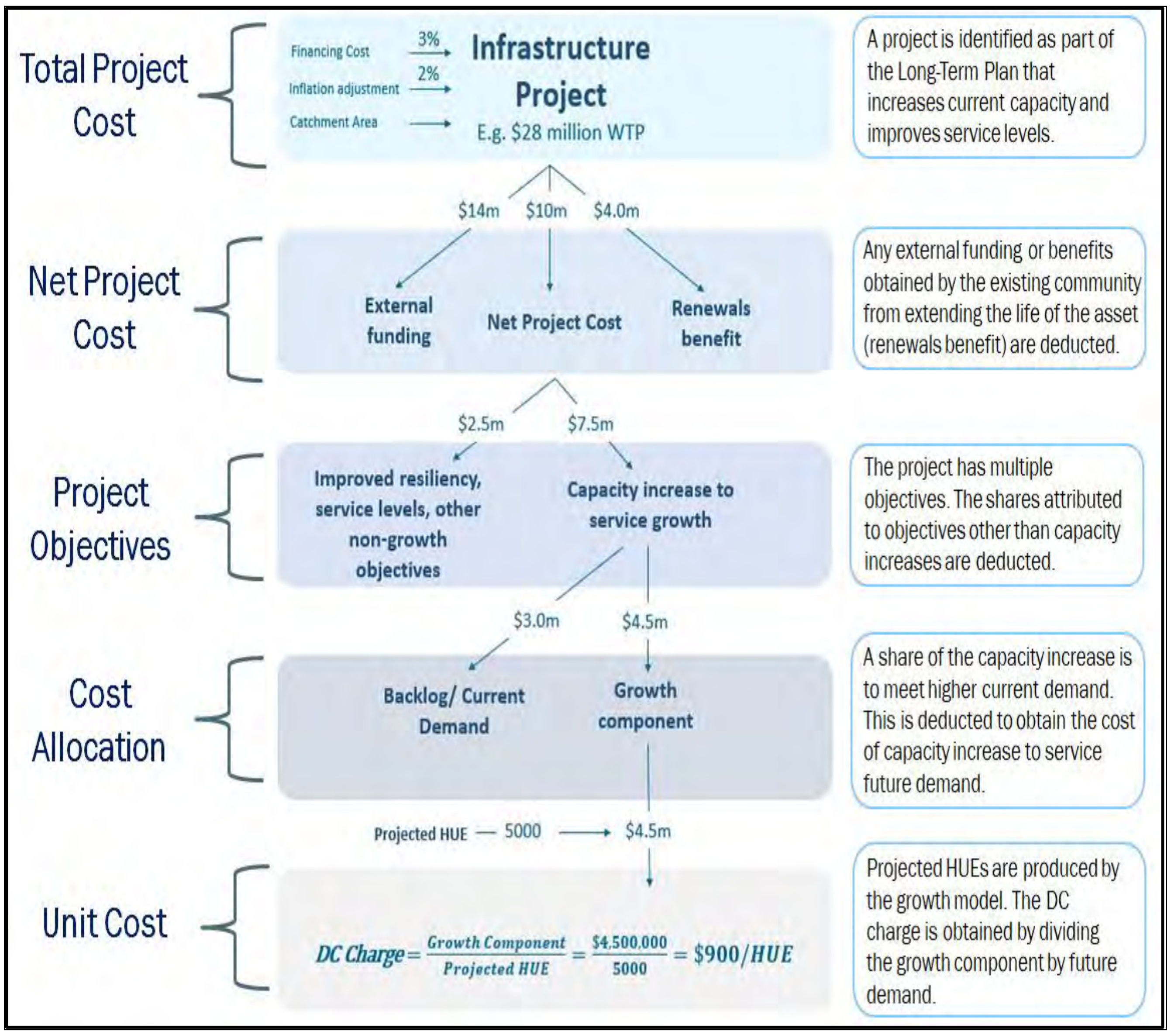
District Wide	Poihipi Seal widening 2022-2024	676,646	14%	86%	96,601	2021_22; 2022_23; 2023_24
District Wide	Poihipi Seal widening 2016-2018	673,124	26%	74%	177,542	2015_16; 2016_17; 2017_18
District Wide	Poihipi Seal widening 2019-2021	535,403	27%	73%	147,226	2018_19; 2019_20; 2020_21
District Wide	Downers Point (Acacia Bay) Upgrade	246,820	72%	28%	176,693	2005_06; 2006_07
District Wide	Poihipi Seal widening 2005-2006	73,463	26%	74%	19,377	2004_05; 2005_06
	Total	111,547,679			13,331,667	

DESTINATION PARKS

Catchment Area	Project Description	Total cost ($)	% Funded by DCs	% Funded from other sources	DC funded cost ($)	Years
District-Wide Catchment						
District Wide	Great Lake Walkway Upgrade 2019-2021	3,466,896	47%	53%	1,612,818	2019_20; 2020_21; 2021_22
District Wide	Otumuheke Stream/Spa Park Upgrade	1,391,150	33%	67%	463,717	2015_16; 2016_17; 2017_18; 2018_19
	Total	4,858,046			2,076,535	

SCHEDULE 3 – FUNDING MODEL

This schedule illustrates the funding model used to calculate development contributions under the Policy.

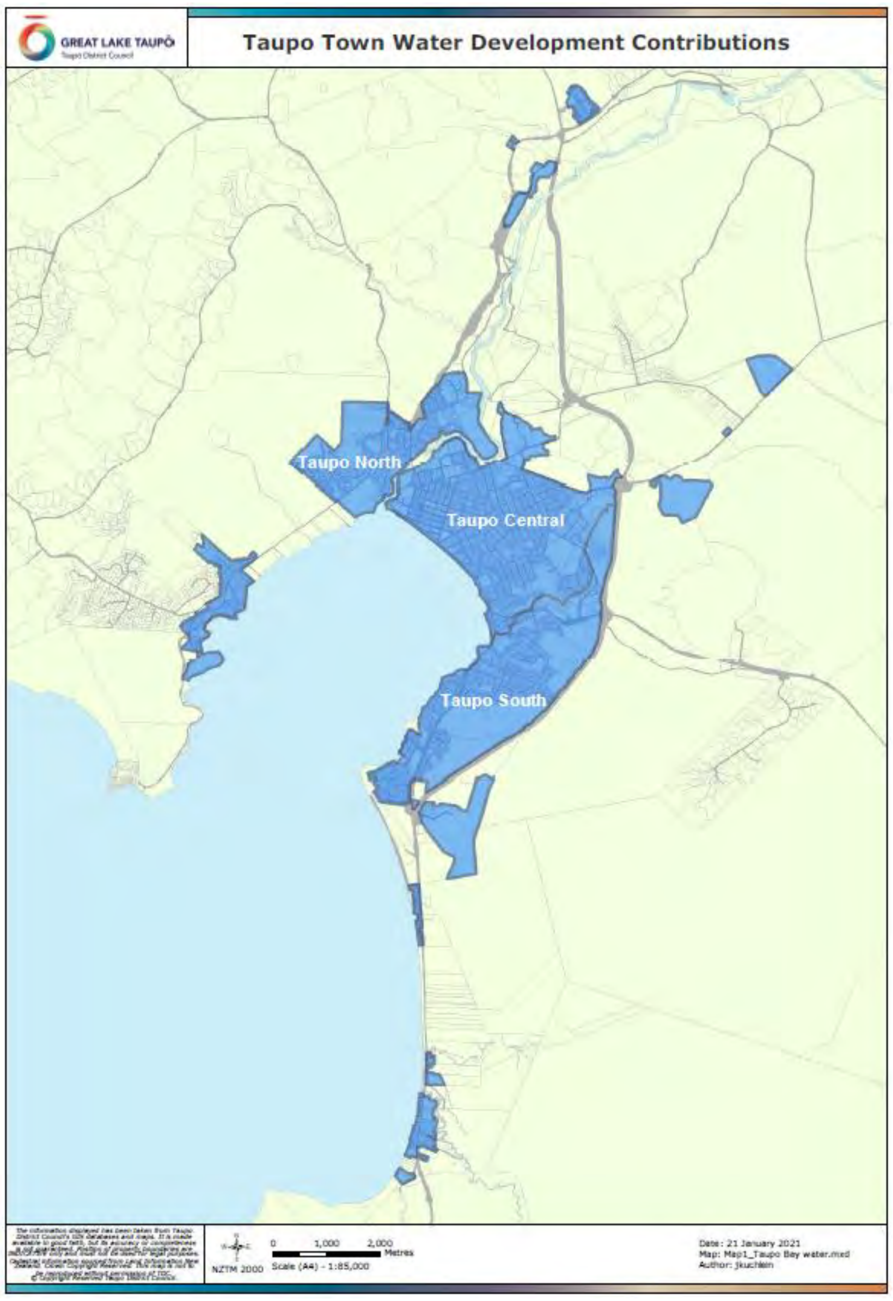


Part 3: Catchment maps

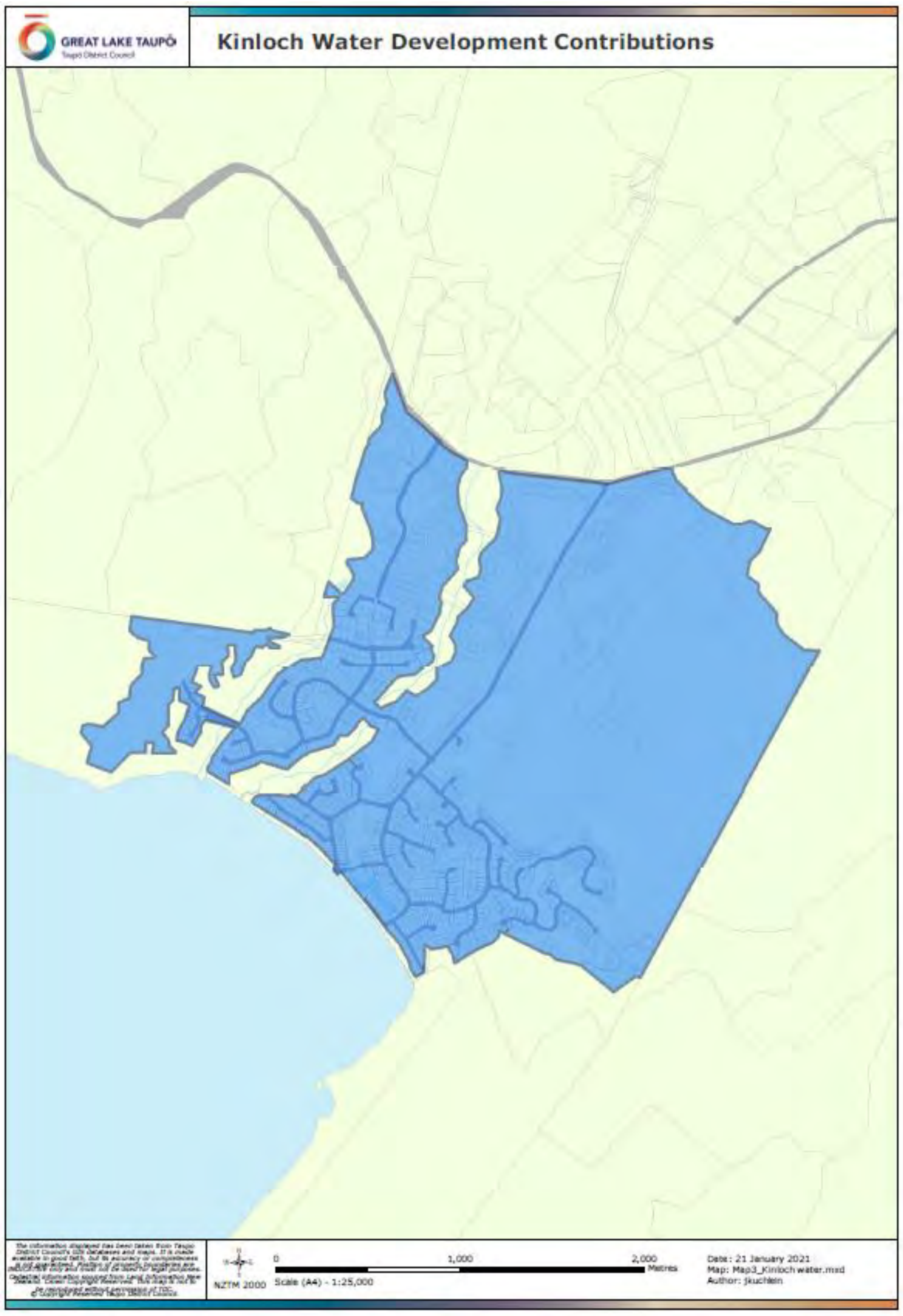
The maps in this section outline the boundaries of the catchments within which development contributions will apply.

WATER CATCHMENT MAPS

CATCHMENT W1

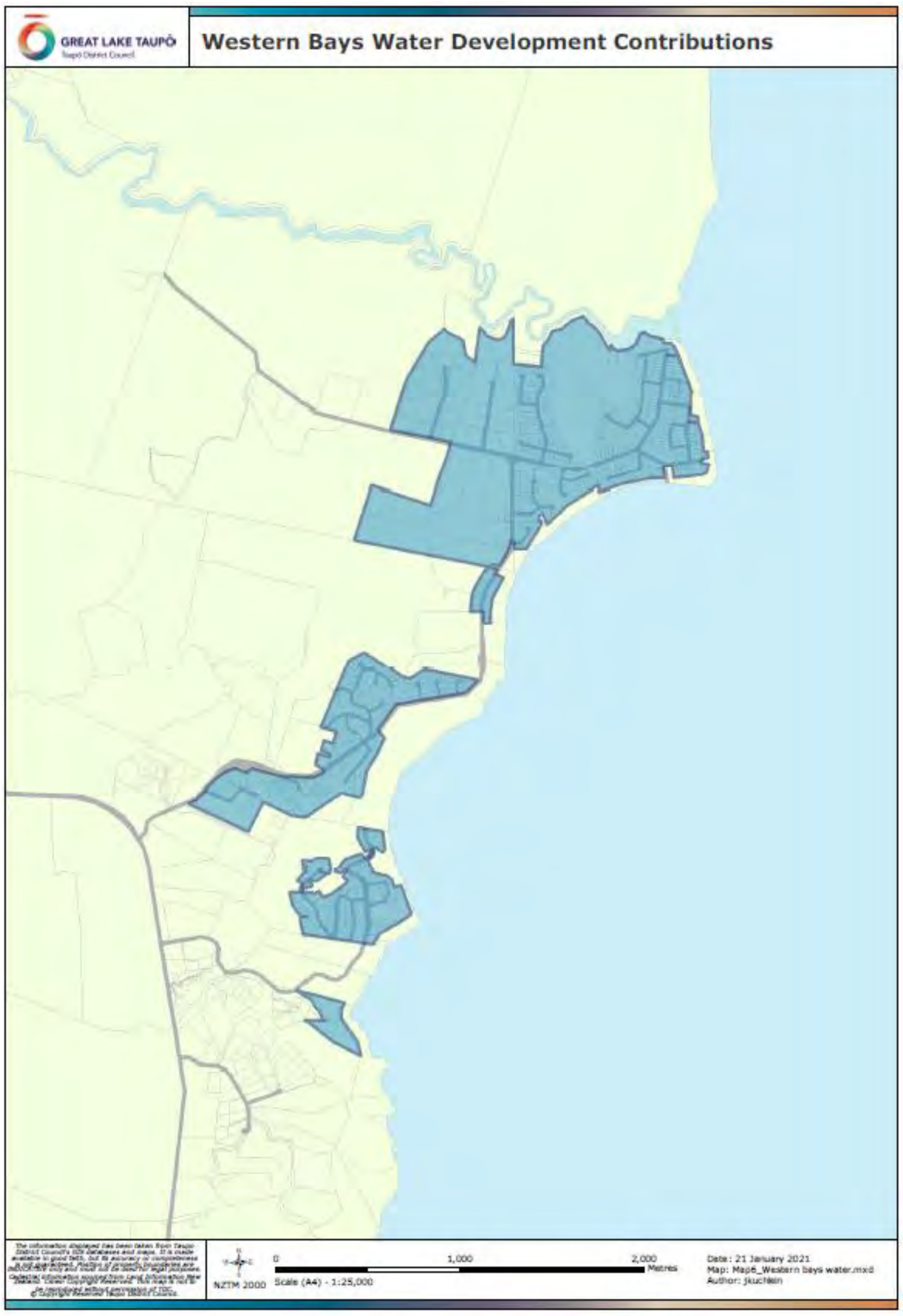


CATCHMENT W2



CATCHMENT W3

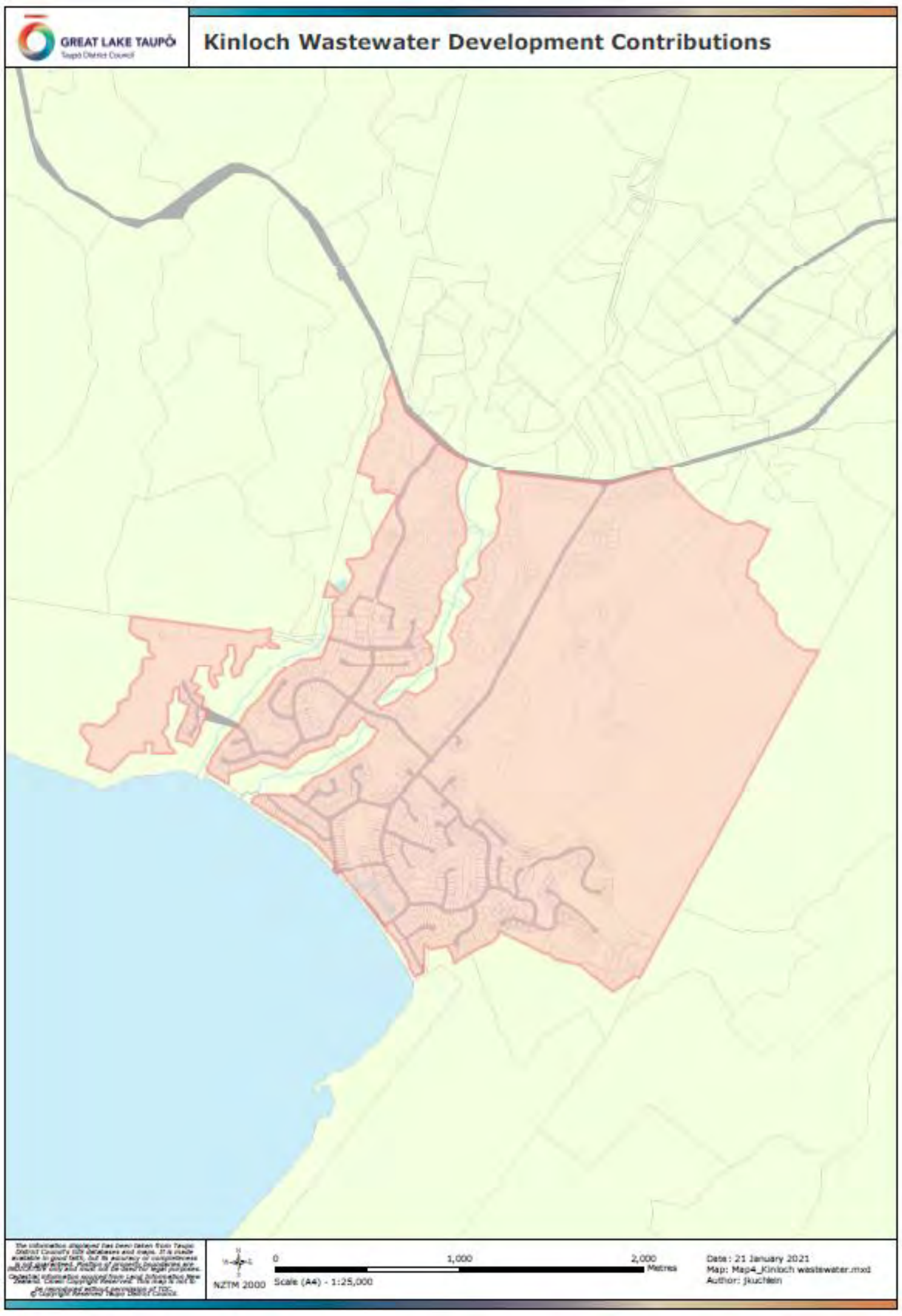
CATCHMENT W4



WASTEWATER CATCHMENT MAPS

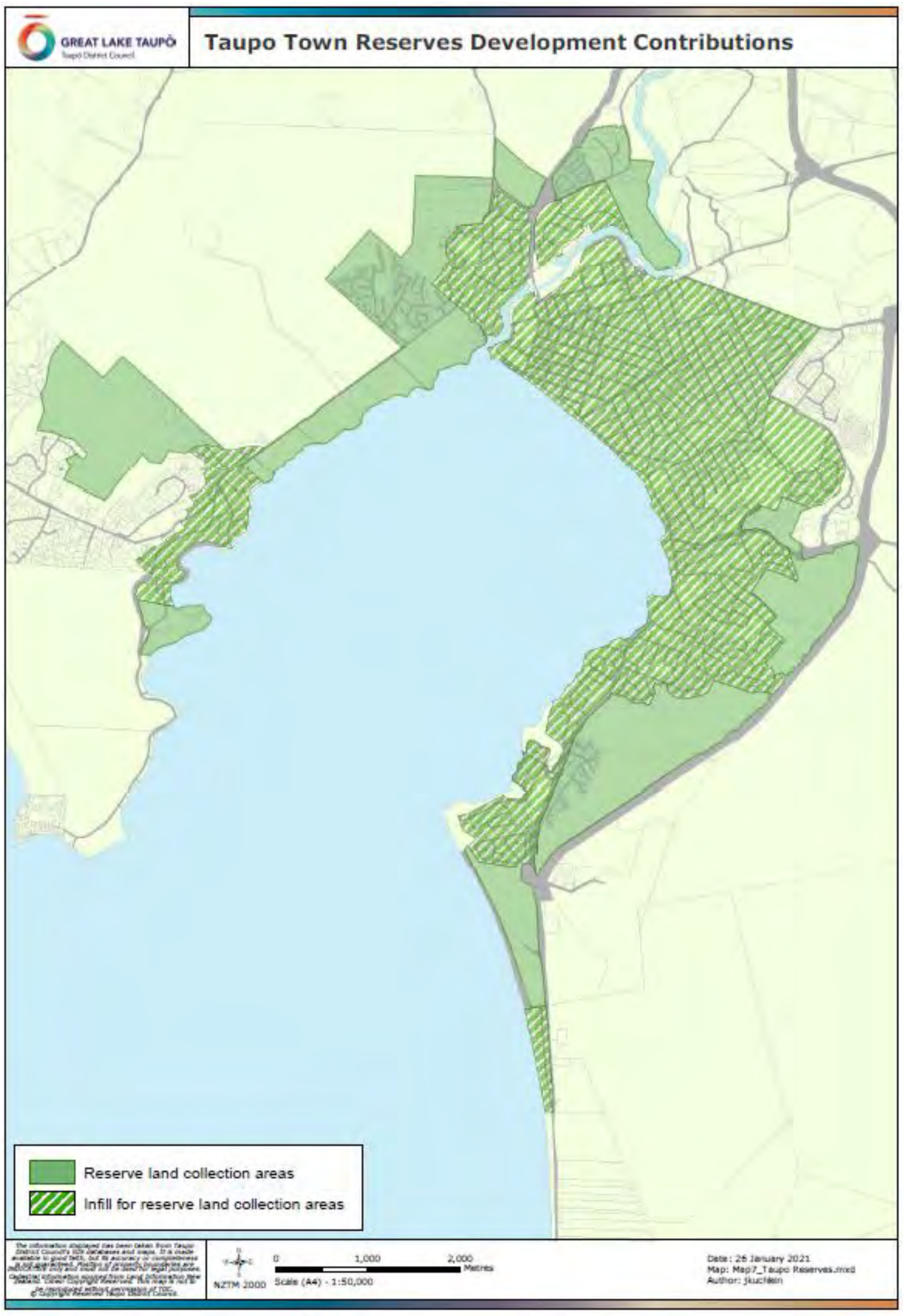
CATCHMENT WW1

CATCHMENT WW2

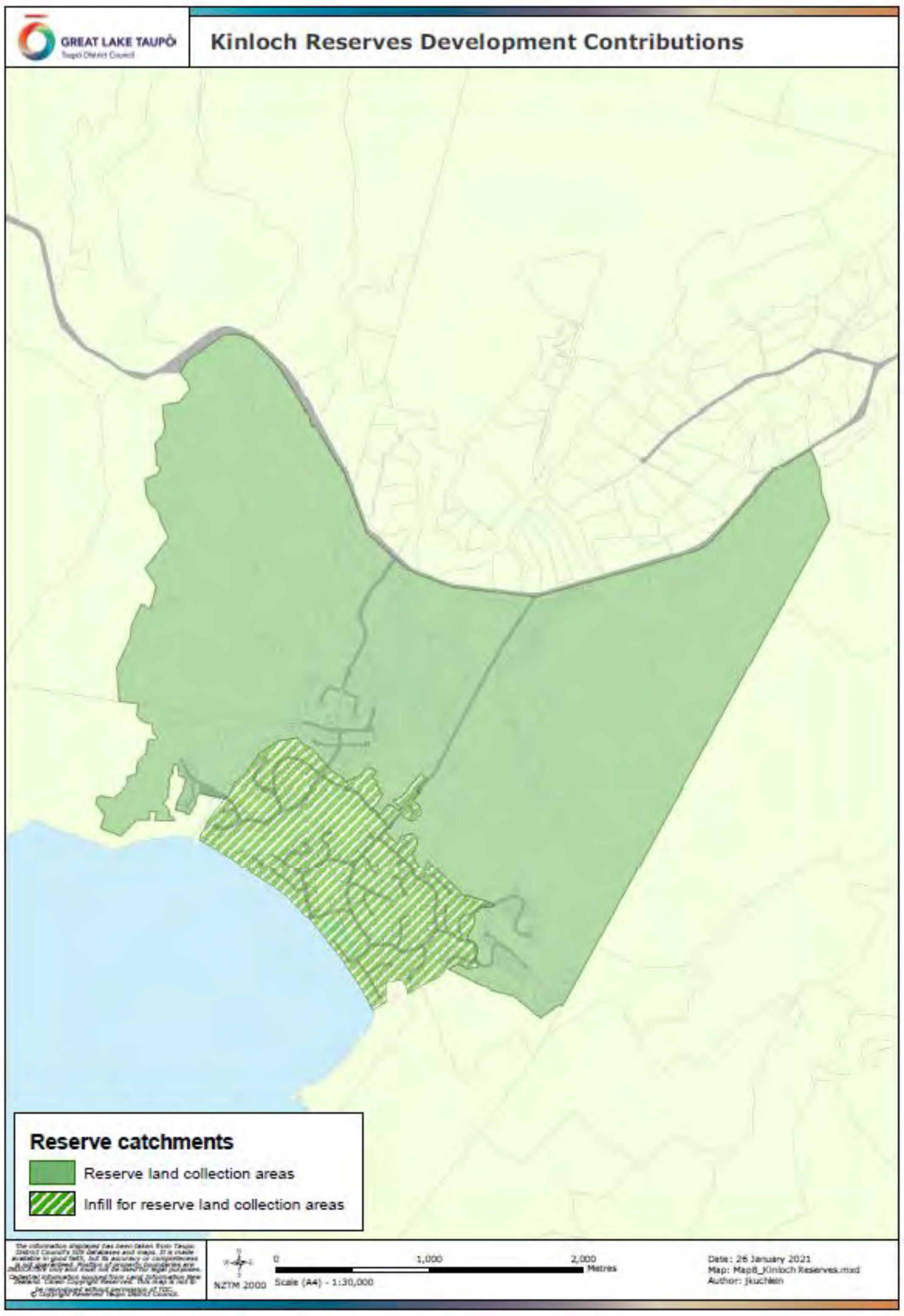


RESERVES CATCHMENT MAPS

CATCHMENT R1



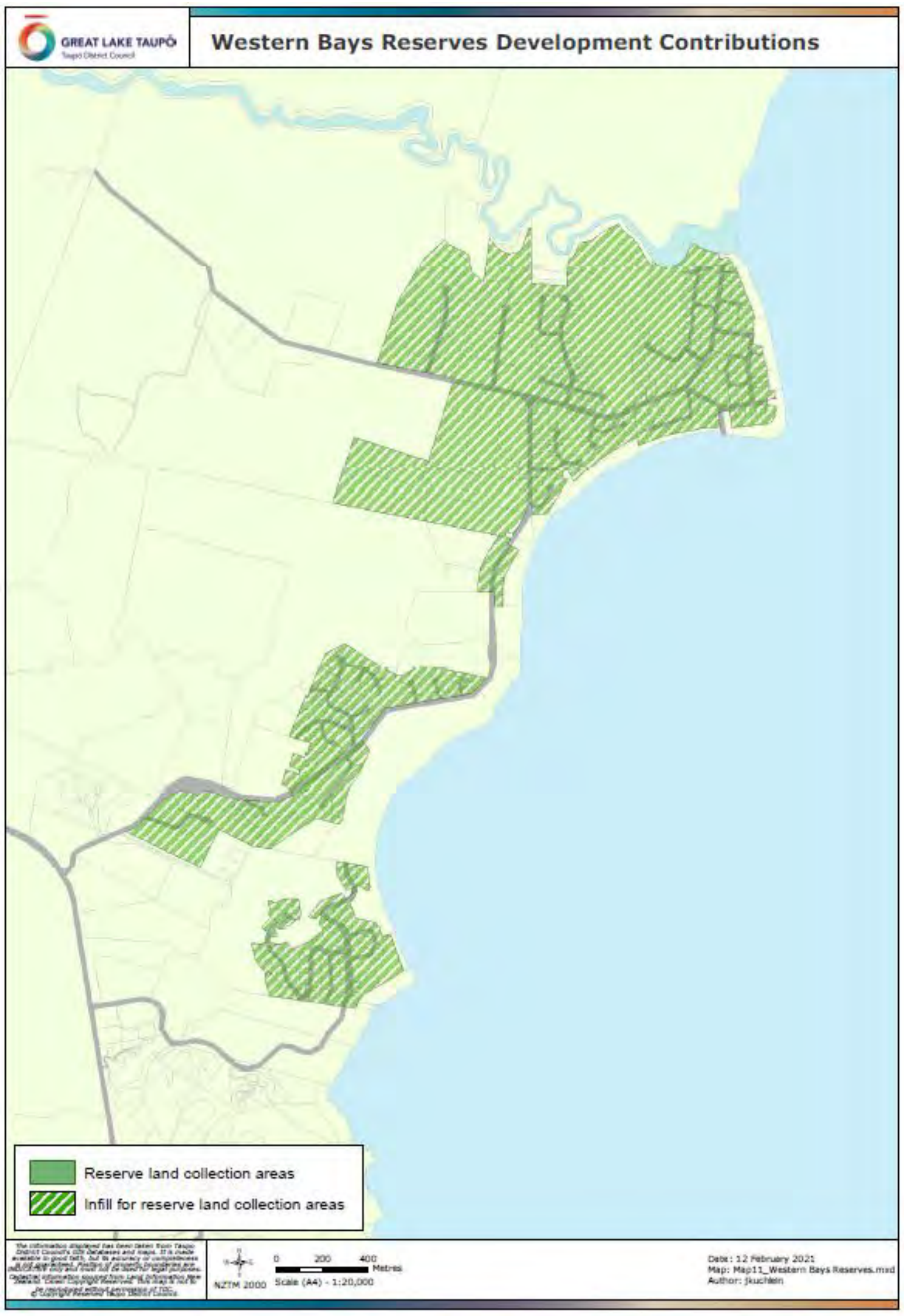
CATCHMENT R2



CATCHMENT R3

CATCHMENT R4

CATCHMENT R5



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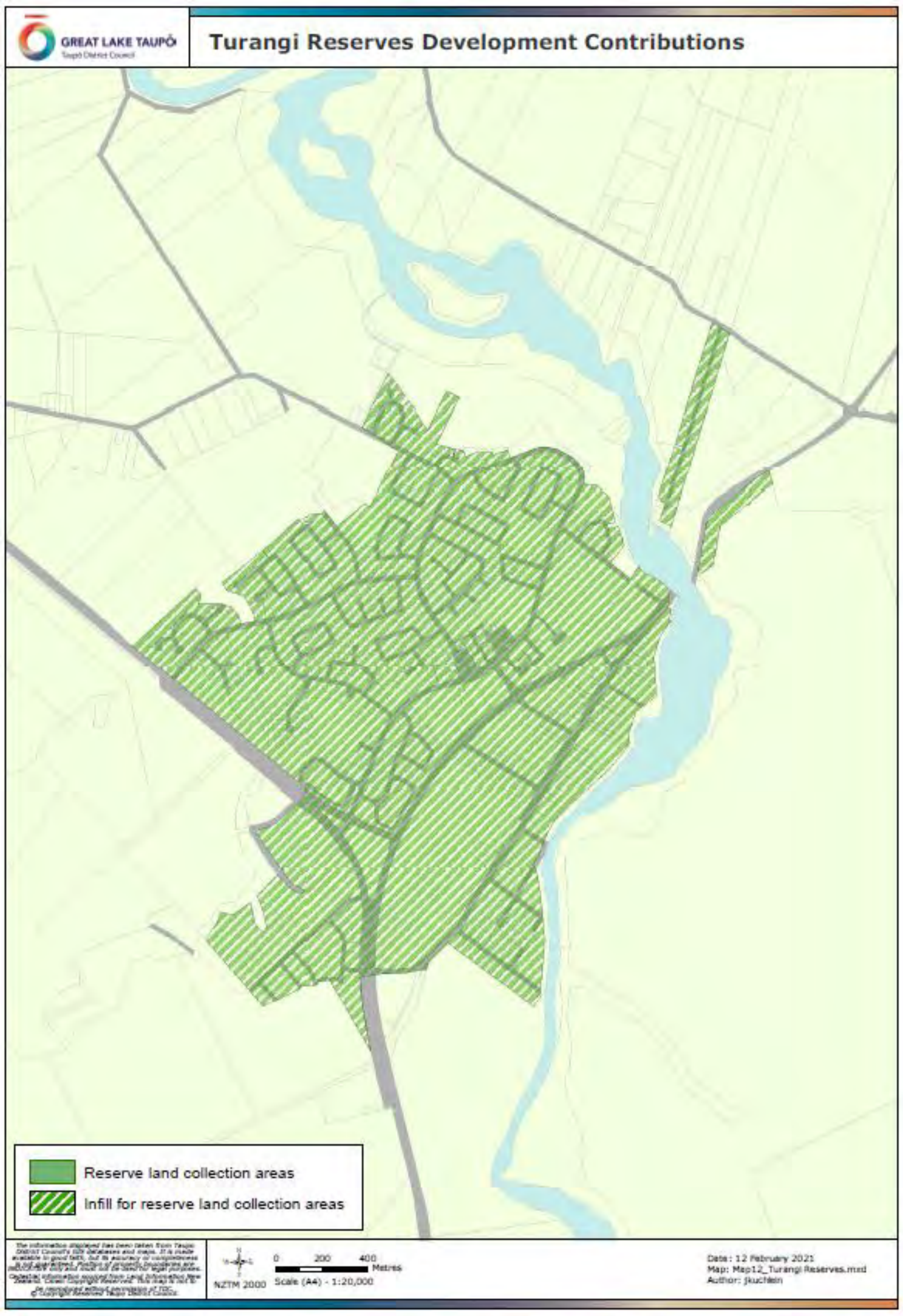
CATCHMENT R6



CATCHMENT R7

106 Policy on development contributions or financial contributions

(1) In this section, **financial contributions** has the meaning given to it by section 108(9) of the Resource Management Act 1991.

(2) A policy adopted under section 102(1) must, in relation to the purposes for which development contributions or financial contributions may be required,—

(a) summarise and explain the total cost of capital expenditure identified in the long-term plan, or identified under clause 1(2) of Schedule 13 that the local authority expects to incur to meet the increased demand for community facilities resulting from growth; and

(b) state the proportion of that total cost of capital expenditure that will be funded by—

(i) development contributions:

(ii) financial contributions:

(iii) other sources of funding; and

(c) explain, in terms of the matters required to be considered under section 101(3), why the local authority has determined to use these funding sources to meet the expected total cost of capital expenditure referred to in paragraph (a); and

(d) identify separately each activity or group of activities for which a development contribution or a financial contribution will be required and, in relation to each activity or group of activities, specify the total amount of funding to be sought by development contributions or financial contributions; and

(e) if development contributions will be required, comply with the requirements set out in sections 201 to 202A; and

(f) if financial contributions will be required, summarise the provisions that relate to financial contributions in the district plan or regional plan prepared under the Resource Management Act 1991.

(2A) This section does not prevent a local authority from calculating development contributions over the capacity life of assets or groups of assets for which development contributions are required, so long as—

(a) the assets that have a capacity life extending beyond the period covered by the territorial authority's long-term plan are identified in the development contributions policy; and

(b) development contributions per unit of demand do not exceed the maximum amount allowed by section 203.

(2B) Subject to subsection (2C), a development contribution provided for in a development contributions policy may be increased under the authority of this subsection without consultation, formality, or a review of the development contributions policy.

(2C) A development contribution may be increased under subsection (2B) only if—

(a) the increase does not exceed the result of multiplying together—

(i) the rate of increase (if any), in the PPI since the development contribution was last set or increased: and

(ii) the proportion of the total costs of capital expenditure to which the development contribution will be applied that does not relate to interest and other financing costs; and

(b) before any increase takes effect, the territorial authority makes publicly available information setting out—

(i) the amount of the newly adjusted development contribution; and

(ii) how the increase complies with the requirements of paragraph (a).

(3) If development contributions are required, the local authority must keep available for public inspection the full methodology that demonstrates how the calculations for those contributions were made.

(4) If financial contributions are required, the local authority must keep available for public inspection the provisions of the district plan or regional plan prepared under the Resource Management Act 1991 that relate to financial contributions.

(5) The places within its district or region at which the local authority must keep the information specified in subsections (3) and (4) available for public inspection are—

(a) the principal public office of the local authority; and

(b) such other places within its district or region as the local authority considers necessary in order to provide members of the public with reasonable access to the methodology, provisions, or plan.

(6) A policy adopted under section 102(1) must be reviewed at least once every 3 years using a consultation process that gives effect to the requirements of section 82.

(7) In this section,—

capital expenditure includes any funding provided by a responsible levy authority to contribute to the construction costs of eligible infrastructure that has been, or is intended to be, transferred to the authority under section 90 of the Infrastructure Funding and Financing Act 2020

PPI means the Producers Price Index Outputs for Construction provided by Statistics New Zealand or, if that index ceases to be published, any measure certified by the Government Statistician as being equivalent to that index.

Section 106(2): amended, on 27 November 2010, by section 23(1) of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 106(2)(a): amended, on 8 August 2014, by section 38(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 195(1)(c): amended, on 31 March 2005, by section 414 of the Building Act 2004 (2004 No 72).

196 Discharge of trade wastes

(1) The occupier of trade premises within the district of a territorial authority may discharge into the sewerage drains under the control of the territorial authority trade wastes proceeding from those premises either—

(a) with the consent of the territorial authority; or

(b) without consent if, and to the extent that, the discharge is permitted by trade wastes bylaws.

(2) This section does not override any trade wastes bylaws, or the Resource Management Act 1991.

Compare: 1974 No 66 s 499

Subpart 5—Development contributions

197AA Purpose of development contributions

The purpose of the development contributions provisions in this Act is to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.

Section 197AA: inserted, on 8 August 2014, by section 50 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

197AB Development contributions principles

(1) All persons exercising duties and functions under this subpart must take into account the following principles when preparing a development contributions policy under section 106 or requiring development contributions under section 198:

(a) development contributions should only be required if the effects or cumulative effects of developments will create or have created a requirement for the territorial authority to provide or to have provided new or additional assets or assets of increased capacity:

(b) development contributions should be determined in a manner that is generally consistent with the capacity life of the assets for which they are intended to be used and in a way that avoids over-recovery of costs allocated to development contribution funding:

(c) cost allocations used to establish development contributions should be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets:

(d) development contributions must be used—

(i) for or towards the purpose of the activity or the group of activities for which the contributions were required; and

(ii) for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required:

(e) territorial authorities should make sufficient information available to demonstrate what development contributions are being used for and why they are being used:

(f) development contributions should be predictable and be consistent with the methodology and schedules of the territorial authority's development contributions policy under sections 106, 201, and 202:

(g) when calculating and requiring development contributions, territorial authorities may group together certain developments by geographic area or categories of land use, provided that—

(i) the grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and

(ii) grouping by geographic area avoids grouping across an entire district wherever practical.

(2) In subsection (1)(a), **assets** includes eligible infrastructure that has been, or is intended to be, transferred by a responsible SPV to a responsible infrastructure authority under section 90 of the Infrastructure Funding and Financing Act 2020.

Section 197AB: inserted, on 8 August 2014, by section 50 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 197AB(2): inserted, on 7 August 2020, by section 161 of the Infrastructure Funding and Financing Act 2020 (2020 No 47).

197 Interpretation

(1) In this subpart and Schedule 13,—

allotment has the meaning given to it in section 218(2) of the Resource Management Act 1991

capital expenditure includes any funding provided by a responsible levy authority to contribute to the construction costs of eligible infrastructure that has been, or is intended to be, transferred to the authority under section 90 of the Infrastructure Funding and Financing Act 2020

development means—

(a) any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but

(b) does not include the pipes or lines of a network utility operator

methodology means the methodology for calculating development contributions set out in Schedule 13

network utility operator has the meaning given to it by section 166 of the Resource Management Act 1991.

(2) In this Act, unless the context otherwise requires,—

accommodation units means units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation

community facilities means reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with section 199

community infrastructure—

(a) means land, or development assets on land, owned or controlled by the territorial authority for the purpose of providing public amenities; and

(b) includes land that the territorial authority will acquire for that purpose

development agreement means a voluntary contractual agreement made under sections 207A to 207F between 1 or more developers and 1 or more territorial authorities for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves in 1 or more districts or a part of a district

development contribution means a contribution—

(a) provided for in a development contribution policy of a territorial authority; and

(b) calculated in accordance with the methodology; and

(c) comprising—

(i) money; or

(ii) land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or

(iii) both

development contribution objection means an objection lodged under clause 1 of Schedule 13A against a requirement to make a development contribution

development contribution policy means the policy on development contributions adopted under section 102(1)

development contributions commissioner means a person appointed under section 199F

network infrastructure means the provision of roads and other transport, water, wastewater, and stormwater collection and management

objector means a person who lodges a development contribution objection

resource consent has the meaning given to it in section 2(1) of the Resource Management Act 1991 and includes a change to a condition of a resource consent under section 127 of that Act

service connection means a physical connection to a service provided by, or on behalf of, a territorial authority.

Section 197(1): amended, on 28 June 2006, by section 22(1) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Section 197(1) **capital expenditure**: inserted, on 7 August 2020, by section 161 of the Infrastructure Funding and Financing Act 2020 (2020 No 47).

Section 197(1) **community facilities**: repealed, on 5 December 2012, by section 30(1) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 197(1) **community infrastructure**: repealed, on 5 December 2012, by section 30(1) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 197(1) **development** paragraph (a): amended, on 8 August 2014, by section 51(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 197(1) **development contribution**: repealed, on 5 December 2012, by section 30(1) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 197(1) **development contribution policy**: repealed, on 5 December 2012, by section 30(1) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 197(1) **network infrastructure**: repealed, on 5 December 2012, by section 30(1) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 197(1) **service connection**: repealed, on 5 December 2012, by section 30(1) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 197(2): inserted, on 5 December 2012, by section 30(2) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 197(2) **accommodation units**: inserted, on 8 August 2014, by section 51(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 197(2) **community infrastructure**: replaced, on 14 May 2019, by section 11 of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

Section 197(2) **development agreement**: inserted, on 8 August 2014, by section 51(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 197(2) **development contribution objection**: inserted, on 8 August 2014, by section 51(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 197(2) **development contributions commissioner**: inserted, on 8 August 2014, by section 51(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 197(2) **objector**: inserted, on 8 August 2014, by section 51(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 197(2) **resource consent**: inserted, on 8 August 2014, by section 51(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Contributions may be required by territorial authorities

198 Power to require contributions for developments

(1) A territorial authority may require a development contribution to be made to the territorial authority when—

(a) a resource consent is granted under the Resource Management Act 1991 for a development within its district:

(b) a building consent is granted under the Building Act 2004 for building work situated in its district (whether by the territorial authority or a building consent authority):

(c) an authorisation for a service connection is granted.

(2) A territorial authority may only require the development contribution as provided for in a policy adopted under section 102(1) that is consistent with section 201.

(2A) For the purposes of subsection (2), a development contribution must be consistent with the content of the policy adopted under section 102(1) that was in force at the time that the application for a resource consent, building consent, or service connection was submitted, accompanied by all required information.

(3) A requirement for a development contribution under subsection (1)(a) or (1)(b) is not—

(a) a condition of a resource consent that gives rise to any right of objection or appeal; or

(b) as the case may be, a matter that gives rise to any right to apply to the chief executive for a determination under the Building Act 2004.

(4) Subsection (3) is for the avoidance of doubt.

(4A) If a development contribution policy provides for a development contribution under subsection (1)(b), the territorial authority may require that development contribution to be made when granting a certificate of acceptance under section 98 of the Building Act 2004 if a development contribution would have been required had a building consent been granted for the building work in respect of which the certificate is granted.

(4B) Subsection (4C) applies if Kāinga Ora–Homes and Communities is responsible for granting the consent, authorisation, or certificate referred to in subsection (1) or (4A).

(4C) Kāinga Ora–Homes and Communities may, as appropriate and by agreement with the local authority, exercise the power under the relevant subsection on the local authority's behalf.

(5) In this section,—

building consent authority means a person whose name is entered in the register referred to in section 273(1)(a) of the Building Act 2004

chief executive has the meaning given to it in section 7 of the Building Act 2004.

Section 198(1): substituted, on 31 March 2005, by section 414 of the Building Act 2004 (2004 No 72).

Section 198(1): amended, on 28 June 2006, by section 23(1) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Section 198(1)(b): amended, on 28 June 2006, by section 23(2) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Section 198(2): amended, on 8 August 2014, by section 52(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 198(2): amended, on 27 November 2010, by section 49 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 198(2A): inserted, on 8 August 2014, by section 52(2) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 198(3): substituted, on 28 June 2006, by section 23(3) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Section 198(4): added, on 28 June 2006, by section 23(3) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Section 198(4A): inserted, on 8 August 2014, by section 52(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 198(4B): inserted, on 7 August 2020, by section 300 of the Urban Development Act 2020 (2020 No 42).

Section 198(4C): inserted, on 7 August 2020, by section 300 of the Urban Development Act 2020 (2020 No 42).

Section 198(5): added, on 28 June 2006, by section 23(3) of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

198A Restrictions on power to require contributions for reserves

[Repealed]

Section 198A: repealed, on 14 May 2019, by section 12 of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

199 Basis on which development contributions may be required

(1) Development contributions may be required in relation to developments if the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence, the territorial authority incurs capital expenditure to provide appropriately for—

(a) reserves:

(b) network infrastructure:

(c) community infrastructure.

(2) This section does not prevent a territorial authority from requiring a development contribution that is to be used to pay, in full or in part, for capital expenditure already incurred by the territorial authority in anticipation of development.

(3) In subsection (1), **effect** includes the cumulative effects that a development may have in combination with other developments.

Section 199(2): amended, on 8 August 2014, by section 54(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 199(3): amended, on 8 August 2014, by section 54(2) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199A Right to reconsideration of requirement for development contribution

(1) If a person is required by a territorial authority to make a development contribution under section 198, the person may request the territorial authority to reconsider the requirement if the person has grounds to believe that—

(a) the development contribution was incorrectly calculated or assessed under the territorial authority's development contributions policy; or

(b) the territorial authority incorrectly applied its development contributions policy; or

(c) the information used to assess the person's development against the development contributions policy, or the way the territorial authority has recorded or used it when requiring a development contribution, was incomplete or contained errors.

(2) A request for a reconsideration must be lodged and decided according to the procedure set out in a development contributions policy under section 202A(2).

(3) A request for a reconsideration must be made within 10 working days after the date on which the person lodging the request receives notice from the territorial authority of the level of development contribution that the territorial authority requires.

(4) A person may not apply for a reconsideration of a requirement if the person has already lodged an objection to that requirement under section 199C and Schedule 13A.

Section 199A: inserted, on 8 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199B Territorial authority to notify outcome of reconsideration

(1) The territorial authority must, within 15 working days after the date on which it receives all required relevant information relating to a request, give written notice of the outcome of its reconsideration to the person who made the request.

(2) A person who requested a reconsideration may object to the outcome of the reconsideration in accordance with section 199C.

Section 199B: inserted, on 8 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199C Right to object to assessed amount of development contribution

(1) A person may, on any ground set out in section 199D, object to the assessed amount of the development contribution that a territorial authority has required from the person under section 198, advised in—

(a) a notice given to the person for that purpose by the territorial authority; or

(b) if notice has not been given, such other formal advice of the requirement that the territorial authority has given to the person.

(2) The right of objection conferred by subsection (1) applies irrespective of whether a reconsideration of the requirement for a development contribution under section 199A has been requested.

(3) The right of objection conferred by this section does not apply to challenges to the content of a development contributions policy prepared in accordance with section 102.

Section 199C: inserted (with effect on 1 July 2014), on 7 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199D Scope of development contribution objections

An objection under section 199C may be made only on the ground that a territorial authority has—

(a) failed to properly take into account features of the objector's development that, on their own or cumulatively with those of other developments, would substantially reduce the impact of the development on requirements for community facilities in the territorial authority's district or parts of that district; or

(b) required a development contribution for community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or

(c) required a development contribution in breach of section 200; or

(d) incorrectly applied its development contributions policy to the objector's development.

Section 199D: inserted (with effect on 1 July 2014), on 7 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199E Procedure for development contribution objections

Schedule 13A applies in relation to objections under section 199C.

Section 199E: inserted (with effect on 1 July 2014), on 7 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199F Appointment and register of development contributions commissioners

(1) The Minister must appoint suitable persons as approved development contributions commissioners who are to decide development contribution objections.

(2) The Minister must compile and keep a register of approved development contributions commissioners.

(3) The Minister must ensure that the persons named in the register individually or collectively have—

(a) knowledge and experience in adjudication and mediation, including the conduct of hearings or inquiries; and

(b) knowledge, skills, and experience relevant to the subject matter likely to arise in an objection; and

(c) knowledge of tikanga Māori.

(4) The Minister may, by notice in the *Gazette*, specify additional criteria for the appointment of development contributions commissioners (being in addition to, but not inconsistent with, the criteria specified in subsection (3)).

(5) Before compiling the register or specifying additional appointment criteria, the Minister must consult persons that the Minister considers are representative of parties that are most likely to be participants in development contribution objections.

(6) The term of appointment for a development contributions commissioner on the register expires—

(a) 3 years after the date on which his or her appointment takes effect; or

(b) at the close of the term of his or her reappointment; or

(c) at the close of the extension of his or her term; or

(d) as soon after the completion of his or her term of appointment or reappointment as is necessary to enable him or her to complete any outstanding work, but not later than the notification of his or her final decision as a commissioner.

(7) The Minister must notify all appointments of approved development contributions commissioners in the *Gazette*.

Section 199F: inserted, on 8 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199G Removal of development contributions commissioners

The Minister may remove any development contributions commissioner from the register kept under section 199F, but only—

(a) because of the criminal activity or other misconduct of the commissioner; or

(b) if the commissioner is unable to perform the functions of office; or

(c) if the commissioner has neglected his or her duty.

Section 199G: inserted, on 8 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199H Who may decide development contribution objections

(1) Any person named in the register of approved development contributions commissioners and selected by a territorial authority in accordance with clause 3 of Schedule 13A to decide a development contribution objection may hear and decide the objection.

(2) A person who is not named in the register of approved development contributions commissioners may hear and decide a development contribution objection only if—

(a) the territorial authority is satisfied that—

(i) the objection relates to matters that require skills or knowledge that is not available from persons named in the register who are available to deal with the objection; and

(ii) another suitable person with such skills or knowledge is available to deal with the objection; and

(b) the Minister approves the territorial authority's selection of that other person to decide the objection.

(3) A person approved by the Minister under subsection (2)(b) must be treated as a development contributions commissioner for the period necessary to enable the person to decide the relevant objection.

Section 199H: inserted, on 8 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199I Development contribution objection hearings

(1) The applicable fees and allowances for a witness appearing at a development contribution objection hearing must be paid by the party on whose behalf the witness is called.

(2) Before or at the hearing, a development contributions commissioner may request the objector or territorial authority to provide further information.

(3) If information is requested before a hearing under subsection (2), the party required to provide the information must serve copies of it on the other parties to the objection.

(4) Only the territorial authority and the objector have a right to be heard at the hearing of an objection. The commissioners may, at their discretion, invite any other person or organisation to attend and be heard to the extent allowed by the commissioners.

(5) Part 2 of Schedule 13A sets out supplementary provisions that apply in relation to development contribution objection hearings.

Section 199I: inserted, on 8 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199J Consideration of development contribution objection

When considering a development contribution objection and any evidence provided in relation to that objection, development contributions commissioners must give due consideration to the following:

(a) the grounds on which the development contribution objection was made:

(b) the purpose and principles of development contributions under sections 197AA and 197AB:

(c) the provisions of the development contributions policy under which the development contribution that is the subject of the objection was, or is, required:

(d) the cumulative effects of the objector's development in combination with the other developments in a district or parts of a district, on the requirement to provide the community facilities that the development contribution is to be used for or toward:

(e) any other relevant factor associated with the relationship between the objector's development and the development contribution to which the objection relates.

Section 199J: inserted, on 8 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199K Additional powers of development contributions commissioners

(1) In addition to his or her powers under section 199I and Schedule 13A, a development contributions commissioner has, for the purposes of a development contribution objection hearing, the following powers:

(a) to direct the order of business at the hearing, including the order in which evidence is presented and parties heard:

(b) to direct that evidence presented at the hearing be taken as read or presented within a stated time limit:

(c) to direct that evidence be limited to the matters relevant to the dispute.

(2) Whether or not a hearing is held, a development contributions commissioner may direct that briefs of evidence be provided within a specified period ending not later than,—

(a) if a hearing is to be held, 10 working days before the hearing commences; or

(b) in any other case, 10 working days before the date on which the commissioner or commissioners intend to begin their consideration of the objection.

(3) A development contributions commissioner may waive or extend any period specified in this section or Schedule 13A (except the period specified in clause 1(1) of Schedule 13A) if satisfied that exceptional circumstances exist.

(4) A development contributions commissioner may, on his or her own initiative or on application from the objector or the territorial authority, make an order that prohibits the communication or publication of any information supplied to the commissioner, or obtained by the commissioner, in the course of deciding a development contribution objection, if satisfied that the order is necessary to avoid—

(a) serious offence to tikanga Māori or to avoid the disclosure of the location of wāhi tapu; or

(b) the disclosure of a trade secret or commercial information that, if released, would be prejudicial to the business or operations of any party to the objection.

Section 199K: inserted, on 8 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199L Liability of development contributions commissioners

A development contributions commissioner is not liable for anything the commissioner does, or omits to do, in good faith in performing or exercising the functions, duties, responsibilities, and powers of a development contributions commissioner under this Act.

Section 199L: inserted, on 8 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199M Residual powers of territorial authority relating to development contribution objection decision

(1) This section applies to a decision of a development contributions commissioner.

(2) The territorial authority affected by the decision retains all the functions, duties, responsibilities, and powers of a territorial authority in relation to the requirement for the development contribution that is the subject of the decision as if the decision had been made by the territorial authority.

(3) Subsection (2) does not confer on a territorial authority the power to change, amend, or overturn a decision made by a development contributions commissioner.

(4) However, nothing in subsection (3) affects a territorial authority's right to apply for judicial review of a decision made by a development contributions commissioner.

Section 199M: inserted (with effect on 1 July 2014), on 7 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199N Objector's right to apply for judicial review unaffected

Nothing in this subpart affects the right of an objector to a development contribution to apply for judicial review of a decision made by a development contributions commissioner.

Section 199N: inserted (with effect on 1 July 2014), on 7 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199O Territorial authority to provide administrative support for development contributions commissioners

A territorial authority must supply all secretarial and administrative services necessary to enable development contributions commissioners to perform their functions under this Act.

Section 199O: inserted (with effect on 1 July 2014), on 7 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

199P Interim effect of development contribution objection

(1) If a development contribution objection is lodged, the territorial authority may still require the development contribution to be made, but must not use it until the objection has been determined.

(2) If a territorial authority does not require a development contribution to be made pending the determination of an objection, the territorial authority may withhold certificates or permissions in accordance with section 208 until the objection has been determined.

Section 199P: inserted (with effect on 1 July 2014), on 7 August 2014, by section 55 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Conditions relevant to requirement for contributions

200 Limitations applying to requirement for development contribution

(1) A territorial authority must not require a development contribution for a reserve, network infrastructure, or community infrastructure if, and to the extent that—

- (a) it has, under section 108(2)(a) of the Resource Management Act 1991, imposed a condition on a resource consent in relation to the same development for the same purpose; or
- (b) the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
- (ba) the territorial authority has already required a development contribution for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance; or
- (c) a third party has funded or provided, or undertaken to fund or provide, the same reserve, network infrastructure, or community infrastructure.

(2) This subpart does not prevent a territorial authority from accepting from a person, with that person's agreement, additional contributions for reserves, network infrastructures, or community infrastructures.

(3) This section does not prevent a territorial authority from requiring a development contribution if—

- (a) income from the following is being used or will be used to meet a proportion of the capital costs of the community facilities for which the development contribution will be used:
  - (i) rates:
  - (ii) fees and charges:
  - (iii) interest and dividends from investments:
  - (iv) borrowings:
  - (v) proceeds from asset sales:

(vi) regional fuel tax; or

(b) a person required to make the development contribution is also a ratepayer in the territorial authority's district or has paid or will pay fees or charges in respect of the facilities.

(4) Despite subsection (1)(ba), a territorial authority may require another development contribution to be made for the same purpose if the further development contribution is required to reflect an increase in the scale or intensity of the development since the original contribution was required.

(5) Subsection (6) applies if a territorial authority or a council-controlled organisation has entered a funding agreement with the New Zealand Transport Agency under which—

(a) a specified amount of additional financial assistance is to be provided from the national land transport fund to the territorial authority or the council-controlled organisation to fund a specified network infrastructure project; and

(b) that specified amount of additional financial assistance is to be offset by reduced funding for 1 or more other projects or programmes.

(6) If this subsection applies, the specified amount of additional financial assistance must not be treated as third-party funding for the purposes of subsection (1)(c).

(7) Subsection (8) applies if a funding agreement referred to in subsection (5)—

(a) provides for some or all of the specified amount of additional financial assistance to be offset by the provision of a reduced amount of financial assistance for 1 or more other network infrastructure projects; and

(b) specifies the amount of financial assistance for each other network infrastructure project that would otherwise have been provided.

(8) If this subsection applies, to the extent that a network infrastructure project receives a reduced amount of financial assistance, subsection (1)(c) applies as if the amount of financial assistance provided for that project were the amount that would otherwise have been provided, and not the reduced amount.

(9) In this section, **additional financial assistance** means an amount of financial assistance for a network infrastructure project that is greater than the amount (if any) that would otherwise be provided from the national land transport fund in respect of that project.

(10) Subsections (5) to (9) prevail over subsection (1)(c).

Section 200(1)(ba): inserted, on 8 August 2014, by section 56(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 200(1)(c): replaced, on 8 August 2014, by section 56(2) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 200(3): inserted, on 8 August 2014, by section 56(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 200(3)(a)(v): amended, on 27 June 2018, by section 10(3) of the Land Transport Management (Regional Fuel Tax) Amendment Act 2018 (2018 No 15).

Section 200(3)(a)(vi): inserted, on 27 June 2018, by section 10(4) of the Land Transport Management (Regional Fuel Tax) Amendment Act 2018 (2018 No 15).

Section 200(4): inserted, on 8 August 2014, by section 56(3) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 200(5): inserted, on 14 May 2019, by section 13 of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

Section 200(6): inserted, on 14 May 2019, by section 13 of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

Section 200(7): inserted, on 14 May 2019, by section 13 of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

Section 200(8): inserted, on 14 May 2019, by section 13 of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

Section 200(9): inserted, on 14 May 2019, by section 13 of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

Section 200(10): inserted, on 14 May 2019, by section 13 of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

Development contributions policy

201 Contents of development contributions policy

(1) If a territorial authority has determined to seek funding for community facilities under this subpart, the policy required by section 102(1) must include, in summary form, in addition to the matters set out in section 106,—

- (a) an explanation of, and justification for, the way each development contribution in the schedule required by subsection (2) is calculated; and
- (b) the significant assumptions underlying the calculation of the schedule of development contributions, including an estimate of the potential effects, if there is a significant level of uncertainty as to the scope and nature of the effects; and
- (c) the conditions and criteria (if any) that will apply in relation to the remission, postponement, or refund of development contributions, or the return of land; and
- (d) the basis on which the value of additional allotments or land is assessed for the purposes of section 203(1).

(2) A development contributions policy must contain a schedule in accordance with section 202.

Section 201(1): amended, on 27 November 2010, by section 49 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

201A Schedule of assets for which development contributions will be used

(1) If a territorial authority has determined to seek funding for community facilities under this subpart, the policy required by section 102 must include, in addition to the matters set out in sections 106 and 201, a schedule that lists—

(a) each new asset, additional asset, asset of increased capacity, or programme of works for which the development contributions requirements set out in the development contributions policy are intended to be used or have already been used; and

(b) the estimated capital cost of each asset described in paragraph (a); and

(c) the proportion of the capital cost that the territorial authority proposes to recover through development contributions; and

(d) the proportion of the capital cost that the territorial authority proposes to recover from other sources; and

(e) if the asset is eligible infrastructure that has been, or is intended to be, transferred by a responsible SPV to a responsible infrastructure authority under section 90 of the Infrastructure Funding and Financing Act 2020, the proportion of the capital cost to be funded by a levy under that Act and from other sources.

(2) For the purposes of subsection (1), assets for which development contributions are required can be grouped together into logical and appropriate groups of assets that reflect the intended or completed programmes of works or capacity expansion.

(3) A schedule under subsection (1) must also include assets for which capital expenditure has already been incurred by a territorial authority in anticipation of development.

(4) Information in the schedule under subsection (1) must group assets according to the district or parts of the district for which the development contribution is required, and by the activity or group of activities for which the development contribution is required.

(5) A territorial authority may make changes to the schedule required by subsection (1) at any time without consultation or further formality, but only if—

(a) the change is being made to reflect a change of circumstances in relation to an asset that is listed in the schedule or is to be added to the schedule; and

(b) the change does not increase the total or overall development contribution that will be required to be made to the territorial authority.

(6) If the territorial authority is satisfied that the schedule or any part of it is too large or impractical to print in hard copy form, the territorial authority may—

(a) provide the schedule in a publicly accessible electronic format; and

(b) provide and maintain an electronic link from the development contributions policy to the schedule (if the policy is on the Internet) or state where a hard copy of the schedule can be found and inspected.

(7) Subject to sections 204, 205, and 206, a territorial authority may use a development contribution for or towards any assets other than those set out in the

schedule required by subsection (1) as at the time the development contribution was required, if—

(a) the assets are for the same general function and purpose as those that were set out in the schedule required under subsection (1) as at the time the development contribution was required; and

(b) the schedule required by subsection (1) has been updated in accordance with subsection (5), or will be updated when the development contributions policy is next changed or reviewed, to identify the assets that the development contribution has been, or is intended to be, used for or towards.

Section 201A: inserted, on 8 August 2014, by section 57 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 201A(1)(e): inserted, on 7 August 2020, by section 161 of the Infrastructure Funding and Financing Act 2020 (2020 No 47).

202 Contents of section 201 schedule

(1) The schedule of development contributions required by section 201(2) must specify—

(a) the development contributions payable in each district, calculated, in each case, in accordance with the methodology in respect of—

(i) reserves; and

(ii) network infrastructure; and

(iii) community infrastructure; and

(b) the event that will give rise to a requirement for a development contribution under section 198, whether upon granting—

(i) a resource consent under the Resource Management Act 1991; or

(ii) a building consent under the Building Act 2004; or

(iii) an authorisation for a service connection.

(2) If different development contributions are payable in different parts of the district, subsection (1) applies in relation to the parts of the district.

(3) The specifications required under subsection (1) or subsection (2) must be given separately in relation to each activity or group of activities for which separate development contributions are required.

Section 202 heading: amended, on 8 August 2014, by section 58 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 202(1)(b)(ii): amended, on 31 March 2005, by section 414 of the Building Act 2004 (2004 No 72).

202A Reconsideration process to be in development contributions policy

(1) If a territorial authority has determined to seek funding for community facilities under this subpart, the policy required by section 102 must, in addition to the matters set out in sections 106 and 201 to 202, and subject to any regula-

tions made under section 259(1)(e) or (f), set out the process for requesting reconsideration of a requirement under section 199A.

(2) The process for reconsideration must set out—

(a) how the request can be lodged with the territorial authority; and

(b) the steps in the process that the territorial authority will apply when reconsidering the requirement to make a development contribution.

Section 202A: inserted, on 8 August 2014, by section 59 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

203 Maximum development contributions not to be exceeded

(1) Development contributions for reserves must not exceed the greater of—

(a) 7.5% of the value of the additional allotments created by a subdivision; and

(b) the value equivalent of 20 square metres of land for each additional household unit or accommodation unit created by the development.

(2) Development contributions for network infrastructure or community infrastructure must not exceed the amount calculated by multiplying the cost of the relevant unit of demand calculated under clause 1 of Schedule 13 by the number of units of demand assessed for a development or type of development, as provided for in clause 2 of Schedule 13, and as amended for any Producers Price Index adjustment adopted in a development contributions policy in accordance with section 106(2B).

Section 203(1)(b): amended, on 8 August 2014, by section 60(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 203(2): amended, on 8 August 2014, by section 60(2) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Use of development contributions

204 Use of development contributions by territorial authority

(1) A development contribution—

(a) must be used for, or towards, the capital expenditure of the reserve, network infrastructure, or community infrastructure for which the contribution was required, which may also include the development of the reserve, network infrastructure, or community infrastructure; but

(b) must not be used for the maintenance of the reserve, network infrastructure, or community infrastructure.

(2) Subsection (1) is subject to section 205.

205 Use of development contributions for reserves

A territorial authority must use a development contribution received for reserves purposes for the purchase or development of reserves within its district, which may include—

(a) the development of community or recreational facilities associated with the use of a reserve:

(b) the provision or improvement of recreational facilities at a school established or about to be established under subpart 6 of Part 3 of the Education and Training Act 2020, if—

  (i) a licence has been granted under section 6A of the Education Lands Act 1949 in relation to the use or occupation of the community recreational facilities; and

  (ii) the Minister for Sport and Recreation has notified the local authority in writing that he or she is satisfied that the licence provides for the reasonable use of the community recreational facilities by members of the public:

(c) the purchase of land or an interest in land—

  (i) to be held for conservation purposes under the Reserves Act 1977:

  (ii) that is, or will be, subject to a conservation covenant under section 77 of the Reserves Act 1977:

(d) payment, on terms and conditions the territorial authority thinks fit, to—

  (i) another local authority or public body in which land in the district is vested to enlarge, enhance, or develop the land for public recreation purposes:

  (ii) the administering body of a reserve held under the Reserves Act 1977 to enlarge, enhance, or develop the reserve:

  (iii) the trustees or body corporate in whom is vested a Māori reservation to which section 340 of Te Ture Whenua Maori Act 1993 applies, to enhance the reservation for cultural or other purposes:

  (iv) any person, to secure an appropriate interest in perpetuity in land for conservation purposes.

Section 205(b): amended, on 1 August 2020, by section 668 of the Education and Training Act 2020 (2020 No 38).

Section 205(b)(i): amended, on 1 August 2020, by section 668 of the Education and Training Act 2020 (2020 No 38).

206 Alternative uses of development contributions for reserves

Despite sections 197AB(d) and 205, if the territorial authority considers that the district in which the development is situated has adequate reserves, or that it is impracticable to purchase or develop reserves in that locality, it may, if it considers it will benefit the residents in the district in which the development is situated, use the development contributions—

(a) to add to, improve, or develop land outside the district that is vested in, or controlled by, the territorial authority for public recreation purposes:

(b) with the consent of the Minister and subject to the terms and conditions the Minister thinks fit, to make payments or advance money to a local authority or public body to add to, improve, or develop land outside the district that is vested in, or controlled by, the local authority or public body for public recreation purposes:

(c) if the territorial authority has control of the foreshore or the bed of a lake or a harbour under a coastal permit by virtue of section 384(1)(b) or section 425(3)(a) of the Resource Management Act 1991,—

(i) to improve or develop the foreshore (whether within or outside the district) for public recreational purposes:

(ii) to erect, improve, or develop for public recreational purposes—

(A) the bed of the harbour or of the sea immediately contiguous to the foreshore; or

(B) the bed of a lake (whether within or outside the district).

Section 206: amended, on 8 August 2014, by section 61 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

207 Power to use money collected and held under Local Government Act 1974 or Resource Management Act 1991

(1) This section applies to money collected—

(a) as contributions under Part 20 of the Local Government Act 1974:

(b) as contributions under sections 407 or 409 of the Resource Management Act 1991.

(2) If, at the commencement of this subpart, a territorial authority holds money to which this section applies, the territorial authority may, with the written approval of the Minister, use the money as if it had been collected in accordance with this subpart,—

(a) in the case of money collected under Part 20 of the Local Government Act 1974, in accordance with this subpart; and

(b) in the case of money collected under sections 407 or 409 of the Resource Management Act 1991, in accordance with the conditions imposed under those sections.

Development agreements

Heading: inserted, on 8 August 2014, by section 62 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

207A Request to enter development agreement

(1) A territorial authority may enter into a development agreement with a developer if—

(a) the developer has requested in writing that the territorial authority enter into a development agreement with the developer; or

(b) the territorial authority has requested in writing that the developer enter into a development agreement with the territorial authority.

(2) This section does not limit section 12.

Section 207A: inserted, on 8 August 2014, by section 62 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

207B Response to request for development agreement

(1) A territorial authority that receives a written request from a developer to enter into a development agreement must consider that request without unnecessary delay.

(2) The territorial authority may—

(a) accept the request in whole or in part subject to any amendments agreed to by the territorial authority and the developer; or

(b) decline the request.

(3) The territorial authority must provide the developer who made the request with a written notice of its decision and the reasons for its decision.

(4) A developer who receives a request from a territorial authority to enter into a development agreement may, in a written response to the territorial authority,—

(a) accept the request in whole or in part subject to any amendments agreed to by the territorial authority and the developer; or

(b) decline the request.

Section 207B: inserted, on 8 August 2014, by section 62 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

207C Content of development agreement

(1) A development agreement must be in writing and be signed by all parties that are to be bound by the agreement.

(2) A development agreement must include—

(a) the legal name of the territorial authority that will be bound by the agreement; and

(b) the legal name of the developer that will be bound by the agreement; and

(c) a description of the land to which the agreement will relate, including its legal description and, if applicable,—

(i) the street address of the land; and

(ii) other identifiers of the location of the land, its boundaries, and extent; and

(d) details of the infrastructure (if any) that each party to the agreement will provide or pay for.

(3) A development agreement may also include, without limitation, information relating to all or any of the following:

(a) a description of the development to which the agreement will relate:

(b) when infrastructure will be provided, including whether the infrastructure will be provided in stages:

(c) who will own, operate, and maintain the infrastructure being provided:

(d) the timing and arrangements of any vesting of infrastructure:

(e) the mechanism for the resolution of disputes under the agreement:

(f) the arrangements for, and timing of, any transfer of land between the territorial authority and the developer:

(g) the nature, amount, and timing of any monetary payments to be made between the parties to the agreement:

(h) the enforcement of the development agreement by a suitable means in the event of a breach, including, but not limited to,—

(i) a guarantee; or

(ii) a bond; or

(iii) a memorandum of encumbrance.

Section 207C: inserted, on 8 August 2014, by section 62 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

207D Effect of development agreement

(1) A development agreement is a legally enforceable contract.

(2) A development agreement has no force until all parties that will be bound by the agreement have signed it.

(3) A development agreement does not oblige a territorial authority or any other consent authority to—

(a) grant a resource consent under the Resource Management Act 1991; or

(b) issue a building consent under the Building Act 2004; or

(c) issue a code compliance certificate under the Building Act 2004; or

(d) grant a certificate under section 224 of the Resource Management Act 1991; or

(e) grant an authorisation for a service connection.

(4) A territorial authority or other consent authority must not refuse to grant or issue a consent, certificate, or authorisation (as the case may be) referred to in subsection (3) on the basis that a development agreement has not been entered into.

(5) If there is any conflict between the content of a development agreement and the application of a relevant development contributions policy in relation to that agreement, the content of the development agreement prevails.

Section 207D: inserted, on 8 August 2014, by section 62 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

207E Restrictions on use of development agreement

(1) A development agreement must not require a developer to provide—

(a) infrastructure of a nature or type for which the developer would not otherwise have been required to make a development contribution; or

(b) infrastructure of a higher standard than that which would have been provided for if the developer had been required to make a development contribution; or

(c) infrastructure of a scale that would exceed the infrastructure that would otherwise have been provided for if the developer had been required to make a development contribution.

(2) However, a developer may agree to provide infrastructure of a nature or scale that is additional to, of greater capacity than, or of a different type to the infrastructure that would have been provided if the developer had been required to make a development contribution.

Section 207E: inserted, on 8 August 2014, by section 62 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

207F Amendment or termination of development agreement

(1) A development agreement may be amended at any time through mutual agreement of all parties who are signatories to the agreement.

(2) A development agreement terminates—

(a) on a date set out in the development agreement; or

(b) on the date on which all actions, undertakings, or obligations that were agreed to by each of the signatories to the agreement have been fulfilled; or

(c) on a date mutually agreed in writing by all parties that are signatories to the agreement.

Section 207F: inserted, on 8 August 2014, by section 62 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Powers to recover unpaid development contributions

208 Powers of territorial authority if development contributions not paid or made

(1) Until a development contribution required in relation to a development has been paid or made under section 198, a territorial authority may,—

(a) in the case of a development contribution required under section 198(1)(a),—

(i) withhold a certificate under section 224(c) of the Resource Management Act 1991:

(ii) prevent the commencement of a resource consent under the Resource Management Act 1991:

(b) in the case of a development contribution required under section 198(1)(b), withhold a code compliance certificate under section 95 of the Building Act 2004:

(ba) in the case of a development contribution required under section 198(4A), withhold a certificate of acceptance under section 99 of the Building Act 2004:

(c) in the case of a development contribution required under section 198(1)(c), withhold a service connection to the development:

(d) in each case, register the development contribution under subpart 5 of Part 3 of the Land Transfer Act 2017, as a charge on the title of the land in respect of which the development contribution was required.

(2) Subsection (3) applies if Kāinga Ora–Homes and Communities is responsible for granting the consent, authorisation, or certificate to which an action described in any of paragraphs (a) to (c) of subsection (1) relates.

(3) Kāinga Ora–Homes and Communities may, as appropriate and by agreement with the local authority, exercise the power under the relevant paragraph on the local authority's behalf.

Section 208(1)(b): amended, on 31 March 2005, by section 414 of the Building Act 2004 (2004 No 72).

Section 208(1)(ba): inserted, on 8 August 2014, by section 63 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 208(1)(d): amended, on 12 November 2018, by section 250 of the Land Transfer Act 2017 (2017 No 30).

Section 208(2): inserted, on 7 August 2020, by section 300 of the Urban Development Act 2020 (2020 No 42).

Section 208(3): inserted, on 7 August 2020, by section 300 of the Urban Development Act 2020 (2020 No 42).

Refund of development contributions

209 Refund of money and return of land if development does not proceed

(1) A territorial authority must refund or return to the consent holder or to his or her personal representative a development contribution paid or land set aside under this subpart if—

(a) the resource consent—

(i) lapses under section 125 of the Resource Management Act 1991; or

(ii) is surrendered under section 138 of that Act; or

(b) the building consent lapses under section 52 of the Building Act 2004; or

(c) the development or building in respect of which the resource consent or building consent was granted does not proceed; or

(d) the territorial authority does not provide the reserve, network infrastructure, or community infrastructure for which the development contribution was required.

(2) A territorial authority may retain any portion of a development contribution or land referred to in subsection (1) of a value equivalent to the costs incurred by the territorial authority in relation to the development or building and its discontinuance.

Section 209(1)(b): amended, on 31 March 2005, by section 414 of the Building Act 2004 (2004 No 72).

210 Refund of money or return of land if not applied to specified reserve purposes

(1) If a development contribution has been required for a specified reserve purpose, a territorial authority must—

(a) refund money received for that purpose, if the money is not applied to that purpose within 10 years after the authority receives the money or other period specified in the development contribution policy; or

(b) return land acquired for the specified reserve purpose, if the authority does not use the land for that purpose within 10 years after the authority acquires the land or other period agreed by the territorial authority and the person who paid the development contribution.

(2) A territorial authority may retain part of the money or land referred to in subsection (1) of a value equivalent to the costs of the authority in refunding the money or returning the land.

211 Application of other Acts

This subpart is in addition to the Building Act 2004 and the Resource Management Act 1991.

Section 211: amended, on 31 March 2005, by section 414 of the Building Act 2004 (2004 No 72).