

# Financial and planning policies

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# 1. Policy for Remission of Rates on Maori Freehold Land

This policy is prepared under sections 102 and 108 of the Local Government Act 2002.

This policy aims to:

1. Ensure the fair and equitable collection of rates from all sectors of the community recognising that certain Maori owned lands have particular conditions, features, ownership structures, or other circumstances which make it appropriate to provide relief from rates.
2. Implement a policy for providing rate relief on Maori land pursuant to Section 108 of the Local Government Act 2002.

## Objectives

The objectives of this policy are:

- To recognise situations where there is no occupier or person gaining an economic or financial benefit from the land.
- To set aside land that is better set aside for non-use because of its natural features (whenua rahui).
- To recognise matters related to the physical accessibility of the land.
- To recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes.
- Where part only of a block is occupied, to grant remission for the portion of land not occupied.
- To recognise the benefits of services provided to the community on Maori freehold land (e.g. community meetings, civil defence etc) in areas the Council does not or is unable to provide these services.

## Definitions

*Maori freehold land* is defined in the Local Government (Rating) Act 2002 as land which beneficial ownership has been determined by a freehold order issued by the Maori Land Court.

*Rates* means a general rate, a targeted rate or a uniform annual general charge set in accordance with the Local Government (Rating) Act 2002 and includes a penalty added to a rate.

*Remission* means a reduction to the amount of rates to be paid.

*Remitted Rates* means rates for which the requirement to pay is reduced.

## Principles

The principles used in establishing this policy are:

- a) That, as defined in Section 91 of the Local Government (Rating) Act 2002, Maori freehold land is liable for rates in the same manner as if it were general land.
- b) That the Council is required to consider whether it should have a policy on rates relief on Maori freehold land.
- c) That the Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non collectable.
- d) That applications for relief meet the criteria set by the Council.
- e) That the policy does not provide for the permanent remission of rates on the property concerned.

## Conditions and criteria

Only land that is the subject of a freehold order issued by the Maori Land court may qualify for remission under this policy.

The Council will maintain a register titled the 'Maori Land Rates Relief Register' ('the Register') for the purpose of recording properties on which it has agreed to remit rates pursuant to this policy.

This is used to achieve Objective (a). Application for land to be added to the Register should be made prior to commencement of the rating year. Applications made after the commencement of the rating year may be accepted at the discretion of the Council.

Owners or trustees making application should include the following information in their applications:

- a) Details of the property.
- b) The objectives that will be achieved by providing a remission.
- c) Documentation that proves the land which is the subject of the application is Maori freehold land. The Council may at its own discretion add properties to the lists.

Relief and the extent thereof, is at the sole discretion of the Council and may be cancelled and reduced at any time. The Council will review the Register annually and may:

- a) Add properties that comply.
- b) Remove properties where the circumstances have changed and they no longer comply.

### Maori land rates remissions register

The Council will consider remission for property that comes within the following criteria:

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

- d) Only a portion of the land is occupied;
- e) The benefits of services provided to the wider community on Maori freehold land where the Council does not or is unable to provide those services.

The remission for land recorded in the Register will be at the Council's discretion depending on the individual circumstances. There will be no remission of any targeted rates made for water supply, roading, sewage disposal or waste management. Where the Council agrees to remit that part of the rate that relates to the unoccupied part of the property, the rates remitted will be the portion of the rates apportioned to that part of the property.

#### Note:

Under the Local Government Rating Act 2002 certain categories of land are not rateable under schedule 1. Those categories include:

- Customary Maori land.
- Maori land that does not exceed 2 hectares and on which a meeting house is erected.
- Land that is set apart under section 338 of Te Ture Whenua Maori Act 1993 or its corresponding former provision and –
  - That is used for the purposes of a marae or meeting house and that does not exceed 2 hectares.
- Land that does not exceed 2 hectares and that is used as –
  - A Maori burial ground.

### Delegated Responsibility

No delegation from Council. Council will decide all applications.

## 2. Policy for Postponement of Rates on Maori Freehold Land

Council's Policy for postponement of rates on Maori freehold land is the same as its Policy for postponement of rates.

# 3. Policy on Remission of Rates

This policy is prepared under section 102 and 109 of the Local Government Act 2002 for consultation using the special consultative procedure laid down in section 83 of the same Act.

Remissions for rates are available for the following:

- Financial hardship
- Properties affected by natural calamity
- Community, sporting and other organisations
- Penalties
- Uniform charges on non-contiguous rating units owned by the same owner
- Rates on properties protected for natural, historic or cultural conservation purposes

## Definitions

Rates means a general rate, a targeted rate or a uniform annual general charge set in accordance with the Local Government (Rating) Act 2002 and includes a penalty added to a rate.

*Remission* means a reduction to the amount of rates to be paid.

*Remitted Rates* means rates for which the requirement to pay is reduced.

## Financial hardship

### Objective

The objective of this part of the policy is to assist personal ratepayers experiencing financial circumstances that affect their ability to pay rates.

### Conditions and criteria

Only rating units used solely for residential purposes (as defined by

Council) will be eligible for consideration for rates remission for financial hardship.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates remission for extreme financial circumstances. The ratepayer must be the current owner of the rating unit that is the subject of the application. The person entered on the Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the district or in another district).

The ratepayer (or authorised agent) must make an application to Council on the prescribed form (copies can be obtained from the Council offices).

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the first two paragraphs under this section, Conditions and criteria. Where the Council is satisfied that the hardship is such that it would be better to write off a portion of the rate, rather than postpone payment, it can be done. For remission to be applied, the hardship will be more severe than would apply for postponement.

When considering whether financial hardship exists, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application, the Council must be satisfied that the ratepayer will not have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Where the Council decides to remit rates, the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Even if rates are remitted, as a general rule the ratepayer will be required to pay 50% of the rate account.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past the rating year in which the application is made, depending on the circumstances.

### **Delegated Responsibility**

No delegation from Council. Council will decide all applications.

## **Remission for properties affected by natural calamity**

### **Objective**

To assist ratepayers who are suffering hardship due to the effects of a natural disaster or calamity.

### **Conditions and criteria**

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of the rating unit that is the subject of the application.

The property must have been detrimentally affected by erosion, subsidence, submersion or other natural calamity. The effect does not need to be directly to the property but may have some impact on the use or revenue earning potential of the property.

The Council will consider, on a case-by-case basis, applications for remission. Where the Council is satisfied that the hardship is such that

it would be better to write off a portion of the rate, rather than postpone payment, it can be done. For remission to be applied, the hardship will be more severe than would apply for postponement.

Council may choose to remit rates for properties, without application, where it is aware of the impacts of a natural calamity and determines it is reasonable in the circumstances to do so.

### **Delegated Responsibility**

No delegation from Council. Council will decide all applications.

## **Remissions for community, sporting and other organisations**

### **Objective**

To facilitate the ongoing provision of non-commercial (business), community services and non-commercial (business) recreational opportunities for the residents of Wanganui district.

The purpose of granting rates remission to an organisation is to:

- assist the organisation's survival; and
- make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people and economically disadvantaged people.

### **Conditions and criteria**

This part of the policy will apply to land owned by the Council, or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation or community purposes.

The policy does not apply to organisations operated for private pecuniary profit, or which charge fees of any kind.

The policy will also not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting or community services as a secondary purpose only.

Applications for remission must be made on the prescribed form (available from the Council offices).

Organisations making application should include the following documents in support of their application:

- statement of objectives; and
- financial accounts; and
- information on activities and programmes; and
- details of membership or clients.

The policy shall apply to such organisations as approved by the Council as meeting the relevant criteria.

No remission will be granted on targeted rates for water supply, sewage disposal or stormwater disposal.

### **Delegated Responsibility**

No delegation from Council. Council will decide all applications.

## **Remission of penalties**

### **Objective**

The objective of this part of the remission policy is to enable the Council to act fairly and reasonably in its consideration of rates that have not been received by the Council by the penalty date, due to circumstances outside the ratepayer's control.

### **Conditions and criteria**

Remission of one penalty will be considered in any one rating year where the ratepayer can provide evidence that that the payment has been late due to significant family disruption. Remission will be considered in the case of death, illness or accident of a family member. Each application will be considered on its merits and remission

Remission of penalty may also be considered where a council action or inaction would make it unfair to charge the full penalty. Each application will be considered on its merits and remission

### **Delegated Responsibility**

Council delegates to the Chief Executive authority to consider and approve applications for remission of penalties.

## **Remission of uniform charges on non-contiguous rating units owned by the same owner**

### **Objective**

To provide for relief from uniform charges for rural land which is non-contiguous, farmed as a single entity and owned by the same ratepayer.

### **Conditions and criteria**

Rating units that meet the criteria under this policy may qualify for a remission of uniform annual general charges and any targeted rate set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of charge.

The rating units on which remission is granted must be owned by the same ratepayer and must each be classified as "rural" for differential purposes.

Only one of the units may have any residential dwelling situated on the rating unit.

Ratepayers wishing to claim a remission should make an application on the required form (available from the Council offices).



### **Delegated Responsibility**

Council delegates to the Chief Executive authority to consider and approve applications for remission of uniform charges on non-contiguous rating units owned by the same owner.

### **Remission of rates on properties protected for natural, historic or cultural conservation purposes**

#### **Objective**

To preserve and promote natural resources and heritage to encourage the protection of properties for natural, historic or cultural purposes.

This policy will support the provisions of the Wanganui District Plan.

#### **Conditions and criteria**

Ratepayers who own rating units which have some feature of cultural, natural or historic heritage which is voluntarily protected may qualify for remission of rates under this part of the policy.

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

Applications must be made in writing. Applications should be supported by documentary evidence of the protected status of the rating unit e.g. a copy of the covenant or other legal mechanism.

In considering any application for remission of rates under this part of the policy, the Council will consider the following criteria:

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

Council will decide what amount of rates will be remitted on a case-by-case basis subject to a maximum amount of 33 per cent of rates owing per year.

In granting remissions under this part of the policy, the Council may specify certain conditions before remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

### **Delegated Responsibility**

No delegation from Council. Council will decide all applications.

## 4. Policy for Postponement of Rates

This policy is prepared under sections 102 and 110 of the Local Government Act 2002 for consultation using the special consultative procedure laid down in section 83 of the same Act. Postponement of rates is only available for financial hardship.

### Definitions

Rates means a general rate, a targeted rate or a uniform annual general charge set in accordance with the Local Government (Rating) Act 2002 and includes a penalty added to a rate.

*Postponement* means a delay in the payment of rates.

*Postponed Rates* means rates for which the requirement to pay is delayed.

### Financial hardship

#### Objective

The objective of this part of the policy is to assist personal ratepayer experiencing financial circumstances that affect their ability to pay rates.

#### Conditions and criteria

Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates postponement for financial hardship.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of the rating unit that is the subject of the application. The person entered on the Council's rating information database as the "ratepayer" must not own

any other rating units or investment properties (whether in the district or in another district).

The ratepayer (or authorised agent) must make an application to Council on the prescribed form (copies can be obtained from the Council offices).

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the first two paragraphs under this section, Conditions and criteria. The Council delegates to the Chief Executive authority to approve applications for rates postponement.

When considering whether financial hardship exists, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application, the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Where the Council decides to postpone rates, the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Any postponed rates will be postponed until:

- the death of the ratepayer(s); or
- the ratepayer(s) ceases to be the owner or occupier of the rating unit; or

- the ratepayer(s) ceases to use the property as his/her residence;  
or
- a date specified by the Council.

The Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year. The fee that will be charged is \$50 plus interest at the weighted average interest rate applied to Council debt in the Annual Plan adopted for each year that rates are postponed.

Even if rates are postponed, as a general rule the ratepayer will be required to pay 50% of the rate account.

The policy will apply from the beginning of the rating year in which the application is made although the Council may consider backdating past

the rating year in which the application is made, depending on the circumstances.

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

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

### **Delegated Responsibility**

No delegation from Council. Council will decide all applications.

# 5. Liability Management Policy

## Purpose

The purpose of the Liability management policy is to outline approved policies and procedures in respect of all borrowing related activity to be undertaken by Council. The formalisation of such policies and procedures will enable treasury risks within Council to be prudently managed.

Council borrows for the following purposes:

- To fund capital works primarily for infrastructure and other major assets. The use of debt is seen as an appropriate and efficient mechanism for promoting inter-generational equity between current and future ratepayers.
- Short-term debt to manage timing differences between cash inflows and outflows, and to maintain liquidity.
- Specific debt associated with one-off projects.
- Borrowing through hire purchase, credit, deferred payment or lease arrangements in the ordinary course of Council business.
- Fund emergencies in the short term.

## Objectives

The objectives of the policy are consistent with best treasury management practice and will take into account the Annual Plan and 10-Year Plan. The key objectives in relation to borrowing are:

- Prudently manage borrowing activities to ensure the ongoing funding of the Council.
- Borrow only under approved facilities and as permitted by this policy.
- Minimise borrowing costs and risks within prudent risk management control limits.

- Minimise and manage exposure to adverse interest rate movements.
- Ensure operational controls and procedures to protect Council against financial loss, opportunity cost and other inefficiencies are maintained.
- Monitor, evaluate and report on treasury performance.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements.
- Maintain a strong long term credit rating from Standard and Poor's of at least A+.
- Borrow funds and transact financial risk management instruments within an environment of control and compliance under the Council-approved policy so as to protect Council's financial assets and costs.
- Comply with financial ratios and limits stated within this policy.
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements.
- Ensure that all statutory requirements of a financial nature are adhered to.
- Develop and maintain relationships with financial institutions, brokers, investors and the Local Government Funding Agency ("LGFA").

## Statutory objectives

All borrowing and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002. Council 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.
- Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee 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. Details of relevant sections can be found in the Trustee Act 1956 Part II Investments.
- Public Bodies Lease Act 1969 and Property Law Act 2007.

### Other objectives:

- All projected borrowings are to be approved by Council as part of the Annual Plan process or resolution of Council before the borrowing is effected.
- All legal documentation in respect to new borrowing facilities and financial instruments will be approved by Council's solicitors 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 itself.
- 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, an amount determined by resolution of Council.

This policy is prepared under sections 102 and 104 of the Local Government Act 2002. The sections require Council to state its policies regarding:

- Interest rate exposure
- Credit exposure
- Liquidity
- Debt repayment

Borrowing is included in the Annual Plan and the 10-Year Plan and is approved by Council resolution. Projected borrowing/debt levels are ascertained from forecasts in the Annual Plan or the 10-Year Plan.

Council is able to borrow through a variety of market mechanisms including the issue of local authority stock and debentures, direct bank borrowing, accessing the short- and long-term wholesale and retail capital markets directly or indirectly (e.g. LGFA). Council may also use internal funds as a borrowing mechanism.

### New Zealand Local Government Funding Agency Limited

Despite anything in this policy, 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.
- 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.

In evaluating new borrowings (in relation to source, term, size and pricing) the Chief Executive or delegate will take into account the following:

- The size and the economic life of the project requiring funding
- The impact of the new debt on the borrowing limits
- Relevant margins under each borrowing source
- Council's overall debt maturity profile, to ensure concentration of debt and debt re-pricing is avoided at reissue/rollover time
- Prevailing interest rates relative to term for both stock issuance, capital markets and bank borrowing and management's view of future interest rate movements
- Available term from banks, debt capital markets, the LGFA, loan stock issuance and credit facilities
- Ensuring that the implied finance terms of any specific debt is at least as favourable as Council could achieve in its own right
- Legal documentation and financial covenants

Council's ability to readily attract cost-effective borrowing is largely driven by its ability to rate, maintain a strong credit rating, strong financial standing and manage its relationships with its investors, the LGFA, banks and brokers.

### **Borrowing management and internal controls**

Council's borrowing activities are managed centrally through the Finance function. The Finance function is broadly charged with the following responsibilities:

- Manage Council's borrowing programme to ensure funds are readily available at margins and costs acceptable to Council
- Manage liquidity to ensure obligations are paid when due
- Raise authorised and appropriate borrowing, in terms of both maturity and interest rate
- Manage the impact of market risks such as interest rate risk on Council's borrowing by undertaking appropriate hedging activity in the financial markets
- Minimise adverse interest rate related increases on ratepayer charges and maintain overall interest costs within budgeted parameters
- Provide timely and accurate reporting of treasury activity and performance

Council's systems of internal controls over borrowing activity include:

- Adequate segregation of duties among the core borrowing functions of deal execution, confirmation, settling and accounting/reporting
- There are a small number of people involved in borrowing activity; however, the risk from this will be further minimised by the following processes:
  - A documented discretionary approval process for borrowing activity
  - Regular management reporting and review
- Organisational, systems, procedural and reconciliation controls to ensure:
  - All borrowing activity is bona fide and properly authorised
  - Reviews in place to ensure Council's accounts and records are updated promptly, accurately and completely

Council is prohibited from borrowing in a foreign currency by section 113 of the Local Government Act 2002.

## Management of other liabilities

Council will from time to time enter into transactions and agreements that can expose Council to financial liability. These may include:

### *Creditors*

Council wishes to maintain its credit standing and therefore pays all creditors by the due date in line with the terms agreed with the supplier.

### *Personnel liabilities*

Council management reviews the level of staff liability balances and encourages the timely use of entitlements.

### *Deposits and bonds*

These are primarily held for contract retentions until work is deemed to be complete.

### *Leases*

Council utilises finance leases (as opposed to an operational lease i.e. renting) as a means of financing some office equipment.

### *Contingent liabilities*

Council may provide financial guarantees to community and service organisations. Management ensures that the business plan of the guaranteed party furthers the strategic objectives of Council and that financial statements are received on a regular basis. Should the guarantee be called up, Council takes immediate action to recover the money. Guarantees require prior approval by way of Council resolution.

## Borrowing limits

Total Council borrowings will be managed within the following macro limits:

Ratio	LIMIT
Net debt as a percentage of total revenue	<200%
Net interest as a percentage of total revenue	<15%
Net interest as a percentage of annual rates	<20%
Liquidity (external debt + cash or near cash financial investments + committed loan facilities, to existing external debt)	>110%

Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Income excludes development contributions and vested assets and excludes non-government capital contributions.

Net debt is defined as total debt less cash or near cash financial investments.

Disaster recovery requirements are to be met through the liquidity ratio.

The LGFA's lending policy has covenants which are less restrictive than those stated above. Due to the low socioeconomic demographics of the Wanganui community, including a static population for the region, it is considered prudent to retain Council's current borrowing limits and not increase them in order to align with those of the LGFA.

## Interest rate management

Council's ongoing borrowing requirement gives rise to direct exposure to interest rate movements.

Interest rate risk management refers to managing the impact that movements in market interest rates can have on Council's cash flows, Annual Plan and 10-Year Plan. This impact can be both favourable and unfavourable. The primary objective of interest rate risk management is

to reduce uncertainty relating to interest rate movements through fixing of debt funding costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.

### Fixed/floating interest rate profile

Interest costs are incurred on any bank funding facility, issuance of local authority stock/bonds and other borrowing arrangements. This policy recognises that the longer the term of borrowing, the greater the interest rate risk. Longer term fixed rate borrowings may be of benefit if market interest rates rise, but equally may not allow the Council to take advantage of periods of low interest rates.

A balance is achieved through having a mix of variable/floating interest rates and hedged/fixed interest rates.

The Council manages its interest rate exposures by defining minimum and maximum hedging percentages and spreading maturities across various time bands.

There is a tendency to have a higher percentage of fixed/hedged rate borrowing. Council believes this is a prudent approach given the long-term nature of Council’s assets, projects and intergenerational factors. In addition, as the major revenue stream is rates, which are set on an annual basis, Council prefers to have reasonable certainty on the level of interest costs and therefore reduce the impact of interest rate increases adversely affecting rates.

The Chief Executive and Deputy Chief Executive approve the interest rate risk management strategy based on advice from the Finance Manager who monitors the interest rate markets on a regular basis and, after taking appropriate advice, evaluate the outlook for short-term rates in comparison to the rates payable on fixed rate/hedged borrowing.

The following table provides guidelines for achieving a floating/fixed rate mix. The table reflects Council’s preference for a reasonable level of certainty over interest costs. Notwithstanding the above, it may be appropriate from time to time, depending on Council's outlook on interest rates, to have a floating rate profile (any debt or interest rate risk management instrument where interest rates are being reset on a frequency less than one year).

Council’s debt must be within the following fixed/floating interest rate risk control limit:

Master fixed/floating risk control limits	
Minimum fixed rate	Maximum fixed rate
55%	90%

“Fixed rate” is defined as an interest rate re pricing date beyond 12 months forward on a continuous rolling basis.

“Floating rate” is defined as an interest rate re pricing within 12 months.

The percentages are calculated on the rolling 12 month projected net debt level calculated by management (signed off by the Chief Executive and Deputy Chief Executive). Net debt is the amount of total debt net of cash or cash equivalents. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate hedging may have to be adjusted to ensure compliance with the policy minimums and maximums.

The fixed rate/hedged amount at any point in time should be within the following maturity bands:

Fixed rate maturity profile limit		
Period	Minimum %	Maximum%



1 to 3 years	15%	60%
3 to 6 years	15%	60%
6 years plus	15%	60%

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

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 beyond 90-days requires specific approval by Council.

Any interest rate swap with a maturity beyond 12 years must be approved by Council.

### Interest rate risk management instruments

Interest rate risk can be managed by using interest rate risk management instruments that allow the re-profiling of the portfolios. Hedging use includes:

- Adjusting the average maturity of fixed rate borrowings, thereby managing interest rate risk within the confines of liquidity management
- Using interest rate risk management instruments to convert fixed rate borrowing into floating rate, floating rate borrowing into fixed or hedged borrowing. Using interest rate risk management instruments to hedge market interest rate re-pricing risk on existing and new debt

The following interest rate risk management instruments are approved by Council:

- Interest rate swaps including forward start swaps, swap extensions and shortenings

- Forward rate agreements on bank bills and government bonds
- Interest rate options on approved underlying instruments e.g. on interest rate swaps (purchased swaptions and one-for-one collars), bank bills (purchased options, one-for-one collars) and government bonds

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

Approved use of interest rate risk management instruments:

- Buying and selling risk management instruments for the primary purpose of generating premium income is not permitted because of its speculative nature
- 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 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 cover percentage calculation
- Forward start period on swaps and collar strategies to be no more than 24 months, unless linked to the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as reasonably possible. Maturities should be well spread.

### Credit exposure management

Council’s ability to readily attract cost-effective borrowing is largely driven by its ability to:

- Maintain a strong balance sheet
- Service loans as interest and principal amounts become due
- Manage its image in the marketplace and its relationships with bankers, the LGFA, brokers and wholesale investors
- Maintain a strong credit rating

### Liquidity management

Liquidity management refers to the timely availability of funds to Council when needed, without incurring penalty costs. Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and terms. A key factor of funding risk management is to spread and control the risk and reduce the concentration of risk at any one point in time so that if one-off internal or external negative credit events occur, the overall interest cost through adverse credit margins movements is not unnecessarily increased, or term availability and general flexibility reduced.

The following guidelines have been established to provide Council with appropriate levels of liquidity at all times,

- Cash flow forecasts are produced to assist in the matching of operational and capital expenditure to revenue streams and borrowing requirements
- Council will maintain its financial investments in liquid instruments

- Council will ensure that where sinking funds or Council-created investment reserves are maintained in liquid financial investments to repay borrowing, these investments are held for maturities not exceeding the relevant borrowing repayment date
- To minimise the impact of unexpected cash surpluses, Council will take advantage of the efficiencies of any floating rate loan facility
- Term loans and committed debt facilities together with cash or near cash financial investments must be maintained at an amount of at least 110% over the existing external debt
- The Chief Executive or delegate has the discretionary authority to re-finance existing debt on more favourable terms. Such action is to be reported and ratified by Council at the earliest opportunity
- Council has the ability to pre-fund up to 12 months of forecast debt requirements including re-financings

To ensure funds are available on repayment of debt, financial investments are maintained in liquid assets and ready funds are available through various committed cash advance and note purchase facilities. Council also maintains at least two bank committed cash advance/credit facilities to ensure funds are available when and if required.

Council ensures debt maturity is spread widely over a band of maturities to minimise the risk that large concentrations of debt may mature or be reissued when credit margins are high. Council manages this specifically by adopting maximum maturity percentages.

The maturity profile of the total committed funding in respect to all external loans and committed facilities is to be controlled by the following system:

Period	Minimum %	Maximum %
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0 to 3 years	15%	60%
3 to 6 years	15%	60%
6 years plus	10%	40%

A maturity schedule outside these limits will require specific Council approval.

## Debt repayment

Funds are provided from operating surpluses, asset sales and general funds for repayment of most loans/or a reduction in borrowing requirements, unless the Council specifically directs that the funds be put to another use.

Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

Each Council activity is rated for loan repayments depending on the life of the individual assets and the ability of that activity to repay the loan.

Repayment of debt (interest and principal) is governed by:

- Affordability of debt servicing costs
- Intergenerational equity principles (debt will be repaid over the life of the asset or 25 years, whichever is the lesser)
- Maintenance of prudent debt levels and borrowing limits
- Council repays borrowings from general funds, special funds or from the existing specific sinking fund allocated to that borrowing
- Where a loan is raised for a specific purpose and the funds are no longer required, the funds will be held in a special fund until the funds can be applied against a future borrowing

## Security

Council offers a charge over rates and rates revenue, as security for general borrowing programmes and interest rate risk management activity. From time to time, with prior Council approval and the Trustee, security may be offered by providing a charge over one or more of Council's assets. Council offers security under a Debenture Trust Deed.

The utilisation of internal funds for internal borrowing purposes will be on an unsecured basis.

## Internal borrowing

Council uses funds allocated to reserves in the manner which provides Council with the greatest benefit. Where possible, these funds are used to reduce external debt, effectively reducing the Council's net interest cost.

Where Council has a borrowing requirement for specific projects or activities, internal cash resources may be utilised first before any funds are borrowed externally. When Council's cash flows indicate that additional cash resources are required on an ongoing basis, officers will seek external borrowings in accordance with this policy.

Where internal funds are utilised to reduce borrowing, a record will be kept of the source of the funds and an interest rate will be credited to the internal source at the market rate applicable to borrowings over the period of the loan. The cost of the internal borrowing will be charged as an expense to the activity to which the funds have been applied. This is advantageous to Council as there is a difference between the margins that apply to borrowings as opposed to investments and also the costs of transactions.

## Foreign currency

Council may from time to time be exposed to foreign exchange risks through the occasional purchase of foreign exchange denominated services, plant and equipment etc. Generally, all significant

commitments (greater than \$500,000 NZD equivalent) for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved and legally committed. Both spot and forward foreign exchange contracts can be used by Council. The following instruments may be used for risk management activity:

Category	Instrument
Foreign exchange risk management	Spot foreign currency contracts Forward foreign exchange contracts Foreign currency deposits

### Delegation of authority and authority limits

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

Activity	Delegated authority	Limit
Approving and changing policy	The Council	Unlimited
Approving borrowing programme and new debt	The Council	Unlimited (subject to legislative and other regulatory limitations)
Approval for charging physical assets as security over borrowing	The Council	Unlimited
Approval for providing security stock as security over borrowing	Chief Executive or Deputy Chief Executive (or delegate)	Unlimited

Appoint Debenture Trustee	The Council	Unlimited
Re-financing existing debt	Chief Executive or Deputy Chief Executive (or delegate)	Re-financing existing debt
Approving transactions outside policy	The Council	Unlimited
Adjust net debt interest rate risk profile	Chief Executive or Deputy Chief Executive (or delegate)	Per risk control limits
Managing funding maturities	Chief Executive or Deputy Chief Executive (or delegate)	Per risk control limits
Maximum daily transaction amount (borrowing, interest rate and foreign exchange risk management) excludes roll-overs on floating rate debt and interest rate roll-overs on swaps	Chief Executive or Deputy Chief Executive (or delegate)	\$10 million \$10 million
Authorising lists of signatories including seal register signatories	Chief Executive or Deputy Chief Executive (or delegate)	Unlimited
Opening/closing bank accounts	Chief Executive or Deputy Chief Executive (or delegate)	Unlimited

Triennial review of policy	Chief Executive or Deputy Chief Executive (or Executive delegate)	N/A
Ensuring compliance with policy	Chief Executive or Deputy Chief Executive (or Executive delegate)	N/A

All management delegated limits are authorised by the Chief Executive. 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.

## Counterparty credit risk management

The Council will satisfy itself, in all its borrowing and risk management transactions that a counterparty:

- has a long-term S&P (or equivalent Fitch or Moody's rating) credit rating of at least A+ or above; and a short term rating of A-1 or above.
- banks are New Zealand registered banks with the Reserve Bank of New Zealand.

The following matrix sets out the policy limits:

Counterparty	Minimum S&P long term / short term credit rating	Risk management limit maximum per counterparty (\$m)	Total maximum per counterparty, including investments (\$m)
<b>NZ Registered Bank</b>	<b>A+ / A-1</b>	<b>15.0</b>	<b>25.0</b>

In determining the usage of the above gross limits, the following product weightings will be used:

- Interest Rate Risk Management (e.g. swaps) – Transaction Notional × Maturity (years) × 3%.
- Foreign exchange – transactional face value amount multiplied by the square root of the maturity (years) × 15%.

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 instrument and prevailing market conditions the instrument is traded in and repriced from.

Individual counterparty limits are kept in a spread sheet by management and updated on a day to day basis. Credit ratings should be reviewed on an on-going basis and in the event of material credit downgrade this should be immediately reported to the Council and assessed against exposure limits. Counterparties exceeding limits should be reported to the Council.

## Performance measurement

The performance of the borrowing activity will be measured against pre-determined benchmarks:

- Adherence to policy and in particular the borrowing limits
- Unplanned overdraft costs – specifically that daily bank balances are within limits taking into account unforeseen external activity
- Comparison of actual monthly and year to date interest costs vs budget borrowing costs
- Comparison of actual monthly borrowings with budgeted borrowing amounts
- Comparison of actual financial ratios to budgeted financial ratios as per the Annual Plan and 10-Year Plan

## Reporting to Council

The following reports are produced:

Report name	Frequency	Prepared by/reviewed by	Recipient
Daily cash flow position	Daily	Finance Technician/ Accountant	As required
Treasury report <ul style="list-style-type: none"> <li>▪ Policy limit compliance</li> <li>▪ Borrowing limits</li> <li>▪ Funding and interest position</li> <li>▪ Funding facility</li> </ul>	Each Audit and Risk Committee	Accountant / Finance Manager	The Council

<ul style="list-style-type: none"> <li>▪ New treasury transactions</li> <li>▪ Cost of funds vs budget</li> <li>▪ Cash flow forecast report</li> <li>▪ Liquidity risk position</li> <li>▪ Counterparty credit</li> <li>▪ Treasury performance</li> <li>▪ Borrowing and interest rate strategy commentary</li> </ul>			
Annual Report – statement of debt and revaluation of financial instruments	Annual	Financial Accountant / Finance Manager	Stakeholders
Liability management policy review	3 yearly	Finance Manager	The Council

## 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 Income Statement unless derivatives are designated in an effective hedge relationship.

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

The Finance Manager is responsible for advising the Chief Executive E 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 twelve months for risk management purposes.

## Policy review

This Liability management policy is to be formally reviewed on a triennial basis.

The Chief Executive has the responsibility to prepare a review report that is presented to the Council. 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.

## 6. Investment Policy

### Purpose

The purpose of this Investment policy (the policy) is to outline approved policy and procedures in respect of all Council investments. The formalisation of such policies and procedures will enable investment risk to be prudently managed.

### Objectives

The key objectives of this policy are to:

- Manage investments in accordance with relevant legislation and use best practice from the market as appropriate
- Maximise investment income within prudent levels of risk. Council as a public entity is risk averse and as such will invest in safer assets with lower returns
- Invest in only those investments that are approved under this policy
- Ensure the appropriate liquidity levels are maintained as required and to optimise the use of cash not immediately required
- Manage the risk of interest rate movements
- Enable regular reviews of the performance (risk and return) of investments
- Maintain satisfactory internal controls and procedures to safeguard investments
- Ensure Council recognises when an acquisition or divestment of an investment may require public consultation
- Obtain a revenue return to reduce the reliance on and impact of rates
- Invest in activities that Council believes have a positive impact on the community which contributes to Council's vision and purpose statement

- Meet the obligations imposed by legislation or trusts, bequests and endowments

### Application

This policy applies to any investment made by Council with an expected commercial return. While an investment may have other strategic economic objectives that are being met, the distinction between it and other spending is that it will be expected to generate a future flow of funds at a market rate of return.

### Local Government Act 2002 requirements

This policy is prepared according to sections 102 and 105 of the Local Government Act 2002. The Act requires Council to state the following:

- The mix of investments
- The acquisition of new investments
- An outline of the procedures by which investments are managed and reported on
- An outline of how risks associated with investments are assessed and managed

### Mix of investments

Council holds the following mix of investments:

#### *Surplus cash and working capital funds*

- Short term on call deposits
- Long term deposits

#### *Equity investments*



- 100% ownership of the shares in Wanganui District Council Holdings Limited (WDCHL)
- WDCHL's 100% ownership of the shares in Wanganui Gas Limited (WGL)
- Shares in NZ Local Government Insurance Corporation Limited

#### *Property investments*

- City Endowment property portfolio – investment focussed
- Harbour Endowment property portfolio – investment focussed
- Community and operational portfolio (formerly known as the City Freehold property portfolio) – generally includes property held for operational or community purposes
- The contents of each of the property portfolios may change from time to time

#### *Forestry investment*

- Share of Wanganui District Councils' Forestry Joint Committee
- The introduction of the Emissions Trading Scheme (ETS) system may require the purchase or sale of carbon credits in the future

#### *Loan advances*

- For infrastructure works purposes
- For property freeholding of leasehold land
- For some community groups and activities
- For further capital investment (debt or equity) in subsidiary organisations
- For other investments that meet the Council's general objectives or desired outcomes

## **Acquisition/disposition of new investments and revenue**

New investments may be acquired if an opportunity arises or if investment supports the Council's outcomes and is considered the best means of achieving the outcome.

### **Equities**

Any equity acquisition or disposal must be approved by the Council. Council generally invests in equity investments to achieve other than just commercial outcomes. Revenue/dividends earned from equity investments other than WDCHL is minimal. All income is recognised in the Statement of financial performance and forms part of general funds.

### **Property**

Property investments are acquired to provide a better investment mix to any individual portfolio, so adjusting the portfolio will mean sales and purchases of individual properties.

### **Council controlled organisations (CCOs)**

CCOs are consolidated into the Council's Annual Report according to generally accepted accounting practice. Any surplus generated by the CCO will generally be utilised by the CCO, except in the case that a dividend requirement is set out in the CCO's Statement of intent (SOI) or other such determination. Proceeds from the disposition of any CCO investment will form part of general or special funds. Additions to or disposal of any CCO investment requires Council approval. Council facilitates cost-effective external borrowings if required for CCOs by way of its standing in the marketplace and recognises that there is a financial benefit to CCOs from this. Council can pass funding to CCOs at cost or include a margin to reflect its support.

From time to time Council may provide direct financing to assist in cash flow management. Any funding in this form that is equal to or less than

\$50,000 requires Chief Executive approval. Amounts over \$50,000 must be approved by the Council.

### **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.

Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

### **General monitoring procedure**

For equities, the Annual Reports of the entity held are received and reviewed by the Council.

For CCOs, service level agreements between the Council and the CCO and the SOIs record the responsibilities of each party. Most CCOs are managed and reported on by the Council and the Chief Executive of the Council is generally delegated to appoint managers while the Council is generally responsible for appointing governance boards for the CCOs.

The Annual Reports of CCOs are generally prepared by Council and are subject to audit.

## **Council controlled organisations**

### **Wanganui District Council Holdings Limited (WDCHL)**

#### **Objectives**

The objectives relating to the ownership of the company are to oversee individual investments and to advise Council on:

- The mix of investments in the portfolio
- The risk of investments in the portfolio
- The management of individual investments in the portfolio
- The overall strategy for investments in the portfolio
- To identify opportunities to enhance investments and returns
- To identify potential new investments that meet council investment objectives
- To identify opportunities to sell investments that no longer meet Council's investment objectives
- To identify appropriate structures that may better enhance focus and management of particular investments

It is the sole responsibility of Council, by resolution, to purchase or sell assets owned by WDCHL.

WDCHL has a 100% interest in Wanganui Gas Limited which is owned by the company.

#### **Monitoring**

WDCHL is required to submit a SOI to the Council annually. This document outlines what the company will be doing in the next three years to meet its objectives. Other monitoring tools are:

- A six-monthly report is required to report on progress against the objectives in the SOI
- An Annual Report is required to also report on objectives in the SOI

- An Annual General Meeting and also meetings with the Council to discuss issues and progress against objectives

### Risks

Risks are assessed as part of the annual process of developing and adopting a SOI. Business plans will be prepared and contain a section on risks relating to major sectors of business and the expected risk profile over the next three years. Major risks will be monitored by the Board of Directors and will be discussed with Council from time to time.

### Wanganui Gas Limited (WGL)

#### Objectives

The objectives relating to the ownership of WGL by WDCHL are to:

- Protect the provision of an infrastructure investment
- Maximise dividends
- Enhance the value and moderate growth in investment

#### Monitoring

WGL is required to submit a SOI to WDCHL annually. This document outlines what the company will be doing in the next three years to meet its objectives. Other monitoring tools are:

- A six-monthly report is required to report on progress against the objectives in the SOI
- An annual report is required to also report on objectives in the SOI
- An Annual General Meeting and also meetings with WDCHL to discuss issues and progress against objectives

### Risks

Risks are assessed as part of the annual process of developing and adopting a SOI. Business plans will be prepared and contain a section on risks relating to major sectors of business and the expected risk profile over the next three years. Major risks will be monitored by the company and will be discussed with WDCHL when they meet.

### Wanganui Airport Joint Venture (WAJV)

Council has 50% ownership of the joint venture with the other 50% owned by the Crown. Council retains ownership of the airport because it is essential for the economic development of the Wanganui District.

#### Objectives

- WAJV's primary objectives are to:
- Provide high quality facilities and service commensurate with existing levels of aviation activity and in accordance with all the appropriate Acts, Regulations and Rules pertaining to airport and aviation operations in line with the size of Wanganui Airport.
- Operate the airport in a sound and business-like manner.
- Improve the long-term value and financial performance of the airport while improving the economic value of the airport to Wanganui.

#### Monitoring

WAJV is required to submit a SOI to the Council annually. This document outlines what the joint venture will be doing in the next three years to meet its objectives. Other monitoring tools are:

- A six-monthly report is required to report on progress against the objectives in the SOI
- An Annual Report is required to also report on objectives in the SOI

## Risks

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.

## Wanganui District Councils' Forestry Joint Committee (WDCFJC)

### Objectives

The objective relating to the ownership of the WDCFJC is:

- To provide a financial return to assist to reduce the burden on rates.

### Monitoring

WDCHL prepares an annual plan and SOI that is presented to the WDCFJC. The WDCFJC then reports to the individual councils involved in the venture. They are:

- Ruapehu District Council (3.93%)
- South Taranaki District Council (0.98%)
- Wanganui District Council (95.09%)

The SOI outlines what the entity will be doing in the next three years to meet its objectives. The degree of formal reporting is based on the level of operational and sales activity in the forests.

### Risks

Risks are assessed as part of the annual process of developing and adopting a SOI. Business plans will be prepared and contain a section on risks relating to major sectors of business and the expected risk profile over the next three years. Major risks will be monitored by WDCHL and will be discussed with the WDCFJC.

## Property investment portfolios

The objectives for investment and the use of the proceeds from each portfolio differ. The contents of each portfolio may change from time to time to achieve the Council's objectives and outcomes.

### City Endowment property portfolio

The objectives of ownership of the portfolio are:

- To provide revenue for general operations
- To enhance the value of the portfolio
- To maintain an investment in land and property
- To enhance opportunities for economic development on a commercial basis where prudent
- To act as a prudent investor

A large proportion of the value of the City Endowment property portfolio/fund is invested in property with a cash surplus balance available for reinvestment. Not all properties in the portfolio are regarded as investment properties as some are used for operational purposes or are owned for strategic reasons. Investment proceeds are used for the general purposes of Council. There is a requirement that any proceeds of sale be reinvested in property. Capital funds may be invested short term in cash deposits awaiting property investment and interest on those deposits may be used for general purposes.

### Harbour Endowment property portfolio

The objectives of ownership of the portfolio are (within the limits of the Harbour Endowment income):

- To provide revenue for harbour maintenance operations
- To help fund infrastructure for harbour development
- To maintain the value of the portfolio
- To maintain investment in land and property

- To enhance opportunities for economic development on a commercial basis
- To act as a prudent investor

The Harbour Endowment requires that funds must be invested in property. However, proceeds from investment must be used for harbour purposes. Not all properties within the Harbour Endowment are regarded as investment properties as some are used for operational purposes or are owned for strategic reasons. Proceeds from property sales for the Harbour Endowment are not used for harbour maintenance but remain in the capital fund for the purchase of property.

### **Community and operational portfolio (formerly known as the City Freehold property portfolio)**

The objectives of ownership of the portfolio are:

- To provide property to support community activities and the operations of Council
- To enhance opportunities for economic development
- To act as a prudent property owner

The long term objective for the community and operational portfolio would be for all community related properties to be held within this portfolio, with the two Endowments only holding investment properties. This needs to remain a long term objective which can be achieved as and when the rate payer / community and operational portfolio can afford to purchase the community related properties that sit within the two Endowments.

### **Monitoring**

The Council includes property investments within its annual planning cycle. WDCHL also plays a role in monitoring the performance of the property investments. A property investments business plan has been developed and Council will monitor progress against that.

Quarterly reports are prepared and presented to Council to evaluate performance against the plans.

The Council reviews the performance of its property investments on a regular basis. Targets for returns are included in the 10-Year Plan or Annual Plan.

Divestment of property investments requires Council approval. Proceeds from the sale of endowment property investments are allocated to the appropriate capital account and used for acquisition of another investment property. Proceeds from other property sales are allocated to general funds and used to repay debt or to fund capital improvements.

### **Risks**

Risks are assessed as part of the annual process of developing and adopting an Annual Plan or 10-Year Plan. Business plans will be prepared for each portfolio and contain a section on risks relating to major sectors of business and the expected risk profile over the next three years. The Audit and Risk Committee and WDCHL will monitor major risks.

### **Cash and working capital management**

Financial investments are those made in cash deposits or money market term deposits.

The objectives of Council maintaining financial investments are to:

- Invest surplus cash and working capital funds
- Invest amounts allocated to special funds if required
- Invest funds allocated for approved future expenditure to implement strategic initiatives or to support intergenerational allocations if required
- Invest excess proceeds from the sale of assets if required

Council maintains a cash flow projection (by day) for the financial year and surplus cash is managed on a daily basis.

### Risks

This policy sets operating parameters for financial investment activity including approved counterparties, instruments and limits. The following principles form the key assumptions of the operating parameters contained in the investment framework:

- Credit risk is minimised by placing maximum limits for each broad class of non-Government issuer and by limiting investments to local authorities and registered banks within prescribed limits
- Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market
- Any financial investments must be restricted to a term of no more than 91 days (term unless linked to a debt pre-funding strategy), ensuring future cash flow and capital expenditure projections are met
- Council may only make financial investments in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are provided below

Council's financial investments give rise to a direct exposure to a change in interest rates, impacting the return and capital value of its investments.

Management implements an interest rate risk management strategy by reviewing rolling cashflow forecasts and adjusting the maturity of its investments as appropriate.

### Financial investments - approved issuers, instruments and limits

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.

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 can only be approved on the basis of long-term credit ratings (Standard & Poor's, Fitch or Moody's) being A+ and above or short term rating of A-1 or above.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure. The following matrix guide will determine limits.

Counterparty/Issuer	Minimum long term/short term credit rating	Approved instruments	Total maximum investment (\$m)
NZ Government	N/A	Treasury bills	unlimited
Local Government Funding Agency (LGFA)	N/A	LGFA borrower notes/Commercial paper	20.0m
NZ Registered Bank	A+ / A-1	Money market call deposits Money market term deposits Registered	Up to 100% of total portfolio but No more than \$10m with

		certificates of deposits Bank bills	one registered bank
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In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. bank deposits) – transaction amount x weighting 100%.

### Loan advances

Loan advances may be made from time to time to assist the Council to achieve its investment objectives and Council outcomes. Council approval is required for all loan advances.

Council has made advances with respect to infrastructure works loans to its ratepayers.

Council will make advances and other investments after considering the impact of these on the community and the security and return of the advance. Council may offer advances at concessionary interest rates. According to Section 63 of the Local Government Act 2002, concessionary interest rates are unable to be provided to Council Controlled Trading Organisations.

On occasion, Council may also approve loans to trusts or other community-based organisations where there is social or community benefit to be achieved from the lending. Often such lending might be made at significantly discounted or nil interest rates, again in recognition of the clear social and community benefit that is being provided.

### Delegation of authority and authority limits

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

Activity	Delegated authority	Limit
Approving and changing policy	The Council	Unlimited
Approving transactions outside policy	The Council	Unlimited
Authorising lists of signatories including seal register signatories	Chief Executive or Deputy Chief Executive (or delegate)	Unlimited
Opening/closing bank accounts	Chief Executive or Deputy Chief Executive (or delegate)	Unlimited
Triennial review of policy	Chief Executive or Deputy Chief Executive (or delegate)	N/A
Ensuring compliance with policy	Chief Executive or Deputy Chief Executive (or delegate)	N/A

All management delegated limits are authorised by the Chief Executive. 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.



# 7. Financial Strategy

## Summary

Our Financial Strategy describes how we plan to finance our services and activities in a way that is sustainable over the long term. Its purpose is to ensure Council has undertaken prudent financial management in the choices it makes on which services to provide. If our expenditure and funding plans are not sustainable we may not have the capacity or resources to deliver affordable services to residents and ratepayers in the medium and long term.

In simple terms, we must live within our means by ensuring that current ratepayers are paying the reasonable costs of the services they are consuming.

Currently this is difficult as we provide a large and increasing range of services, have relatively high debt levels, a static to falling population, aging infrastructure, low property values and low income levels.

Our Financial Strategy is designed to give you an understanding of our current financial situation and how it has arisen. It also outlines the main factors that influence the demand for and cost of Council's services, as well as the financial challenges and risks that we face and how these risks will be addressed.

It is also designed to facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against and provides a context for consultation on the local authorities proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debts & investments.

Most importantly, we have prepared our Financial Strategy to ensure that you and the community have the right information available, to engage Council about the trade-off between the costs of Council services and the levels of service wanted by the community.

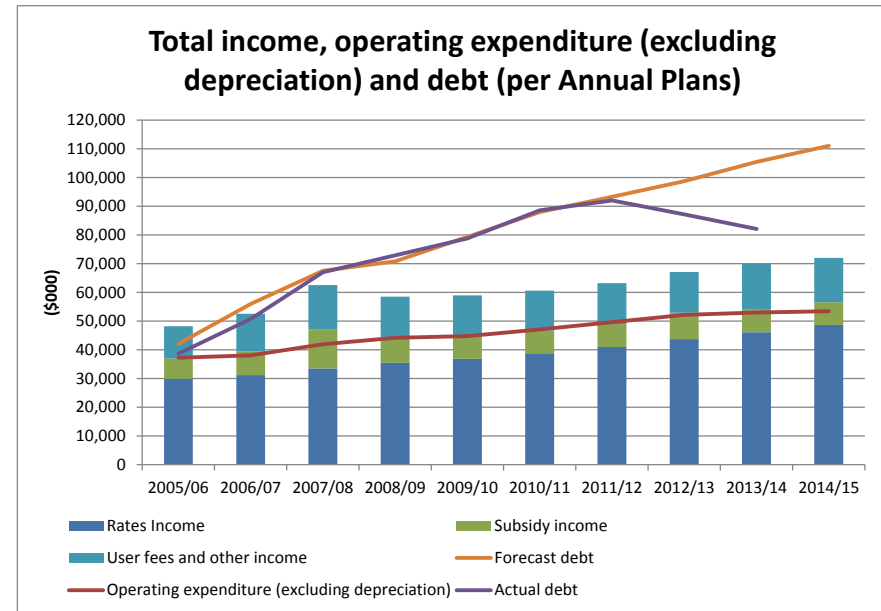
The Financial Strategy is a key part of Council's 2015-2025 10-Year Plan and it needs to be read with other key documents in that plan including:

- Council's Vision Statement** This defines our goals for the mid to long-term future. It serves as a guide for choosing current and future courses of action.
- Infrastructure Strategy** This strategy describes how Council intends to manage its infrastructure assets and associated expenditure needs over the next thirty years.
- Revenue and Financing Policy** This policy details Council's intended approach to funding operating and capital expenditure from available resources. It determines who pays for Council activities and on what basis.
- Liability Management Policy** This policy outlines approved limits and procedures in respect of all Council's borrowing and related risks.
- Rates Required by Activity** This chart details the revenue and costs of each activity of Council. It includes both operating and capital costs in addition to the rates requirement and outstanding loans of each activity.

## Council's Current Financial Position (30 June 2014)

Our Financial Strategy over the last 10 years has balanced what services the community desires with what the community is prepared to pay for those services through tightly controlled expenditure, low rate rises and large debt increases due to the funding of large capital projects, particularly the separation of the wastewater and stormwater networks. In general the community's desire for low rate increases has overridden the desire to fully fund the expanding services and level of services delivered.

The following graph shows that from 2005/06 Council has planned for operating surpluses. However these surpluses have been insufficient to cover capital expenditure, as a result the graph also shows debt has increased during this period. (Actual income and expenditure will vary from planned income and expenditure due to the inclusion of non-cash items, such as depreciation and revaluations within actual income and expenditure.)



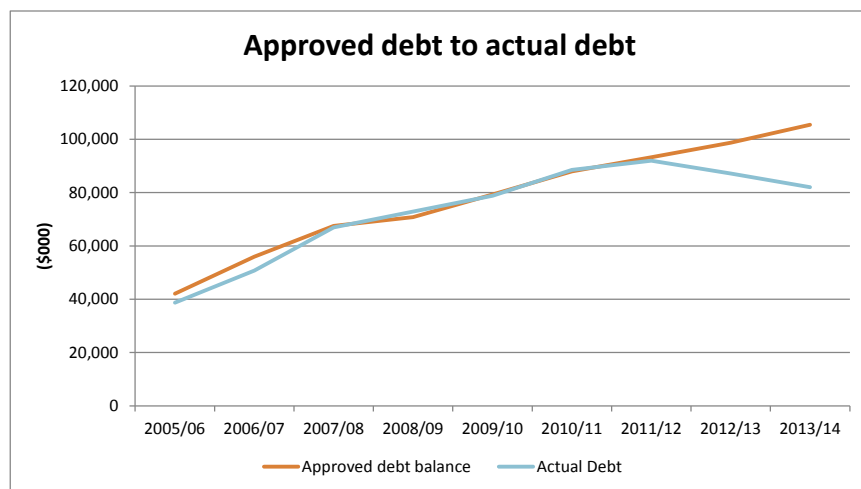
This strategy has seen average rate increases of around 4-5% per year and increases to approved debt levels averaging 11% per year.

We were close to reaching a tipping point where a build-up of changes over time was leading us to a point where a lack of resources meant it was just not possible to maintain our facilities and services at current levels.

This approach for large debt increases and small rate increases and expanding services is not sustainable. In fact Council has planned to increase borrowings every year since 1999.

In explaining and analysing Council’s financial position we have used the information from our Budgets (Annual Plan and 10-Year Plans) as these are the figures that set your rates.

Other than recent debt, Annual Plan figures track closely with our actual financial results which we present in our Annual Report. The following graph shows the relationship between approved debt from the Annual Plan and actual debt in the Annual Report.



From 2013, actual debt has trended downwards from forecasted approved debt as the sale of the assets of Energy Direct NZ Limited (EDNZ) on 1 July 2013 enabled Council to reduce its WDC debt by \$8 million. Additionally, the delayed upgrade to the waste water treatment plant has put off the need to borrow another \$18 million.

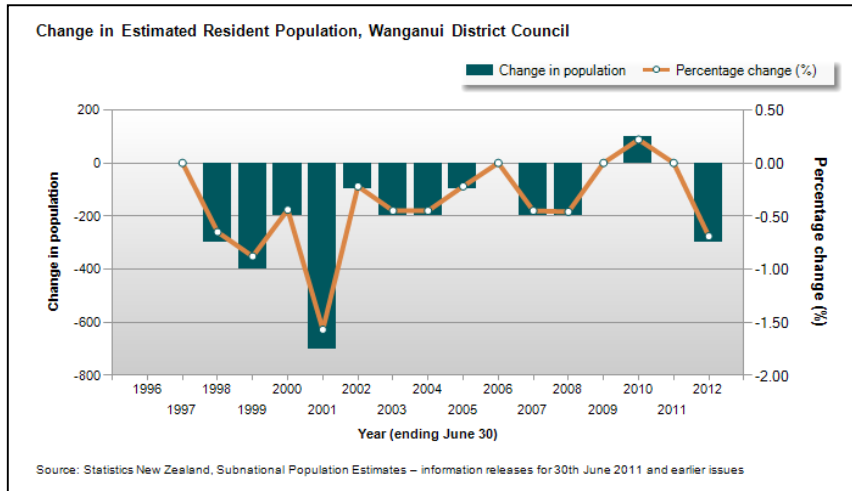
In addition, the wider Council group has another \$10 million of loans in Wanganui District Council Holdings Limited (WDCHL). These loans, initially \$17 million, were reduced by \$7 million due to the sale of EDNZ’s assets. These WDCHL loans are serviced from WDCHL’s investment in GasNet Limited.

**This approach for large debt increase and small rate increase and expanding services is not sustainable**

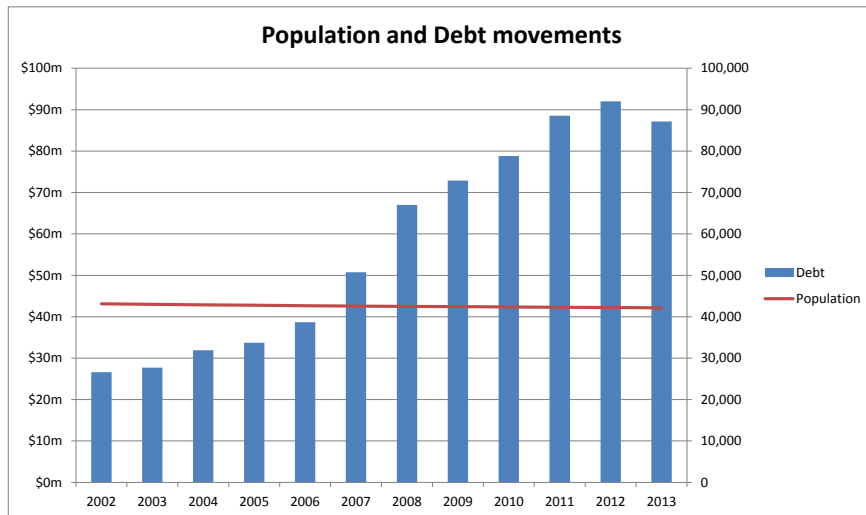
### Community’s ability to pay

The community’s ability to pay for services is affected by its wealth and income, future expectations of wealth and income and the number of people who can share the cost of Council provided services.

From the 2013 census, median income for families was significantly lower in Wanganui at \$56,300 compared to the then national average of \$72,700. Approximately 58% of the population aged 15 and over was employed which is less than the national average of 64%. Compared to national averages, the population is slightly older, less ethnically diverse, less well educated and less wealthy. The average age of Wanganui residents is also increasing.



The graph below highlights Council's increasing debt against a static population growth.



At the 2013 census the District had a population of 42,153 (a decrease of 486 people from 2006, which itself had a decrease of 630 people from

the 2001 census). While there has been a population decrease there has been a small increase in the number of rate paying properties as the number of people living per property has reduced.

For the 2015-2025 10-Year Plan it is assumed that the Wanganui community will continue to have lower incomes, lower income growth, a lower percentage of the population employed than the national average as well as a static population or population decline. We don't expect any change in land use to have significant effect on demand for infrastructure. As such, our Financial Strategy is conservative on debt and rate increases. This small population change is not expected to have a significant effect on Council's operating or capital costs.

More details on Wanganui demographics and the Wanganui economy can be found in Volume One of the 2015-2025 10-Year Plan.

**As the Wanganui Community has lower incomes and population growth rates than most New Zealand communities, we need to be conservative in our financial strategy on rate and debt increases.**

### Council's Future Financial Position (2015-2025)

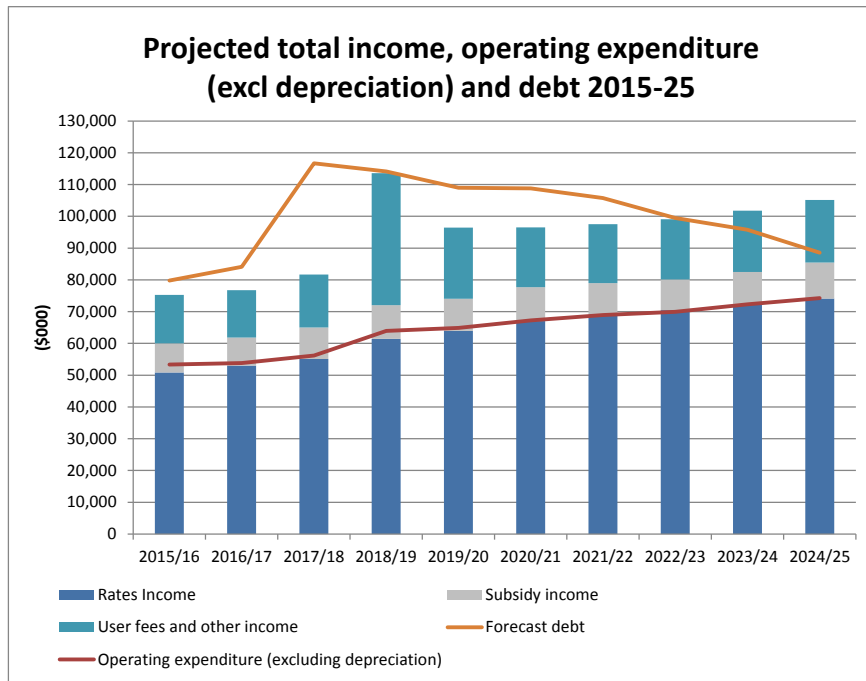
To live within our means we cannot keep borrowing. It is not prudent to budget that our community will be significantly larger or richer, although Whanganui and Partners Ltd's Economic Development Strategy's aim is to do just that. The establishment of Whanganui and Partners Ltd is a recent initiative undertaken by Council that by partnering with various segments of our community we can achieve the objective of growing Wanganui's economy.

### Balancing the books

For the last 10 years Council has planned to spend more than it has earned and has balanced the books by borrowing to pay the difference.

While borrowing will be necessary to build the new wastewater plant, in the latter years of this plan Council will be repaying debt. Council plans to slowly increase its debt repayment as most debt repayment is paid from rates.

The following graph shows projected operating surpluses. The debt balance is projected to reduce after 2017/18 as some of the operating surpluses are used for debt repayment.



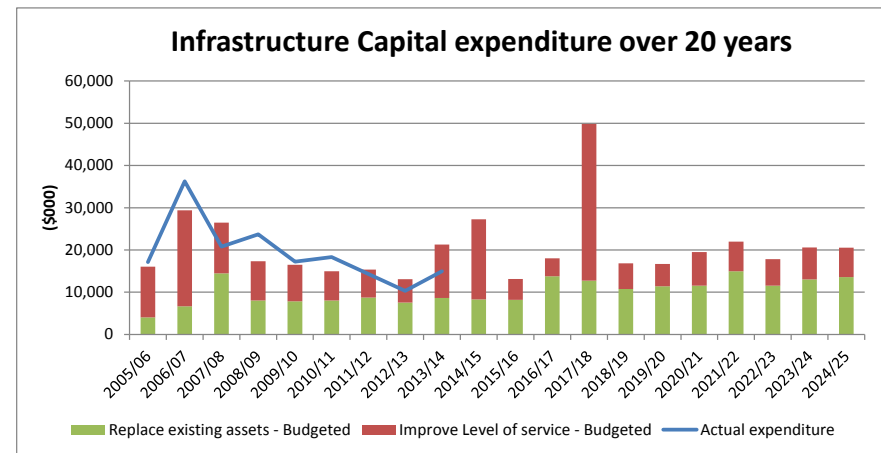
### Purchasing and maintaining infrastructure assets

In the past 10 years Council has spent \$198 million on purchasing and replacing its infrastructure assets and this is the main contributor to our rising debt levels.

In this plan Council plans to spend \$215 million on purchasing and replacing its infrastructure assets.

**Council plans to slowly increase its debt repayment as most of our debt is paid from rates.**

The following graph highlights Council’s capital expenditure on infrastructure over the past ten years as well as what is budgeted for in this 10-Year Plan.



The figures in the above graph include capital expenditure on Waterways and natural drainage, which is minimal except year 2023/24 where \$1.1M is budgeted for work at the mouth of the Whanganui river.

Historically, Council’s budgeted and actual capital expenditure have been consistent with each other. We expect this trend to continue.

In this plan Council plans to reduce total borrowings to \$89 million by year 2024/25. In addition, Council plans to:

- Limit Council net borrowings to less than 200% of its total revenue
- Ensure that net interest is less than 15% of total revenue
- Ensure that net interest is less than 20% of annual rates
- Hold cash assets and confirmed borrowing facilities is greater than 110% of external debt

To address the budget Council has reviewed its efficiencies, levels of service, levels of user fees, asset sales and rates increases.

In addition to the above, Council is currently undertaking extensive modelling of its infrastructure networks. This will result in improved data information on the condition of its assets, enabling more efficient and effective targeting of expenditure.

**Council will limit its borrowings to less than 200% of its total revenue and ensure that net interest is no more than 15 % of total revenue**

### Improved efficiencies

Council is in the process of undertaking an externally led review of all its activities and services.

The work to date from the Activity and Service Review is that Council is efficient in delivering its services and that its financial difficulties are due to the condition of its assets, the number of services and service levels it is attempting to deliver to.

Council’s decisions in relation to this review will include determinations in relation such things as Council’s involvement in Pensioner Housing.

**Sale of community assets can be difficult as there is always a part of the Community who wishes to keep them**

The 2014 Annual Report shows Council has approximately \$900 million of assets and \$100 million of liabilities with a net value of \$800 million. However, the majority of assets are not saleable as they are fundamental in delivering our Council services to you. These are the pipes in the ground, the roads, parks, books, land and buildings etc.

Potential saleable assets include Forestry, GasNet Ltd and surplus and under-used parks and properties. Should Council decide to sell significant assets it would be required to undertake public consultation.

Council has found that disposal of community assets is difficult as there is always a part of the community that wishes them kept. On average, over the last 10 years, Council has sold approximately \$670,000 of surplus assets per year.

### Increasing user fees and Government subsidies

User fees and Government funding make up approximately 30 percent of Council’s funding requirements.

This income is subject to changes in market conditions and Government policy.

Central government has advised that Council will be getting lower subsidies for the maintenance of our roads. This funding is estimated to reduce by \$5 million over this 10-Year Plan.

While Council takes every opportunity to leverage external sources of funding (for example: funding for the Gallery relocation), the funding is often application based, has a finite period and is subject to policy changes.

## Rate increases

In considering everything earlier in this Financial Strategy Council proposes an average rate increase over the 10 years of 4.1%. The existing level of services can be maintained with this rate increase.

The rates are higher than the rate of inflation as Council rates needs to repay debt and pay for the wastewater treatment plant, reduced government funding for roads and strengthening earthquake prone buildings.

Council proposes that rates revenue (excluding water by meter, trade waste and penalties) will not be more than 75% of Council's total revenue.

Council limits an increase of total rates revenue from all existing ratepayers (excluding water by meter, trade waste and penalties) of no more than the local government inflation rate plus 2% plus targeted rates for debt repayment and natural disasters.

	2015/ 2016	2016/ 2017	2017/ 2018	2018 /2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
Rates Increase (to existing ratepayers)	4.1%	3.9%	3.6%	11.2%	3.7%	4.5%	2.6%	1.9%	2.5%	2.1%
Proposed rates limits	4.2%	4.5%	4.5%	4.6%	4.8%	4.9%	5.0%	5.2%	5.4%	5.5%

Other than in 2018/19 (the years we build the wastewater treatment plant) our proposed rate increase is less than the limits in the table above. (n.b. Rates increase calculations exclude rates from trade waste, metered water and penalties)

## Security

In order to borrow money, Council has to offer some security just like residents with their mortgage. Like most Councils, the majority of our debt is secured against our rates income. Council's Liability

Management Policy also allows security to be offered by providing a charge over one or more of Council's assets.

Council has issued security to banks, the New Zealand Local Government Funding Agency and holders of Wanganui District Council Local Government Stock. The security issued is for actual borrowings and undrawn credit facilities. The security we offer and our credit rating enables Council to borrow at favorable interest rates.

## Investments

The Council holds investments in property, companies and joint ventures (JV) and bonds (see below for details).

Council holds property investments in the Harbour Endowment and City Endowment.

Entity	Principal reason for investing	Budgeted return
Harbour endowment	Maintenance and development of the Sea Port	6.5% Return on Investment
City endowment	Benefit the people of Wanganui via revenue to offset rates	6.5% Return on Investment

**Council proposes that total rates (excluding metered water, trade waste and penalties) will not be more than 75% of Council's total income. Council proposes an increase of total rates income to Council from all existing ratepayers of no more than the local government inflation rate plus 2% plus targeted rates for debt repayment and natural disasters**

## Companies and other entities that Council invests in are:

Company JV	Shareholding	Principal reason for investing	Budgeted return
Wanganui District Council Holdings Company	100%	Manage other investments	0
GasNet Limited	100%	Provide return on investment	\$1.5 million
Energy Direct Limited	100%	No longer an active trading company	nil
Wanganui Gas Limited	100%	No longer an active trading company	nil
Wanganui Airport Joint Venture	50%	Provide an essential service to the District	nil
Wanganui District Council Forestry JV	95%	Provide return on investment	Varies
Manawatu Wanganui Local Authority Shared Services Ltd	14%	Efficient service delivery and reduced costs	nil
New Zealand Local Authority Funding Agency	0.4%	Effective borrowings and Reduced interest costs	nil
New Zealand Local Government Insurance	2.6%	Risk management	nil

Corporation Limited			
Sarjeant Gallery Trust Board	100%	Support the Sarjeant Art Gallery	Nil
Whanganui and Partners Ltd	100%	Economic Development	nil
Wanganui River Enhancement Charitable Trust	33%	Health of the River	nil
New Zealand Master Games Limited	49%	Sport	nil
Wanganui Incorporated	100%	Educational / training / employment opportunities	nil
Whanganui Resource Recovery Centre Trust	40%	Manage and promote a resource recovery centre	nil



## 8. Revenue and Financing Policy

The purpose of the Council's Revenue and Financing Policy is to provide predictability and certainty about sources and levels of funding for all its activities. The Policy explains the rationale for and the process of the selection of various funding methods to fund the operating and capital expenditures of the council activities. It is an important instrument of council's financial management because how the activities are funded can have a significant impact on the financial viability of council services as well as on the overall impact of any allocation of liability for revenue needs on the community.

In the past year the Council has reviewed its funding of activities, including the basis for its rating system. It is proposing to make amendments to what is included in General Rates including how the Uniform Annual General Charge (UAGC) is calculated. Further changes to the Policy will be considered in the subsequent years.

### Revenue and Financing Policy considerations

The Policy requirements are included in Sections 101, 103 and 103 of the Local Government Act 2002 (the Act). The Council when reviewing the most appropriate funding sources for its activities considered the following:

- the community outcomes to which the activity primarily contributes (why the service is provided)
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals (user/beneficiary pays principle)
- the period in or over which those benefits are expected to accrue (intergenerational equity principle)
- the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity (exacerbator pays principle); and

- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

### Council outcomes

A full description of the outcomes as part of the Long Term Plan. The individual activity analysis lists the community outcomes that the activity primarily contributes to and link to the reasons why the activity is undertaken.

### Distribution of benefits - who benefits

In general, benefits flow to an individual or group where it is possible to identify the user and to withhold the service to the user if the user does not pay. The costs of these benefits should generally be funded on a user-pays basis. These benefits are often described as 'private benefits'. 'Public benefits' which flow to the community as a whole arise where it is not possible to identify the individuals or groups that benefit and there is little effect on the cost of additional people benefiting or all the community benefits. The costs of these benefits are generally funded through rates as it is not possible or practicable or it is undesirable to charge users directly.

At this stage, Council is required to consider who benefits from the activities performed by Council. This is expressed as the Public/Private split. Economic theory suggests there are two main characteristics that need to be considered when looking at a particular good or service:

At one end of the continuum there are so-called 'public goods'. At the other end of the continuum are 'private goods' which are both rival and excludable. Most daily consumables are private goods.

Rivalry in Consumption - good is a rival in consumption if one person's consumption of the good or service prevents others from doing so, e.g. a chocolate bar is a good with a large degree of rivalry in consumption, i.e. if Bill eats it, Jane cannot.

Excludability - good or service is excludable if a person can be prevented from consuming the good or service, e.g. if Bill does not buy a movie ticket, then the usher can exclude him by preventing him from entering the theatre.

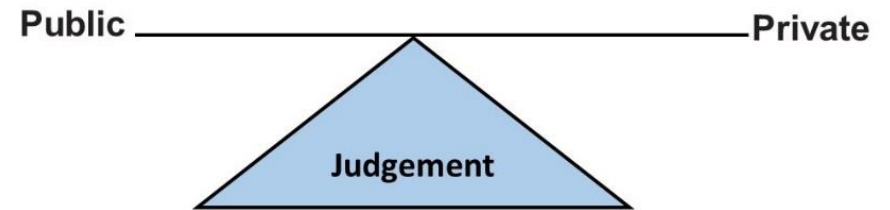
These are goods which are both non-rival and non-excludable, i.e. everyone can consume them and no one can be prevented from consuming them if they wish. A good example of a public good is national defence, where the whole community is protected from an invasion by the armed forces whether it wishes to be or not, and this protection cannot be removed from anyone in New Zealand.

Very few goods and services are entirely public goods or private goods. Most goods and services are 'mixed goods' and fall somewhere between the two ends of the continuum

The characteristics of a good or service determine what type of funding mechanism might be used to fund a particular service. Council has already made judgements about what it considers are public goods when deciding whether or not to undertake a particular activity.

For example, a good towards the public end of the continuum may not be a good candidate for user charges as people cannot be prevented from consuming it, or because everyone consumes it whether they wish to or not. Such goods will generally be candidates for funding from some general source such as a general rate. A good towards the private end of the spectrum may be a candidate for a targeted rate or a user charge.

In the end, it is likely to come down to 'reasonable' judgement. Both the LGA and previous case law place the responsibility on elected members to make decisions about who benefits and who should pay.



## Time period of the benefits

The Council must assess the period over which the benefits flow from each activity. For all its activities, the operating costs directly relate to the benefits of an activity provided during the year of the expenditure. Operating costs are therefore funded on an annual basis from annual income including rates, user charges, subsidies and other income.

Capital expenditure produces assets that will produce benefits over their useful lives. These lives range from a few years for office equipment, computers and vehicles to 100 years for some infrastructural assets such as bridges and some pipe networks. The costs of these assets should therefore be funded over the time of benefit. This is the concept of intergenerational equity and is particularly relevant for larger assets. Loan funding and repaying the loans from rates to fund capital expenditure required to renew an existing asset or purchase a new asset is the most prudent financial method. This also provides intergenerational equity in that each generation pays its share of costs.

## Who causes the need for an activity?

The Council is required to assess the extent to which each activity exists because of the actions or inactions of an individual or group. This principle, known as the exacerbator pays or polluter pays, suggests that costs should be recovered directly from those causing the need for the activity. Examples are parking fines, food licences, pool safety and trade waste.

## Costs and benefits of funding the activity distinctly from other activities

The Council considers the individual costs and benefits of the funding of each activity. This analysis takes into account the consequences for transparency and accountability of the chosen funding method. Distinct funding allows ratepayers to assess whether or not the activity represents good value to them. For some activities, the costs of collecting user charges would be more than the revenue collected. As a result the council has chosen to fund a number of activities entirely from rates.

These matters were all considered with no single criterion given a greater weight than the others. The Council then considered the overall impact of the allocations on the overall impact of any allocation of liability for revenue needs on the community and considered the following matters:

- The likely impact of the mix of funding sources on ratepayers on fixed incomes (affordability).
- Will the Policy act as a barrier to the accessibility of the activity?
- What incentives will the Policy have for development of the district?
- How is the burden of funding distributed across differing sectors of the community?
- Does the Policy support people to conserve scarce resources, avoid environmentally unfriendly activities and preserve our natural heritage?
- Does the Policy support the community participating in recreational and cultural activities and to preserve historical and other cultural heritage?

## Financial Management

In terms of the Local Government Act 2002 (the Act) the Council is required to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's operating expenses (a balanced budget). Despite this requirement, under section 100(2) of the Act, the council is allowed to set projected operating revenues at a different level

from that required to achieve a balanced budget if the council resolves that it is financially prudent to do so, e.g. to fund a previous or future year's deficit or to repay debt.

## Other legal requirements

While the Revenue and Financing Policy is governed by the Local Government Act 2002, there are a number of other pieces of legislation that are relevant for determining appropriate funding mechanisms.

They include:

### Local Government (Rating) Act 2002

This Act sets out all the legal requirements for rating. It covers who is liable to pay rates, what land is rateable, what kind of rates may be set and how those rates are set, the valuation system which may be used and the various rating mechanisms available (such as targeted rates. It also sets a number of limits on local government. For example, all rates set on a uniform basis (including the Uniform annual general charge but excluding a uniform rate for water or wastewater) may not exceed 30% of the total rates revenue.

### Other legislation

A number of Acts, such as the Sale and Supply of Alcohol Act 2012, set out statutory fees for various types of regulatory services. These fees may not be exceeded. Where fee setting is up to a local authority, there is often a general legal requirement for this to be "fair and reasonable".

### Resource Management Act 1991

This Act sets out Council's responsibilities in terms of the environment. It also specifies the circumstances in which local authorities may require financial contributions from developers to meet the costs of their impact on the environment including their impact on the demand for infrastructure. Alternatively, under the Local Government Act 2002, local authorities are allowed to seek development contributions or a combination of development and financial contributions under the respective Acts. The Wanganui District Council will not take development contributions from 1 July 2015 though it may consider financing contributions in the future as part of its review of its District

Plan. The need for development contributions will be periodically reviewed.

### General policies on funding and sources of funding

Capital expenditure is the category of spending which creates a new asset or extends the lifetime of an existing asset. Expenditure on council's day-to-day operations is classed as operating expenditure and also includes overhead costs, which represent all costs not directly attributed to any of the activities e.g. support services like financial services, IT services and human resources, customer services and administration.

The sources of funding available to the council include:

- General rates, including
  - Choice of valuation system
  - Differential rating; and
  - Uniform annual general charge.
- Targeted rates
- Fees and charges
- Interest and dividends from investments
- Borrowing
- Proceeds from asset sales
- Development contributions
- Financial contributions under the Resource Management Act 1991
- Grants and subsidies; and
- Any other source.

### General rates

During the Council's Funding Review the Council chose to continue with the land value rating system for its general rates.

Differentials are a tool for altering the incidence of rates. Setting a differential rate does not increase the rating income, it merely allocates the rates requirement in a different way from a pure value-based system. The Council applies a differential to the General rate based on land use and area as set out below.

### Commercial

Properties used for commercial or industrial purposes

Properties not used for commercial or industrial purposes that are:

### Residential

less than 0.5 hectares

greater than 0.5 hectares but less than 1 hectare

greater than 1 hectare but less than 2 hectares

greater than 2 hectares but less than 3 hectares

### Farming

greater than 3 hectares but less than 4 hectares

greater than 4 hectares but less than 5 hectares

greater than 5 hectares but less than 10 hectares

greater than 10 hectares

Definitions of the differential are included in the funding impact statement.

### Uniform Annual General Charge

The Council levies a Uniform Annual General Charge (UAGC) as a fixed amount on each separately used or inhabited part of a rating unit.

### Fees and Charges

The Council impose fees and charges to recover either the full of a part of the cost of a variety of services provided. These include, for example, the regulatory services such as building consents, provision of utility connections and vehicle crossings.

### Interest and dividends

The Council allocates its holding company income to wastewater to reduce rates, and to repay loans in general rate funded activities.

Other income such as forestry income is used to repay debt in general rate funded activities.

### Borrowing

When funded by debt, the Council spreads the repayment of that borrowing over several years. This enables the Council to match charges

placed on the community against the period of benefits from capital expenditure.

Borrowing is managed within the framework specified in the Liability Management Policy. While seeking to minimise interest costs and financial risks associated with borrowing is of primary importance, the Council seeks to match the term of borrowings with the average life of assets when practical. The Council's overall borrowing requirement is reduced to the extent that other funds are available to finance capital expenditure. Such other funds include:

- Council special funds
- Contributions towards capital expenditure from other parties such as New Zealand Transport Agency (in relation to certain roading projects)
- Proceeds from the sale of assets; and
- Operating surpluses
- Rates.

### Proceeds from asset sales

Proceeds from any asset sale will in the first instance go to repay debt that may be associated with the activity. Wherever the sale proceeds are greater than the known debt or the replacement cost of the 'like' asset then the proceeds will be made available for General debt reduction.

### Development Contributions

The Local Government Act 2002 (LGA 2002) provides for local authorities to recover, through development contributions, capital expenditure related to growth. Councils may require development contributions from developments where the effect, including the cumulative effect, of development is to require new or additional assets or assets of increased capacity, and as a consequence, the Council incurs capital expenditure. This includes capital expenditure a Council has already incurred in anticipation of growth.

Growth in services resulting from a population increase is not foreseen over the ten year period therefore the Council has chosen not to take development contributions as a form of revenue.

### Financial Contributions under the RMA

For Financial Contributions to be levied, the detail need to be provided for in the Council's District Plan. Then Financial Contributions may be imposed as a condition of development or resource consent. Works and services may be required for purposes specified in the District Plan for ensuring positive effects on the environment. Development can place a significant strain on existing physical resources (utility networks, reserves and public amenities). Council may consider modifying the district plan in the future to provide for Financial Contributions.

### Grants and Subsidies

The Council receives subsidies from New Zealand Transport Agency, which cover a proportion of the capital and maintenance costs of our roading network.

### Any other source

Special funds are funds which have either been received by the Council from a third party to be used in a specific way (Restricted Funds) or monies tagged by the Council to be applied for a specific purpose or area of benefit (Non Restricted Funds).

## Funding of Capital Expenditure

The Council categorises its capital expenditure projects as to meet additional demand, to improve the level of service and to replace existing assets. The following funding sources are used for each category under normal circumstances, with any alternative funding sources specifically resolved by the Council.

### To replace existing assets projects

Renewal projects restore or replace components of an asset or the entire asset to meet the current level of service (to its original size, condition or capacity). These projects will be funded from rates and if applicable subsidy from NZTA for Roading renewal projects.

### To improve the level of service projects

The creation of a new asset or alterations to an existing asset that means a higher level of service is delivered. These projects will be funded by loan and repaid from the operational funding sources.

### To meet additional demand projects

As noted above, Council has not identified any additional assets required to serve growth in existing services due to new areas being serviced. If in the future there are growth related projects requiring to be funded, the Council at that time will identify the most appropriate funding tool available including the consideration of developer agreements.

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Parks and reserves</b>	Active and culturally rich	Medium	High	Low	Medium	40-50%	50-60%	While individuals do benefit from the provision of the service, the community as a whole benefits from the existence of this activity. Furthermore there is limited ability to charge people for the provision of the service and restrict residents and ratepayers from using these services	Fees & charges; lease charges for exclusive use; sponsorship & donations; bequests;	General rates	Fees & charges, leases, sponsorship, donations & bequests & General rates	Loan funding, donations & bequests & General rates
<b>Swimming pools</b>	Active and culturally rich	High	High	Low	Low	60%	40%	While individuals benefit from using the pools there is a benefit to the community	Fees & charges; sponsorship, donations; bequests	General rates	Fees & charges, leases, donations & bequests & General rates	Loan funding, donations & bequests & General rates
<b>Community and operational property</b>	Economic prosperity	High	High	Low	High	90%	10%	The primary benefits of this activity are tenants and leases however there is a small benefit to the district resulting from the provision of this activity	Leases; rentals; licence to occupy	General rates	Leases; rentals; licence to occupy & General rates	Loan funding, & General rates

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Cemeteries</b>	Safe and healthy community	High	High	Low	Low	80%	20%	The activity provides a service to individuals, there is a longer term benefit to the community from the use of cemeteries	Internment fees;	General rates	Internment fees; & General rates	Loan funding, & General rates
<b>Central Business District maintenance</b>	Economic prosperity	High	Medium	Low-Medium	Low	50%	50%	All businesses within the CBD received benefit from the expenditure, there is a wider district benefit in having a vibrant CBD	Targeted rate on CBD; licence to occupy; foot traffic; size of frontage; proximity to upgraded mainstreet	General rates	Targeted rate on CBD & General rates	Targeted rate on CBD & loan funding
<b>Community buildings</b>	Community partnerships	High	High	Low	High	70%	30%	The predominant users of these facilities benefit directly by the provision of these services. Because these facilities exist there is a benefit to the whole community	Rentals	General rates	Rentals & General rates	Loan funding



Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Libraries</b>	Active and culturally rich	High	Medium-High	Low	Low	60%	40%	While individuals receive the benefit from the recreational and educational value of libraries, there is a wider benefit to the community in the provision of these services	Fees & charges; external contracts; bequests; sponsorship	General rates	Fees & charges, leases, donations & bequest & General rates	Loan funding, donations & bequests & General rates
<b>Sarjeant Gallery</b>	Active and culturally rich	Low	High	Medium	Medium	10%	90%	The building and collection provide benefit to individuals through the viewing but the wider community including national community, receive significant value from its existence.	Donations, fees & charges; (membership fees)	General rates	Donations, fees & charges; (membership fees); & General rates	Loan funding, donations & bequests & General rates
<b>Royal Wanganui Opera House</b>	Active and culturally rich	High	High	Medium	Medium	75%	25%	The uses being those who attend performances are the primary users of this activity. The community benefits to a lesser degree by the existence of this facility	Fees & charges	General rates	Fees & charges, leases, donations & bequest & General rates	Loan funding, donations & bequests & General rates

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Whanganui Regional Museum</b>	Active and culturally rich	Low	High	Medium	Medium	10%	90%	The museum provides a record of the community's history, which is of benefit to the entire community and the nation	Donations, fees & charges; (membership fees)	General rates	Donations, fees & charges; (membership fees); & General rates	Loan funding, donations & bequests & General rates
<b>Airport</b>	Economic prosperity	High	High	Medium	Medium	70%	30%	The airport provides key transportation links but the users of the airport and associated services are the primary users and can be identified	Fees & charges; rentals	General rates	Fees & charges; rentals & General Rates	Loan funding & General rates
<b>War Memorial Centre</b>	Community partnerships	Medium	High	Low	Medium	40%	60%	All the users of both the Hall, Conference and Convention Centre benefit directly from the provision of the service, there is a wider benefit to the community are both economic and remembering historical events	Fees & charges; sponsorship	General rates	Fees & charges, sponsorship, & General rates	Loan funding, & General rates

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Central Business District parking</b>	Economic prosperity	High	High	Medium	Low	80%	20%	While the primary beneficiaries of this activity of the people who use the car parks there is a wider community benefit in having a vibrant CBD	Fees & charges; fines	General rates	Fees & charges; fines; & General rates	Loan funding, & General rates
<b>Community</b>	Safe and healthy community	Low	Medium	Low	Low	10%	90%	The purpose of community development is to enhance the community, therefore the community as a whole benefits from the provision of the service, However there are individuals who may benefit from the activity	Government grants; partnerships	General rates	Government grants; partnerships; & General rates	NIL

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Economic development</b>	Economic prosperity	Low	Medium	Low	Low	10%	90%	The purpose of economic development is to enhance the economic growth of the district therefore the community as a whole benefits from the provision of the service. While individual businesses may receive increased growth as a result of the activity it is still the intention of the economic development activity is to grow the district	Government grants; partnerships; targeted rate to commercial & industrial properties - fixed & capital rate	General rates	Government grants; partnerships; targeted rate to commercial & industrial properties - fixed & capital rate & General rates	NIL

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Emergency management - including rural fire</b>	Community partnerships	Low	Low	Medium	Low	5%	95%	Emergency Management is the preparation of the community for a natural disaster and therefore no individual benefits from this activity. In specific instances certain costs relating to the rural fire activity can be recovered from individuals	Permits; recovery costs	General rates	Permits; recovery costs & General rates	Loan funding, & General rates
<b>Animal control</b>	Safe and healthy community & Environmental sustainability	High	Low	High	Medium	70%	30%	The prime beneficiaries from this activity if the public due to the control of wandering animals, however there is some benefit to animal owners to ensure the animal safety	Fees & charges	General rates	Fees & charges; & General Rates	NIL

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Building control</b>	Safe and healthy community & Environmental sustainability	High	Medium	Medium	Medium	80%	20%	While individuals who use the service are the primary beneficiaries because of the service being provided, the community also receive a benefit from having buildings which meet the required building standards	Fees & charges	General rates	Fees & charges; & General Rates	NIL
<b>Environmental health</b>	Safe and healthy community & Environmental sustainability	Low	Low	Medium	Low	20%	80%	The primary function of this activity is to ensure public health however individual businesses benefit from the service	Fees & charges	General rates	Fees & charges; & General Rates	NIL
<b>Environmental policy</b>	Safe and healthy community & Environmental sustainability	Low	Low	Medium	Low	5%	95%	The functions of this activity result in a more controlled planning environment which benefits the community. There are also small benefits to developers who use the plan change process	Fees & charges	General rates	Fees & charges; & General Rates	NIL

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Liquor licensing</b>	Safe and healthy community & Environmental sustainability	Low	Low	Medium	Low	20%	80%	The purpose of this activity is to enhance public safety, however those holding licences are able to benefit from the provision of the service	Fees & charges	General rates	Fees & charges; & General Rates	NIL
<b>Resource management</b>	Safe and healthy community & Environmental sustainability	High	Low	Medium	Medium	60%	40%	While applicants receive significant benefit through the provision of this activity, there is a wider benefit through the process allowing participation in the approval of resource consents	Fees & charges	General rates	Fees & charges; & General Rates	NIL
<b>Pensioner housing (including some social)</b>	Community partnerships	High	High	Low	Low	90%	10%	The provision of the 274 units primary benefits the occupiers. The community also benefits by the existence of this facility	Rentals	General rates	Rentals	Loan funding, & General rates

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Governance and democracy</b>	Community partnerships	Low	Low	Low	Low	0%	100%	The provision of governance is a public good as each member of the public have an equal ability to participate in the governance process. However there are the occasional people who abuse this process.		General rates		NIL
<b>Waste minimisation</b>	Environmental sustainability	High	Medium	Medium	Low	60%	40%	The beneficiaries of this activity include the users of the landfills (both existing and future) however there are ongoing districtwide benefits of having a clean environment.	Fees & charges; bag rate; targeted rate based on location	General rates		Loan funding, & General rates
<b>Earthquake strengthening</b>	Safe and healthy community	Medium	High	Low	Low	50%	50%	The users (the occupiers) of the Council's buildings are the beneficiaries of this activity, but there are benefits to the community including having safe infrastructure.	Debt	General rates		Loan funding, & General rates



Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Footpaths and berms</b>	Safe and healthy community	Low	Medium	Low-Medium	Low	10%	90%	The community benefits by the provision of footpaths and berms however utility companies benefit by the provision of the corridor (including berms) to locate their reticulation infrastructure	Targeted rate value-based	General rates	Targeted rate value-based & general rates	Loan funding, & General rates
<b>Roading</b>	Economic prosperity	Medium	Medium	Medium	Low	70%	30%	The Roothing network provides significant economic benefits to the district by enabling the transportation of goods and people. Also the users of the (motorists) are beneficiaries of this activity. in addition the utility companies benefit by the provision of the corridor (including berms) to locate their reticulation infrastructure economic	NZTA subsidy; targeted rate on land use or location; fees & charges; petrol tax	General rates	NZTA subsidy; targeted rate on land use or location; fees & charges; petrol tax & general rates	NZTA subsidy;& general rates

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Wastewater</b>	Environmental sustainability	High	High	Medium	Low	70%	30%	While the primary beneficiaries of this activity are the properties that are connected to the wastewater scheme, there are benefits to the district by ensuring a clean receiving environment	Targeted rate on connection & availability to connect; trade waste fees & charges; financial contribution	General rates	Targeted rate on connection & availability to connect; trade waste fees & charges;& general rates	Targeted rate on connection & availability to connect; trade waste fees & charges; financial contribution; General rates & loan funding
<b>Waterways and natural drainage</b>	Environmental sustainability	Low	Low	Medium	Low	0%	100%	The community as a whole benefits from efficient and effective natural drainage. There are minor benefits to individual properties which are protected through this activity	Targeted rate based on location; land area	General rates	Targeted rate based on location; land area & General rates	Targeted rate based on location; land area & General rates & loan funding

Activity	Community Outcomes	User or beneficiary principle	Intergenerational equity principle	Negative Effect/ Exacerbate	Costs and benefits	Who benefits		Rationale	Funding tools		Operating funding sources	Capital funding sources
						Private	Public		Private	Public		
<b>Stormwater</b>	Environmental sustainability	Medium	High	Low	Low	50%	50%	Individual properties are protected from flooding from the provision of this activity, however the community as a whole benefits from good reticulated stormwater to prevent widespread flooding	Targeted rate based on availability of service	General rates	Targeted rate based on location; land area & General rates	Targeted rate based on location; land area & General rates & loan funding
<b>Water supply</b>	Safe and healthy community	High	High	Low	Low	80%	20%	More properties that are connected to water supply receive the most benefit from this activity, the community as a whole benefits from having safe drinking water	Targeted rate based on connection or availability	General rates	Targeted rate based on connection or availability & General rates	Targeted rate based on connection or availability & loan funding

# 9. Significance and Engagement Policy

## Background

This policy outlines Council's approach to determining the significance of proposals and decisions, and includes criteria and procedures the Council will use in assessing which issues, proposals, decisions and other matters are significant.

Council's existing Significance Policy will be replaced with this Significance and Engagement Policy.

This is a new requirement for all councils under Part 6 of the Local Government Act (the Act).

Section 10 of the Act defines the purpose of local government as:

- enabling democratic local decision-making and action by, and on behalf of, communities; and
- meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Whenever a council makes a decision on any matter it must determine the significance of the decision to be made and, where appropriate, engage with its community.

Under legislation there are clearly defined principles for making decisions, determining significance and engaging with communities. These include:

- identification and assessment of options
- quantification of benefits and costs
- the amount of detail
- evidence of compliance with the significance and engagement policy

- providing processes to encourage and engage with Maori

Once a decision is determined as significant according to the approach, criteria and procedures of this policy, or by council resolution, the decision-making and associated engagement provisions contained in Section 76(1) of the Act will be observed.

## Purpose and Scope

This policy will:

- enable the Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities
- provide clarity about how and when communities can expect to be engaged in decisions made by Council
- inform the Council from the beginning of a decision-making process about the extent, form and type of engagement required.

## Policy Application

In considering the degree of significance of every issue requiring a decision, Council will be guided by the following:

- The potential effect on delivering Council's strategic aspirations
- How the decision aligns with historical Council decisions
- The likely impact of the decision on present and future interests of the community, recognising Iwi culture values and their relationship to land and water
- The level of community interest in the decision and whether community views on the issue are already known

- The possible financial and non-financial costs of the decision (or of reversing the decision) with regard to the Council's capacity to perform its role

Council will consider the significance of every issue requiring a decision and the level of engagement on a case by case basis.

Significance and engagement will be considered in the early stages of a proposal before decision-making occurs and, if necessary, reconsidered as the proposal develops.

Council is required to undertake a special consultative procedure as set out in Section 83 of the Local Government Act 2002 on certain matters (regardless of whether they are considered significant as part of this policy). These matters are listed in Attachment 1.

Council will select the most appropriate level of engagement for any particular issue (unless the special consultative procedure is required by legislation). This applies to issues with a high degree of significance as well as those that are not.

Differing levels of engagement may be required during the varying phases of decision-making on an issue, however in general, the more significant an issue is, the greater the need for community engagement.

Community engagement will occur across a spectrum at differing levels. These levels will range from informing the public with information through to empowering – in which the final decision-making is in the hands of the public.

As part of the engagement process for the adoption of this policy, and subsequent reviews, the Council will enquire from people in the district their engagement preferences and will review those preferences each triennial term.

The Council will also take into account views already expressed in the community and the level of support for those views, when determining the significance of a decision.

When appropriate Council preference will be given to online and digital engagement techniques, aligning to Council's Digital Strategy.

Council will actively pursue opportunities to partner and collaborate with the community. Such partnerships will predominantly be at the 'involve' and 'collaborate' level of the engagement spectrum.

Where each partnership opportunity sits on the engagement spectrum will be assessed on a case by case basis, and this role will be clearly outlined to all parties.

Joint Management Agreements, Memorandum of Understanding or any other similar high level agreements will be considered as a starting point when engaging with Iwi and the community in general.

Strategic assets, as listed in Attachment 2, have Special Consultative Procedure requirements.

In determining the degree of significance of any issue, the Council will apply the following criteria:

Criteria	<i>Measure</i>
The degree to which the issue impacts on individuals, groups and organisations within our communities.	The decision may cause: <ul style="list-style-type: none"> <li>• high levels of public interest and potential to generate controversy</li> <li>• large divisions in views amongst the community</li> <li>• large impact on a moderate number of people in the community</li> <li>• moderate impact on a large portion of the community</li> </ul>
The degree to which the issue affects the level of service of a significant activity	The decision may alter the level of service provided by Council
The degree to which the issue has a financial impact on Council or the rating levels of its communities	The decision will have a substantial financial impact
The degree to which the decision is inconsistent or largely inconsistent with existing documented policies and plans	The decision is inconsistent with other policies and strategies
The degree to which the decision impacts on the environment, culture or people of Wanganui, now and into the future	The decision may impact the community's sustainability and resilience
The degree to which the decision may alter Council's relationship with Iwi	The impact of the decision may have a detrimental effect on relationships with Iwi

If an issue meets one or more of the above criteria measures, the matter is more likely to have a high degree of significance and will be determined a significant decision.

## Procedures

When any issue is determined as a significant decision:

- The issue will be considered by the Council
- The report to Council will include an officer assessment of the degree of significance of the issue, the degree of engagement proposed, the engagement plan proposed and a staff recommendation.

If the issue involves a significant decision in relation to land or a body of water, the Council will engage directly with affected Iwi in a manner and at a time mutually agreed to ensure that the relationship of Maori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga are provided for.

When engaging with Iwi, their stories and information will be looked after as taonga. This includes the sharing of this information with other parties.

The Council will not make a decision or proceed with a proposal which it considers to be significant, unless it is first satisfied that Sections 77 (Requirements in relation to decisions), 78 (Community views in relation to decisions), 81 (Contributions to decision-making by Maori) and 82 (Principles of Consultation) of the Act have been appropriately observed.

When Council makes a decision that is inconsistent with this policy, the steps identified in Section 80 of the Local Government Act 2002 will be undertaken.

Consideration will also be given to appropriate levels of engagement for those issues that, while of community interest, do not meet the criteria above.

Council will use a Community Engagement Toolbox (Attachment 3) as a guide for engagement planning. This resource provides a consistent but flexible process to guide Council on how and when to engage communities in decision-making.

When selecting techniques for community engagement Council will give consideration to the following:

- who is affected, interested in or likely to have a view on the issue
- the significance of the matter
- the community preferences for engagement
- what information already exists
- the circumstances in which the issue arose

When engaging with our Iwi partners Council will use an array of methods to ensure they are given every opportunity to be fully involved from the beginning of a decision-making process.

When engaging with Maori in the community the Council will use a range of techniques from the Engagement Toolbox, and with guidance from our Iwi partners to ensure that Maori views are fairly represented throughout the decision-making process. The Council will commit to providing relevant information to improve access for Maori in the community to contribute to engagement and decision-making processes.

When engaging with Youth the Council will use an array of methods from the Engagement Toolbox and consult with the Youth Committee about the most effective techniques to engage with youth in the District.

The Council will use the Youth Committee as advocates for the views of youth.

When engaging with rural communities the Council will use an array of methods from the Engagement Toolbox and consult with the Rural Community Board about the most effective techniques to engage with the rural communities in the District. The Council will use the Rural Community Board as advocates for the views of rural communities.

When engaging with the wider public the Council will utilise existing forums such as Safer Whanganui (which includes community service providers), Multicultural Forum and the Positive Aging Forum.



## Definitions

Community	A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders
Decisions	Refers to the decisions of the Council by formal resolution at Council and Council Committee meetings. Decisions include deliberations on any issue, proposal or other matter
Engagement	Is a term used to describe the process of seeking information from the community to inform and assist decision-making. There is a continuum of community involvement.
Iwi partners	Wanganui District Council's two Iwi partners: Te Runanga O Tamaupoko Link and Te Runanga O Tupoho
Significance and Significant	As defined in Section 5 of the LGA2002
Significant Activity	Is an activity (or group of activities) as listed below: Water supply Stormwater drainage Flood protection and river control Sewage disposal Roads and footpaths Parks and Recreation Community and cultural Economic development Community facilities and services Transportation
Strategic asset	As defined in Section 5 of the LGA2002
Relevant strategic aspirations	Wanganui District Council vision: To partner with the community to create a flourishing and family-friendly environment Wanganui District Council Digital Strategy: Wanganui is a leader in the digital world. We are a well-connected, socially inclusive, prosperous and sustainable community. Wanganui District Council Economic Development Strategy: Wanganui - A prosperous community Safer Whanganui vision: A Safer Whanganui

## **Policy term and review**

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

The Council will review the Significance and Engagement Policy every three years. The review process will involve community engagement.

## ATTACHMENT 1 - STATUTORY CONSULTATION

The following matters are listed in the Local Government Act 2002, as amended May 2014, as requiring statutory consultation via a Special Consultative Procedure:

- establishing a council-controlled organisation (Section 56)
- making, amending or revoking a bylaw (Section 86)
- adopting a long term plan (Section 93(2)) - this must be through the consultation document specified in section 93A-G
- altering a long term plan (Section 93(5)) - this must be through the consultation document specified in section 93A-G
- certain decisions that can only be taken if provided for in the long term plan (Section 97):
- a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority, including a decision to commence or cease any such activity:
- a decision to transfer the ownership or control of a strategic asset to or from the local authority
- entering into a partnership or joint venture to provide water services (Section 137)
- disposing of a park (Section 138)

### **Please note:**

Not all of these matters would be determined significant under Council's significance and engagement policy on significance.

Other Acts of Parliament may require a Special Consultative Procedure.

## ATTACHMENT 2 - STRATEGIC ASSETS

Section 5 of the Local Government Act requires the following to be listed in this Policy:

- a. any asset or group of assets listed in accordance with Section 76AA(3) by the local authority; and
- b. any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- c. any equity securities held by the local authority in—
  - (i) a port company within the meaning of the Port Companies Act 1988
  - (ii) an airport company within the meaning of the Airport Authorities Act 1966

The following is a list of assets or group of assets that the council needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community.

Activity/Group of Activities	Asset	Strategic importance
<b>Community facilities</b>	<ul style="list-style-type: none"> <li>• All cemeteries</li> <li>• Portfolio of reserves and land used for parks, gardens, sports fields and recreational areas as a whole</li> <li>• Network of street trees but no individual tree</li> <li>• Portfolio of community recreational and leisure facilities as a whole</li> </ul>	To deliver on outcomes linked to: A safe and healthy community Active and culturally rich community
<b>Cultural facilities</b>	<ul style="list-style-type: none"> <li>• Community and Council information archive collections and records as a whole</li> </ul>	To value and support our active and culturally rich community

	<ul style="list-style-type: none"> <li>• Sarjeant Gallery collections as a whole</li> <li>• The library collections as a whole</li> </ul>	
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Council information archive collections and records as a whole</li> </ul>	For the delivery of all outcomes and community wellbeing
<b>Pensioner housing</b>	<ul style="list-style-type: none"> <li>• The portfolio of pensioner housing but not specific units or complexes</li> </ul>	A safe and healthy community
<b>Wanganui Airport</b>	<ul style="list-style-type: none"> <li>• The airport encompassing an asphalt runway and terminal building</li> </ul>	Economic prosperity Listed under Section 5 of the Act
<b>Investments</b>	<ul style="list-style-type: none"> <li>• The Council's 100% shareholding in Wanganui District Council Holdings Limited which in turn holds 100% of the shares in Wanganui Gas Limited.</li> <li>• City Endowment portfolio – but not one specific building</li> <li>• Harbour Endowment portfolio – but not one specific building</li> <li>• City Freehold portfolio – but not one specific building</li> </ul>	Listed under Section 5 of the Act

<b>Roading</b>	<ul style="list-style-type: none"> <li>• Rooding network as a whole but not any specific part of the network</li> </ul>	<p>For the delivery of all outcomes and community wellbeing</p> <ul style="list-style-type: none"> <li>- A safe and healthy community</li> <li>- Environmental sustainability</li> </ul>
<b>Sewage disposal services</b>	<ul style="list-style-type: none"> <li>• Sewerage network as a whole but not any specific part of the network</li> </ul>	
<b>Stormwater drainage services</b>	<ul style="list-style-type: none"> <li>• Stormwater network as a whole but not any specific part of the network</li> </ul>	
<b>Water supply</b>	<ul style="list-style-type: none"> <li>• Water supply system as a whole but not any specific part of the network</li> </ul>	
<b>Water reticulation system</b>	<ul style="list-style-type: none"> <li>• Water reticulation system as a whole but not any specific part of the network</li> </ul>	

## ATTACHMENT 3 - COMMUNITY ENGAGEMENT TOOLBOX

Section 14 of the Act sets out the principles relating to local authorities, including:

- conducting its business in an open, transparent and democratically accountable manner
- making itself aware of, and having regard to, the views of all of its communities
- when making a decision, taking account of: the diversity of the community and the community's interests within its district or region; the interests of future as well as current communities; and the likely impact of any decision on the interests
- providing opportunities for Maori to contribute to its decision making processes.

The Wanganui District Council is committed to engaging with its communities and has developed this toolbox so people can participate in the decision-making process, and contribute to the development of their District.

The Council acknowledges that “communities” may be communities of place or communities of issue and will use appropriate tools and techniques to make meaningful and timely connections that elicit feedback.

Effective engagement is important to build trust between the Council and its communities, and to allow the Council to respond to the changing needs of its communities. The Significance and Engagement Policy aims to ensure that elected members are well informed of the public and stakeholder views when making their decisions.

Alongside this, the Council seeks to increase the level of involvement, and resident satisfaction, with the information provision and understanding of council processes.

Community engagement:

- is a process
- involves the public
- is focussed on decision making or problem-solving
- is beneficial – builds relationships

In developing engagement plans for each issue requiring a decision, the following things should be considered

- engagement objectives – the feedback that is sought from communities
- timeframe and completion date
- communities to be engaged with
- engagement tools and techniques to be used
- community preferences regarding engagement techniques
- resources needed to complete the engagement
- communication planning needed
- basis of assessment and feedback to the communities involved

Community engagement occurs across a spectrum at differing levels. Generally, the more significant an issue the greater the need is for community engagement.



----- **Level of** ----->

The level to which Council will engage will align with the significance of the decision to be made and will be at one of the levels shown below<sup>1</sup>.

The table also provides an example of the differing types of tools associated with each level and the timing generally associated with these types of decisions/levels of engagement, to which the public can expect to be involved.

	<b>Inform</b>	<b>Consult</b>	<b>Involve</b>	<b>Collaborate</b>	<b>Empower</b>
<b>Goal</b>	To provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
<b>Types of issues that we might use this for</b>	Flood and storm cautions	Rates review	10-Year Plan	Safer Whanganui	Election voting systems (MMP, STV or first past the post)
<b>Tools Council might use</b>	Website Public notices Newspaper	Formal submissions and hearings, focus groups, surveys, huis	Workshops Focus groups Citizens Panel World cafes Formal submissions and hearings	External working groups (involving community experts)	Binding referendum Local body elections
<b>When the community can expect to be involved</b>	Council would generally advise the community once a decision is made	Council would advise the community once a draft decision is made and seek feedback and input. Generally the community	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process.	Council would generally involve the community at the start to scope the issue, again after information has been	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process.

<sup>1</sup> Adapted from International Association for Public Participation (IAP2) model Spectrum of Engagement



		would have up to 4 weeks to participate and respond.		collected and again when options are being considered.	e.g. typically a month or more.
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The community engagement process generally follows five phases:

1. Planning – crucial to sustainable decision making
2. Strategy development – bringing together all of the planning elements, the road-map
3. Implementation of the strategy – action planning and implementation
4. Reporting – providing feedback to stakeholders and reporting to the council
5. Final evaluation – how well was the objective achieved?

Over the time of decision-making, a variety of techniques may be used on any issue or proposal.

In some circumstances the Council is required to use the special consultative procedure, set out in Section 83 of the Act.

All decisions must be “informed” as a minimum.

For decisions classified as high significance engagement tools and techniques beyond “inform” must be used.

The actual location on the Engagement Spectrum will be made on a case-by-case basis. This decision will guide the selection of appropriate engagement tools and techniques to be used.

### Which tool(s) to use and when?

There are a range of situations where engagement is necessary or desirable and a wide range of engagement techniques to choose from for any given situation. Each situation, therefore, needs to be assessed according to both the issue and the phase of decision-making and the individual circumstances it presents.

It will not always be appropriate or practicable to conduct processes at the participatory end of the consultation continuum. Many minor issues will not warrant a participatory approach, and will sit at the ‘inform’ level. Constraints of time and money will also limit what is possible on some occasions.

It is important to note that even in situations where there is plenty of opportunity to gain community input, it may not be possible to have significant control over what is done with the results. It is important to ascertain how results will be used before beginning an engagement process to ensure that as many of those ultimately responsible for decision-making are included in the process with the community, and have made a commitment to respecting the outcomes. This also gives greater confidence to the community that their input is being listened to.

This table is not a definitive list. Techniques not listed here may be used in addition to those listed over the page.

TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
<b>INFORM</b>							
All methods of Informing	To build interest and update people on progress and decisions	Medium-varies according to format and distribution	Variable	<ul style="list-style-type: none"> <li>• Interest can be built over a series of communications</li> <li>• Keeps people up-to-date</li> <li>• Wide distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Only a form of consultation if community feedback is also sought</li> <li>• Printing and distribution costs can be high</li> <li>• Excludes the illiterate, semi-literate and non-English speakers</li> <li>• Unappealing for oral cultures</li> <li>• Access problems if information not distributed to all appropriate audiences</li> </ul>	Depends on audience and format.	<p>Must ensure that format and distribution will reach target audience.</p> <p>Use existing tools such as Community Link, Facebook, Council website, twitter, newsletters and existing networks such as Rural Community Board and Youth Committee.</p> <p>Youth – stronger use of social media tools. Preferred method is Facebook, and using quick voting polls. Not a large proportion of youth appear to use Twitter.</p>
<b>CONSULT/INVOLVE</b>							

TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
Written submissions (including online)	<ul style="list-style-type: none"> <li>• Special Consultative procedure</li> <li>• Complex or technical issues</li> <li>• Arguments that take a long time to prepare</li> <li>• Legislative issues</li> <li>• Policy and service reviews</li> </ul>	Low to Medium	Medium	<ul style="list-style-type: none"> <li>• Allows opportunity to consider issues/do background preparation before writing submissions</li> <li>• Good for highly technical/complex proposals that require well-prepared responses</li> </ul>	<ul style="list-style-type: none"> <li>• Low response rates</li> <li>• Engage a narrow range of people – not representative of population</li> <li>• Time consuming to prepare</li> <li>• Off-putting to those unfamiliar with process</li> <li>• Excludes the illiterate, semi-literate and non-English speakers</li> <li>• Unappealing for oral cultures</li> </ul>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<p>Can increase response rate by giving people plenty of time to make submissions, (not over holiday period) simplifying response forms, being proactive, approaching a range of interest groups etc</p> <p>Changes made as a result of consultation should be reported back to submitters</p> <p>Need to be clear about what respondents are being asked to submit on</p>
Oral submissions	<ul style="list-style-type: none"> <li>• Special Consultative procedure</li> <li>• Oral cultures (especially Maori and Pacific island groups)</li> <li>• Those unable to communicate in written form</li> </ul>	Low to Medium	Medium	<ul style="list-style-type: none"> <li>• More appropriate for oral cultures</li> <li>• Opportunity to clarify</li> </ul>	<ul style="list-style-type: none"> <li>• Can be very intimidating for those who do not like public speaking</li> <li>• Requires a good grasp on English</li> <li>• Puts off those unfamiliar with submission process</li> </ul>	In some instances translators may be required	<p>Need not be public (can be one-on-one or by phone)</p> <p>Can be held in venues that are more 'friendly' to participants</p>

<p>Surveys (written and online)</p>	<ul style="list-style-type: none"> <li>• When issues are clear cut and can be spelled out simply in a survey form</li> <li>• Consulting with a large number of people</li> <li>• When quantitative data is required</li> </ul>	<ul style="list-style-type: none"> <li>• Medium</li> </ul>	<ul style="list-style-type: none"> <li>• Medium to high</li> </ul>	<ul style="list-style-type: none"> <li>• Doesn't require interviewers</li> <li>• Can be quick and easy to complete</li> <li>• Can be completed at a time that suits respondents</li> <li>• Information collected can be represented statistically</li> <li>• Using online surveys aligns with our Digital Strategy</li> <li>• Provides a basis to compare amongst groups</li> </ul>	<ul style="list-style-type: none"> <li>• Survey design and sampling procedures can be complex (badly designed questionnaires lead to poor quality and incorrect information gathering)</li> <li>• Order of questions may influence responses – however with online surveys the order can be randomly changed</li> <li>• Written surveys can be costly to process</li> <li>• Response rates are generally poor for postal surveys</li> <li>• Excludes the illiterate, semi-literate and non-English speakers</li> <li>• Unappealing for oral cultures</li> <li>• Respondents can misinterpret questions</li> <li>• Only useful for gauging views on relatively straightforward issues</li> <li>• Little scope for further in-depth comment</li> </ul>	<p>Yes</p> <ul style="list-style-type: none"> <li>• survey design</li> <li>• sampling procedures</li> <li>• online survey setup</li> <li>• statistical analysis</li> </ul>	<p>Assumption that target population already has enough information to make an informed response</p> <p>Respondents can be given reminders to complete surveys</p> <p>Incentives are becoming an acceptable way of increasing response rates</p> <p>Need to consider potential sample and responses bias when analysing results</p> <p>If surveying youth, aim to keep it to multi-choice questions and if online, no more than three questions.</p>
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TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
					<ul style="list-style-type: none"> <li>Not representative of population</li> </ul>		

Telephone surveys	Good for gathering the views of a large number of people in a short time frame	Medium/High	Medium	<ul style="list-style-type: none"> <li>• Opportunity for clarification</li> <li>• Guarantees a particular level and representativeness of response (can keep going until required number reached)</li> <li>• Doesn't usually require large time commitment from respondents</li> </ul>	<ul style="list-style-type: none"> <li>• Easier for potential respondents to refuse to respond to an anonymous voice</li> <li>• Only useful for gauging views on relatively straight forward issues</li> <li>• usually only a snapshot of information collected</li> <li>• This method is becoming less viable as fewer research companies are offering this service.</li> <li>• Relies on matching phone numbers from the Yellow Pages to names on the electoral roll, which causes difficulties in obtaining an adequate sample size due to increased mobile phone usage and unlisted numbers.</li> </ul>	Yes <ul style="list-style-type: none"> <li>• Survey design</li> <li>• Sampling procedures</li> <li>• Interviewer selection and training</li> <li>• Analysis of results</li> </ul>	<p>Hours of operation critical to ensure equity of access</p> <p>Often contracted to external research agencies</p> <p>When responses are made to a person on the telephone, as opposed to online or in written form, there can be a tendency to respond more truthfully when answering about something that is socially desirable.</p> <p>There is also a tendency to respond more neutrally, towards the middle of the scale and away from extremes</p>
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TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
Face-to-face interviews	<ul style="list-style-type: none"> <li>In situations where the issues/questions are more complex and/or open-ended</li> <li>Interviewer can explain questions to respondents</li> <li>Better for use with oral cultures</li> </ul>	Medium/high	Medium to high	<ul style="list-style-type: none"> <li>Minimises respondent errors in interpreting questions</li> <li>More participatory and interviewers can get more information by probing for responses (semi-structured interviews)</li> <li>Higher response rates than written surveys</li> <li>Better for oral cultures</li> <li>Able to note non-verbal cues</li> </ul>	<ul style="list-style-type: none"> <li>Can be expensive if training and employment of interviewers is required.</li> <li>Can introduce interviewer biases</li> <li>Cultural barriers</li> </ul>	Yes <ul style="list-style-type: none"> <li>Sampling procedures</li> <li>Interviewer selection and training</li> </ul>	Appearance and demeanour of interviewer are crucial  Interviewers must be familiar with questions  Interviewers must remain neutral  When possible provide the interviewee with information beforehand  Ask sensitive questions last

TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
Referenda	<ul style="list-style-type: none"> <li>• Suitable when committed to acting on the views of the majority of voters</li> <li>• Best for consultation relating to city-wide and strategic decision making</li> </ul>	High	High	<ul style="list-style-type: none"> <li>• Decisive way of resolving an issue</li> <li>• Can provide a specific mandate – important for controversial issues</li> <li>• Adds legitimacy to a decision</li> <li>• Can provide a clear answer to a specific question</li> <li>• Encourages political participation</li> </ul>	<ul style="list-style-type: none"> <li>• Costly exercise requiring considerable rigour</li> <li>• Only the motivated who vote</li> <li>• Limited number of questions can be asked</li> <li>• Issues can be too complex to be resolved in simple terms</li> <li>• Minority voters alienated by acting on the views of the majority</li> <li>• Excludes the illiterate, semi-literate and non-English speakers</li> </ul>	Yes <ul style="list-style-type: none"> <li>• Question design</li> <li>• Access to the electoral database</li> <li>• Overseeing of a political process</li> </ul>	<p>Costs can be reduced by timing a referendum to coincide with an election</p> <p>Well balanced public information campaign can allow for more informed responses</p> <p>Can be binding or non-binding</p>
Huis/Formal public meetings	For small scale and localised consultation	Medium	Medium	<ul style="list-style-type: none"> <li>• Provides an opportunity for dialogue where clarification can be sought from all parties</li> <li>• Provides opportunity for all to voice their opinions publicly</li> <li>• Everyone hears the same information and comments – less interpretation errors</li> </ul>	<ul style="list-style-type: none"> <li>• Participation often low</li> <li>• Participation requires a good grasp of language</li> <li>• Can be intimidating for those who do not like public speaking</li> <li>• Can be confrontational if not well facilitated</li> <li>• Quality feedback on contentious issues can be minimal if not well facilitated</li> </ul>	Yes <ul style="list-style-type: none"> <li>• Quality facilitation essential</li> </ul>	<p>Strong emphasis on quality facilitation to encourage all present to participate</p> <p>Cultural factors need to be considered e.g. location, language etc</p> <p>Equity of access is important (e.g. mobility issues)</p>



TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
Focus groups/working panels/Local action groups/task groups	<ul style="list-style-type: none"> <li>▪ Where a high level of engagement and qualitative information are sought</li> </ul>	Can be high	High	<ul style="list-style-type: none"> <li>• Allows for discussion of issues which can include decision making</li> <li>• Complex issues can be explored</li> <li>• Good for gauging the opinions of those who don't normally participate</li> <li>• Can be representative of wider community views depending on composition</li> </ul>	<ul style="list-style-type: none"> <li>• Can be unrepresentative of wider community views depending on composition</li> <li>• Can be susceptible to capture by particular view points</li> <li>• Good facilitators can be costly and hard to find</li> <li>• Transcription can be costly and time consuming</li> <li>• Participation requires a good grasp of language</li> </ul>	<p>Yes</p> <ul style="list-style-type: none"> <li>• Facilitation</li> </ul>	<ul style="list-style-type: none"> <li>• Focus group sessions should be no larger than 8-12 people</li> <li>• Good facilitation crucial</li> <li>• Can be conducted in other languages</li> <li>• Can be used in association with other consultation techniques</li> </ul>
<b>COLLABORATE/EMPOWER</b>							

TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
Interactive web sites	Technical situations when there is a large amount of information available. Situations where stakeholders have internet access	Medium/High	Low	<ul style="list-style-type: none"> <li>• Time and cost savings</li> <li>• Interactive</li> <li>• Accessible locally, nationally and internationally</li> </ul>	<ul style="list-style-type: none"> <li>• Access only to those with the internet</li> <li>• Excludes the illiterate, semi-literate and non-English speakers</li> <li>• Websites can be costly to set up and keep updated</li> </ul>	Yes <ul style="list-style-type: none"> <li>• Set up</li> </ul>	<p>Websites should be designed to be access through smart phones.</p> <p>Interactive options with visual displays are preferred by youth.</p>
Multi Stakeholder Processes such as: <ul style="list-style-type: none"> <li>- Participatory Appraisal</li> <li>- Participatory Action Planning</li> </ul>	<p>All inclusive forms of consultation recognising the right of all interested parties to work together in shared decision-making.</p> <p>Everyone begins working on the project at the same time.</p>	High	High	<ul style="list-style-type: none"> <li>• Improved decision-making</li> <li>• Includes the normally 'silent majority'</li> <li>• Promotes consensus problem solving</li> <li>• Open, democratic process</li> <li>• Minimises conflict</li> <li>• Develops long term relationships between parties</li> <li>• Educational</li> <li>• Can be visual rather than language based</li> </ul>	<ul style="list-style-type: none"> <li>• Requires skilled facilitation</li> <li>• Costly in terms of time and money</li> <li>• Not suitable for projects which are already underway</li> </ul>	Yes <ul style="list-style-type: none"> <li>• Process design</li> <li>• Facilitation</li> </ul>	<p>Cannot be an add-on to some other process</p> <p>Good process design and facilitation essential</p>

TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
<p>Citizens Juries/ Panels/Charettes (Group of 12-25 people representative of a community, brought together for three to five day to consider an issue)</p>	<p>Provides a controlled environment for different view-points on controversial issues to be considered without interference or interruption.</p> <p>May pull together many elements of a project and generate alternatives</p>	<p>High</p>	<p>High</p>	<ul style="list-style-type: none"> <li>• Improved decision-making</li> <li>• Includes the normally 'silent majority'</li> <li>• Promotes consensus problem solving</li> <li>• Open, democratic process</li> <li>• Educational</li> <li>• Deal well with complex issues</li> <li>• Legitimacy through representative make-up</li> <li>• Controlled environment for debate</li> </ul>	<ul style="list-style-type: none"> <li>• Costly and time consuming</li> <li>• Cannot be totally representative of the community</li> <li>• Public expectation that jury's "verdict" will be actioned</li> <li>• "Jurors" may need to be financially compensated for loss of earnings</li> </ul>	<p>Yes</p> <ul style="list-style-type: none"> <li>• Jury selection</li> <li>• Process design and set up and facilitation</li> </ul>	<ul style="list-style-type: none"> <li>• All relevant information must be presented</li> <li>• Good venue required</li> <li>• Often used in urban planning</li> <li>• Charettes has a decision-making focus</li> </ul>

TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
World cafes	<p>A meeting process featuring simultaneous conversations in response to predetermined questions.</p> <p>To foster open and meaningful discussion of topics and bring areas of commonality out in to the open.</p>	Medium/High	High	<ul style="list-style-type: none"> <li>• Can bring closure to a set of questions</li> <li>• Simultaneous conversations can include a wide range of participants in one go</li> <li>• Participants change tables as they go and can focus on identifying common ground with each question.</li> </ul>	<ul style="list-style-type: none"> <li>• Success is dependent on the responsiveness of participants</li> <li>• Complicated to keep conversations on target with multiple conversations happening at once</li> </ul>	<p>No</p> <p>It allows for people to work in small groups without the need for staff facilitators</p>	<p>Room set up is very important. Should feel conducive to a conversation and not like a standard meeting format.</p> <p>Useful when determining priorities, or pre-engagement for Plans.</p>

TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
Revolving conversations /Conversation circle/Samoan circles	<p>To foster open and meaningful conversation about a topic when there is minimal need for participant education.</p> <p>Used when there is a high level of mistrust for the meeting 'sponsor'</p> <p>Often used for controversial topics.</p>	Low	Low	<ul style="list-style-type: none"> <li>• Minimal role for facilitation required</li> <li>• Participants can provide their views in depth</li> <li>• Can question and challenge</li> <li>• Gives everybody a chance to talk and to hear what others are saying</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion is limited to four participants at a time</li> <li>• Participants can feel intimidated</li> <li>• Can be socially hard for participants to join in an existing conversation</li> <li>• Not all participants may get an opportunity to have their say</li> </ul>	<p>No</p> <p>No leader is required however a facilitator welcomes and explains the process.</p>	<p>Room set up is important.</p> <p>Not designed to make decisions - more useful to use at the beginning to gauge what people think.</p>

TYPE OF ENGAGEMENT	WHEN USEFUL	COST	TIMEFRAME	POSITIVES	NEGATIVES	EXPERT HELP REQUIRED?	NOTES
Advisory groups	<p>To provide ongoing advice directly to the decision maker.</p> <p>Useful when there is a high volume of decisions being made that requires a level of public input and there is public fatigue on consultation.</p> <p>Helpful on controversial topics.</p>	Low	Ongoing	<ul style="list-style-type: none"> <li>• Membership includes representation from all primary perspectives or all relevant organisations</li> <li>• Can be focused on achieving specific objectives</li> <li>• Obtains information from diverse perspectives</li> <li>• Information can be gained overtime on complex topics</li> <li>• Builds a sense of partnership with the community</li> </ul>	<ul style="list-style-type: none"> <li>• Effectiveness is defined in terms of how useful the group's decision is to the decision maker</li> <li>• Advisory groups are supposed to reflect public perspectives, which can be difficult</li> <li>• Maintaining autonomy is critical to the group's credibility amongst the wider public</li> <li>• Does not substitute for broader public involvement</li> <li>• If no agreement is reached the usefulness for the decision maker diminishes</li> </ul>	No	<p>Can be used at any single step in the decision-making process or throughout the entire process</p> <p>Other processes should be run concurrently to provide opportunities for the broader public to participate.</p>

## ATTACHMENT 4 - ENGAGEMENT PLAN TEMPLATE

### Project description and background

*This will describe the nature of the engagement to be undertaken, clarify the decision to be made, the circumstances that led to it, related council decisions already made, and legislation applying.*

### Engagement objectives

*Identify what feedback or decisions we want from communities.  
What decisions will be made by council that need to be informed by the community's input?*

### Timeframe and completion date

*Describe each stage of the project, including when key decisions need to be made by Council.*

### Communities to be engaged with

*List the communities and key stakeholders to engage with.*

### Engagement tools and techniques to be used

*Describe the tools and techniques that will be used to engage with each of the identified communities and stakeholders. Refer to the Engagement Spectrum to determine the level of engagement for each (Inform → Empower).*

### Resources needed to complete the engagement

*This includes time allocations for council staff and councillors and costs involved to undertake the selected engagement tools and techniques. Should also include costs of external service providers, venue hire etc.*

### Communication planning

*This outlines any potential reputation risks associated with the project and mitigations. It will outline the key messages to be communicated to the public, and where necessary will include a communications plan.*

### Basis of assessment and feedback to the communities involved

*This will describe how the community input will be analysed and how results will be communicated to the Council and to participating communities. Also includes an indication of when this feedback will occur – prior to, or after Council decisions are made.*

### Project team roles and responsibilities

*This identifies who will be involved in this project, excluding external providers, and who the key contact point within Council will be.*

# 10. Development Contributions Policy

## 1.0 Introduction

First adopted by Wanganui District Council (WDC) in 2006, the WDC Development Contributions Policy required that development which creates the need for additional Council capital expenditure, pay a development contribution to cover the cost of providing for the increase in service demand. Since the adoption of development contributions as a mechanism for collecting for growth related costs, the legislative environment in addition to the economic environment has changed markedly. As a result of these changes Wanganui District Council has resolved to no longer collect development contributions for the purpose of paying for additional network infrastructure in favour of alternative mechanisms such as infrastructure access fees, targeted rates and private developer agreements.

## 2.0 Legislative requirements

Section 102 of the Local Government Act 2002 (Act) and its amendments (the LGA) requires local authorities to adopt a policy on development contributions or financial contributions as part of their funding and financial policies. The decision to no longer collect development contributions satisfies the requirements of Section 102 of the Act.

### 2.1 Financial contributions

As part of the district wide review of the Wanganui District Plan, Council is currently reviewing the provisions for collecting financial contributions under Section 108 of the Resource Management Act 1991 (RMA). Subject to the outcome of decisions anticipated in the first half of 2016, financial contributions for specific developments may be collected for the purpose of remedying, mitigating or compensating for the adverse effects of development. The application of financial contributions under the RMA will address the specific effects of a development and may include conditions requiring a contribution to the

cost of network and community infrastructure to cater for additional service demand.

The requirement for a financial contribution to be paid by a developer for the purpose of mitigating the adverse effects of development, including providing for the equitable distribution of costs associated with growth related capital expenditure, is at the centre of the financial contributions review. Providing for the requirement under the Act to achieve equity in the allocation of funding sources, the proposed financial contributions plan change in addition to the funding mechanisms outlined in Section 1.0 provide for greater flexibility and remove the need to apply development contributions in order to achieve equity in the funding of growth related capital expenditure.

If adopted, the effectiveness of financial contributions for delivering an equitable cost distribution mechanism, will be monitored as part of the statutory requirements under Section 35 (2)(d) of the RMA.

## 3.0 Development Contributions

### 3.1 Policy Rationale

The LGA requires Council to justify – in terms of the matters outlined in section 101(3) – why it has determined to fund each activity from a particular source or sources. The matters to be considered are outlined below:

- a)
  - (i) the community outcomes to which the activity primarily contributes; and
  - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
  - (iii) the period in or over which those benefits are expected to occur; and

- (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- (b) the overall impact of any allocation of liability for revenue needs on the community.

The removal of the collection of development contributions does not mean a greater proportion of the capital cost of providing for growth related capital expenditure will be funded by the ratepayer community. The replacement of development contributions with mechanisms such as infrastructure access fees, targeted rates and developer agreements will continue to ensure the equitable distribution of funding between alternative sources.

In addition, the removal of the requirement to collect development contributions will provide for greater flexibility in negotiations with developers including providing an incentive for innovative solutions and the potential for partnerships working together in the delivery of solutions. Overall the removal of the development contributions alongside alternative mechanisms as discussed will continue to promote Community Outcomes as defined within the 10-Year Plan (2015-2025).

## 4.0 Review

### 4.1 Timing

This policy will be adopted alongside Council's Long-Term Plan (10-Year Plan) for the period 2015-2025. Any application for resource consent, building consent or service connection received on or after 1 July 2015 will be subject to the conditions of this policy. Applications received prior to this date will be assessed under previous versions of the policy.

### 4.2 Frequency and scope of reviews

As required by the LGA, Council will review this policy at least once every three years, or more frequently if deemed necessary. Such reviews may be triggered by and will take into account:

- a. Any changes to the significant assumptions underlying the Development contributions policy
- b. Any changes in the capital works programme for growth
- c. Any significant changes in the costs of labour, construction or technology
- d. Any changes in the expected nature, scale, location or timing of development
- e. Any changes that require new or significant modelling of the networks
- f. Any changes to the District Plan
- g. Regular reviews of funding and financial policies
- h. Any other matters that Council considers relevant

Any future review that proposes to reintroduce the collection of development contributions will include a detailed analysis of the factors listed above. Any potential changes will be carefully considered and subject to a Special Consultative Procedure under the LGA.



# 11. Earthquake-prone Buildings Policy 2009 (2015 - UNDER REVIEW - PENDING ADOPTION OF EQPB AMENDMENT BILL)

## Background

Section 131 of the Building Act 2004 required territorial authorities (TAs) to adopt a policy on earthquake-prone buildings. Wanganui District Council first adopted its policy on earthquake-prone buildings on 6 June 2006. Wanganui District Council is now reviewing its earthquake-prone buildings policy following the special consultative procedure set out in Section 83 of the Local Government Act 2002.

Since first adopting an earthquake-prone buildings policy in 2006 Council has identified buildings that are potentially earthquake-prone according to definition.

These potential earthquake-prone buildings now form a register associated to this policy.

Work is still to be completed in notifying effected owners that their buildings are listed and the consequences associated with such a listing.

The draft 2009 Earthquake-prone Buildings Policy attempts to clarify these requirements including setting definite timeframes when work is to be completed by.

This policy is required to state:

1. The approach that the Wanganui District Council will take in performing its functions under the Building Act 2004
2. Wanganui District Council's priorities in performing those functions
3. How the policy will apply to heritage buildings

The definition of an earthquake-prone building is set out in section 122 of the Building Act 2004 and in the related regulations that define

'moderate earthquake'. The government has, in regulations, defined a moderate earthquake as:

'in relation to a building, an earthquake that would generate shaking at the site of the building that is of the same duration as, but that is one-third as strong as, the earthquake shaking (determined by normal measures of acceleration, velocity and displacement) that would be used to design a new building at the site.'

This definition covers more buildings and requires a higher level of structural performance of buildings than required by the Building Act 1991.

NZS3604:1999 states that Wanganui is located in a high risk earthquake area. Consequently building standards in Wanganui are more stringent than in some other, less earthquake-prone areas of New Zealand.

## Policy Approach

### Policy principles

Provisions of the Building Act 2004 in regard to earthquake-prone buildings reflect the government's broader concern with the safety of the public in buildings and, more particularly, the need to address life safety in the event of a moderate earthquake.

Council is committed to ensuring that its district is a safe place to live and work in, while balancing the four well-beings of the Local Government Act 2002: social, economic, environmental and cultural.

This policy attempts to give owners of earthquake-prone buildings a clear understanding of their responsibilities including timeframes by which they are to have had their buildings assessed and also fully compliant.

Council has noted that the development of earthquake-prone policies is up to each Territorial Authority and has responded accordingly. This policy has been developed after due consultation with Wanganui District Council ratepayers and stakeholders in accordance with section 83 of the Local Government Act 2002, and with particular regard to the submissions received.

Council is also noting the opportunity to and its intention to lobby Central Government to relax requirements in relation to retrospective compliance of Earthquake Prone Buildings or seek Government funding assistance for communities like Wanganui with old building stock and heritage buildings.

## Economic impact of this policy

The economic impact of the Earthquake-Prone Buildings Policy can only be fully assessed after the initial building evaluation phase has been completed and the scale and extent of the required strengthening work identified. For this reason Council has first set timeframes for initial evaluation of performance assessments (IEP) to be completed and then set timeframes by which compliance is required. Councillors have discussed the economic impact, based on preliminary information, to balance the timing of the compliance programme, and to ensure that a balance is struck between the need to address earthquake risks whilst taking into account the social and economic implications of implementing the policy.

## Access to earthquake-prone buildings information

Council information concerning the earthquake status of buildings will be available to the public via informal counter enquiries or formally via a Land Information Memorandum (LIM) or Project Information Memorandum (PIM).

This public information will reflect the earthquake-prone building policy register together with policy compliance requirements.

## Building Standards

The Act requires buildings identified as earthquake-prone to be strengthened to the minimum level of 34%. However, the NZ Society of Earthquake Engineers recommends strengthening to 67%, and Council will actively encourage owners to upgrade to greater than 34%.

## Intent

Council has assessed the risks associated with earthquake-prone buildings and has adopted a scaled category for buildings based on importance levels as defined under AS/NZS 1170.0:2002.

The main emphasis of this policy is to reduce the risk posed to human life in buildings by earthquakes.

However graduated policy provision has been made for the continuation of essential services, protection of contents of high value, protection of heritage buildings and avoiding serious environmental effects.

Therefore, the policy will initially address buildings that have special post-disaster functions as follows:

- Category A (Post Disaster Functions) Buildings with special post-disaster functions as defined in AS/NZS 1170.0:2002, Importance Level 4:

Policy: Building owners are expected to have completed an IEP (initial evaluation of performance assessment) at their own expense and notified Council of the result by December 2010, have started compliance work to meet the required standard by 2020 and achieved compliance by 2030.

- Category B (High Risk Buildings): Buildings that contain people in crowds or contents of high value to the community as defined in AS/NZS 1170.0:2002, Importance Level 3.

Policy: Building owners are expected to have completed an IEP (initial evaluation of performance assessment) at their own expense and notified Council of the result by December 2011, have started compliance work to meet the required standard by 2020 and achieved compliance by 2030.

- Category C: Buildings with Importance Level less than 3 as defined in AS/NZS 1170.0:2002.

Policy: Building owners are expected to have completed an IEP (initial evaluation of performance assessments) at their own expense and notified Council of the result by December 2012, have started compliance work to meet the required standard by 2030 and achieved compliance by 2040.

## Earthquake-prone building register

Council will maintain an earthquake-prone buildings register identifying which buildings fall into which categories after initial Council assessments. The owners of these buildings will be notified that they are on the register and their associated requirements in accordance with this policy.

Council reserves the right to add particular buildings to the register based on information it may receive or be aware of. In cases of additions to the register, the owners of the properties concerned will be notified of the listing and asked to undertake an IEP (initial evaluation of

performance assessment) to clearly determine whether the building is in fact earthquake prone in relation to this policy.

Owners of listed earthquake-prone buildings will also have the ability to challenge in writing any listing that Council makes and to have the matter formally heard and determined by Council.

## Heritage buildings

Definition: Heritage buildings include, but are not limited to:

- Any building within any proposal to register, or registered place, historic area, wahi tapu or wahi tapu area under the Historic Places Act 1993.
- Any building or structure contained in the heritage register, Appendix A, Wanganui District Plan.
- Any heritage building or Actively Managed Historic Place listed in an Historic Resources Strategy or Conservation Management Strategy and Conservation Management Plan prepared under the Conservation Act 1987.
- Any heritage building listed in a reserve management plan prepared under the Reserves Act 1977.
- Any building established by the Maori Land Court under Te Turi Whenua Maori Land Act 1993 for historic and cultural purposes.
- Any building of importance to tangata whenua listed in an Iwi Management Plan
- Any structures or buildings associated with an historic cemetery or memorial.
- Any building managed for heritage purposes by agencies such as New Zealand Historic Places Trust, Ministry of

Culture and Heritage, Department of Conservation or Local Authorities.

- Any building that is subject to a heritage order, heritage covenant or other protective covenant.

Wanganui District Council considers it important that its heritage buildings have a good chance of surviving a moderate earthquake. However, Council does not wish to see the intrinsic heritage values of these buildings adversely affected by structural improvement measures.

Heritage buildings will be assessed in the same way as other potentially earthquake-prone buildings and discussions held with the owner(s) and the Historic Places Trust to identify a mutually acceptable solution to mitigate any potential earthquake risk. Special efforts will be made to meet heritage objectives which may, on a case by case basis, require the acceptance of a lower standard and its attendant risk.

## Building facades

The 2007 Gisborne earthquake highlighted the risk façade's in built up areas pose during earthquake events. Parapets and façade's are often poorly constructed or tied back causing them to fall over busy accessways or against neighbouring buildings during an earthquake event.

The risk is deemed significant enough for Council to consider developing suitable policy and methods to address the issue.

Council signals within this Policy that it will attempt to identify buildings within high risk areas with parapets that are potentially dangerous during

a moderate earthquake. Council will then develop draft policy to ensure these parapets are suitably tied back, or stabilized, or as a last resort, removed..

Council will consult with any potentially effected building owners during development of any façade policies.

## Review of this policy

Wanganui District Council has the ability to review this policy at any time provided it formally resolves to do so and adopts the Special Consultative Procedure as detailed within the Local Government Act 2002.

At very least Council will undertake a formal review of this policy within 5 years of the adoption of the last review.

Council will also maintain the earthquake-prone buildings register associated to this policy and will endeavour to further determine which buildings are Category C earthquake-prone buildings. Emphasis to date has been on identifying Category A and B buildings, as a matter of priority.

## District Plan

In the event of conflict between this policy and the Wanganui District Plan, Council will review provisions of the District Plan to ensure earthquake-prone buildings can be modified or removed where no practical alternative exists.

# 12. Dangerous and Insanitary Buildings Policy

## Introduction and background

Section 131 of the Building Act 2004 (“the Act”) requires territorial authorities (“TAs”) to adopt a policy on dangerous and insanitary buildings by 31 May 2006. This policy is that which Council adopted early in 2006.

One of the key purposes of the Act, as set out in section 3, is to ensure *‘people who use buildings can do so safely and without endangering their health.’*

Section 4 details the principles to be applied in performing functions under the Act and specifically states that TAs must take these principles into account in the adoption and review of their dangerous and insanitary building policies.

The definition of a dangerous building is set out in Section 121 (1) of the Act:

*“A building is dangerous for the purposes of this Act if,-*  
*(a) in the ordinary course of events (excluding the occurrence of an earthquake), the building is likely to cause –*  
*(i) injury or death (whether by collapse or otherwise) to any persons in it or to persons on other property, or*  
*(ii) damage to other property; or*  
*(b) in the event of fire, injury or death to any person in the building or to persons on other property is likely because of fire hazard or the occupancy of the building.”*

The definition of an insanitary building is set out in Section 123 of the Act:

*“A building is insanitary for the purposes of this Act if the building -*  
*(a) is offensive or likely to be injurious to health because-*

- (i) of how it is situated or constructed; or*
- (ii) it is in a state of disrepair; or*
- (b) has insufficient or defective provisions against moisture penetration so as to cause dampness in the building; or*
- (c) does not have a supply of potable water that is adequate for its intended use; or*
- (d) does not have sanitary facilities that are adequate for its intended use.”*

This document sets out the policy proposed to be adopted by Wanganui District Council (“Council”) in accordance with the requirements of the Building Act 2004.

The policy is required to state:

- The approach that the Council will take in performing its functions under the Act
- Council’s priorities in performing those functions
- How the policy will apply to heritage buildings

In developing and adopting its Dangerous and Insanitary Buildings policy, Wanganui District Council has followed the special consultative procedure set out in Section 83 of the Local Government Act 2002.

It is likely that in many, but not all, cases a building’s dangerous or insanitary status will not be readily apparent. For that reason, any attempt to identify these buildings proactively is unlikely to be successful unless a TA has considerable resources to undertake inspections and evaluations of buildings.

As a consequence, the most likely sources of information concerning dangerous or insanitary buildings will be from building occupants, neighbours, or as the result of an inspection by the police, the fire service or other agencies authorised to inspect buildings. Other sources of information will be known directly by Council, possibly following a significant weather event.

Relying on complaints to provide information concerning potentially dangerous or insanitary buildings may be the only practical way in which TAs can identify these buildings within their districts and undertake their statutory responsibilities.

## Policy approach

### Policy principles

Provisions of the Act in regard to dangerous and insanitary buildings reflect the government's broader concern with the safety of the public in buildings, and with the health and safety of people occupying buildings that may be considered to be insanitary. However, Council recognises that public safety must be balanced against the other broader economic issues and in relation to other Council Policy.

The Council has noted that the development of a dangerous and insanitary building policy is to be undertaken by TAs independently and has responded accordingly. This policy will be developed after due consultation with Wanganui District Council ratepayers and stakeholders in accordance with section 83 of the Local Government Act 2002.

### Overall approach

Sections 124 to 130 of the Act provide the authority necessary for TAs to take action on dangerous and insanitary buildings and set out how this action is to be taken.

The Council is actively involved in educating the public on the need to discuss their development plans with Council and to obtain building consent for work Council deems is necessary prior to any work commencing. This is particularly important in order to avoid creating dangerous and insanitary conditions that could be injurious to the health of occupants, particularly children and the elderly, or where safety risks are likely to arise from a change in use.

Council has indicated that it should take stronger enforcement action under the relevant statutes (Building Act, Health Act, Housing Improvement Regulations etc) for dangerous and insanitary buildings to provide a strong message to the public that Council places paramount importance on the safety of the community. This stance also creates a strong message of deterrence for those property owners who do not seek Council's advice prior to undertaking building works.

### Identifying Dangerous and Insanitary Buildings

The Council will:

1. Take a passive approach to identification of buildings.
2. Actively respond to and investigate all buildings complaints received.
3. Identify from these investigations any buildings that are dangerous or insanitary.
4. For dangerous buildings, inform the owner(s) and occupier of the building to take action to reduce or remove the danger, as is required by Section 124 and 125 of the Act; (and liaise with the New Zealand Fire Service when Council deems it is appropriate, in accordance with Section 121 (2) of the Act).
5. For insanitary buildings, inform the owner(s) of the building to take action to prevent the building from remaining insanitary; (and liaise with the Wanganui District Health Board's Medical Officer of Health when required to assess whether the occupants may be neglected or infirm).

### Assessment criteria

The Council will assess dangerous and insanitary buildings in accordance with the Act and established case-law, as well as the building code:

The Council will:

- Investigate as to whether the building is occupied
- The use to which the building is put
- Whether the dangerous and insanitary conditions pose a reasonable probability of danger to occupants or visitors, or to the health of any occupants
- Considerations as to dangerous assessment where a building is either occupied or not may include:

- Structural collapse
- Loose materials/connections
- Overcrowding
- Use which is not fit for purpose
- Seeking advice from NZFS (121(2)(a) )

Considerations as to insanitary assessment where a building is occupied may include:

- Adequate sanitary facilities for the use
- Adequate drinking water
- Separation of use for kitchen and other sanitary facilities
- Likelihood of moisture penetration
- Natural disaster
- Defects in roof and walls/poor maintenance/occupant misuse
- The degree to which the building is offensive to adjacent and nearby properties

### **Taking Action**

In accordance with s124 and s125 of the Act the Council will:

- Advise and liaise with the owner(s) of buildings identified as being dangerous or insanitary
- May request a written report on the building from the New Zealand Fire Service (dangerous building)
- If found to be dangerous or insanitary
  - Attach written notice to the building requiring work to be carried out on the building, within a time stated in the notice being not less than 10 days, to reduce or remove the danger
  - Give copies of the notice to the building owner, occupier, and every person who has an interest in the land, or is claiming an interest in the land, as well as the New Zealand Historic Places Trust, if the building is a heritage building;

- Contact the owner at the expiry of the time period set down in the notice in order to gain access to the building to ascertain whether the notice has been complied with
- Where the danger is the result of non-consented building work, Council will formally request the owner(s) to provide an explanation as to how the work occurred and who carried it out and under whose instructions; (and apply for a Certificate of Acceptance if applicable)
- Pursue enforcement action under the Act if the requirements of the notice are not met within a reasonable period of time as well as any other non-compliance matters.

If the building is considered to be immediately dangerous or insanitary the Council will:

- Cause any action to be taken to remove that danger or insanitary condition (this may include prohibiting persons using or occupying the building and demolition of all or part of the building); and
- Take action to recover costs from the owner(s) if the Council must undertake works to remove the danger, or insanitary condition
- The owner(s) will also be informed that the amount recoverable by Wanganui District Council will become a charge on the land on which the building is situated.

All owners have a right of appeal as defined in the Act, which can include applying to the Department of Building and Housing for a determination under s177(e) of the Act.

### **Interaction between the Dangerous and Insanitary Buildings policy and related sections of the Act**

#### **1.3.1 Section 41: Building consent not required in certain cases**

In cases where a building is assessed as being immediately dangerous or insanitary the Council may not require building consent to be obtained for any building work required so as to remove the danger or insanitary

condition immediately. However, prior to any action being taken it is imperative that building owners discuss any works with the Council, and then subsequently apply for the building consent as required by the Act.

### **Record Keeping**

Any buildings identified as being dangerous or insanitary will have a requisition placed on the property file for the property on which the building is situated until the danger or insanitary condition is remedied.

In addition, the following information will be placed on the LIM:

- Notice issued that the building is dangerous or insanitary
- Copy of letter to owner(s), occupier and any other person that the building is dangerous or insanitary
- Copy of the notice given under section 124(1) that identifies the work to be carried out on the building and the timeframe given to reduce or remove the danger or insanitary condition.

### **Economic impact of policy**

Due to the low number of dangerous and insanitary buildings encountered annually by the Council and the similarity between the obligations of territorial authorities as to what is determined as a dangerous and insanitary building under the Building Act 2004 and the Building Act 1991, the economic impact of this policy is, at this date, considered to be low.

### **Access to information**

Information concerning dangerous and insanitary buildings will be contained on the relevant LIM, and Council records. In granting access to information concerning insanitary buildings Wanganui District Council will conform to the requirements of the Local Government Official Information and Meetings Act 1987 and the Local Government Act 2002.

### **Priorities**

The Council will give priority to buildings where it has been determined that immediate action is necessary to fix dangerous and insanitary

conditions. Immediate action will be required in those situations to fix those dangerous and insanitary conditions such as prohibiting occupation of the property, put up a hoarding or fence and taking prosecution action where necessary.

Buildings that are determined to be dangerous and insanitary, but not requiring immediate action to fix those dangerous and insanitary conditions, will be subject to the minimum timeframes to prevent the building from remaining dangerous and insanitary (not less than 10 days) as set in s124(1)(c) of the Act.

### **Heritage buildings**

No special dispensation will be given to heritage buildings under this policy.

The fact that a building has heritage status does not mean that it can be left in a dangerous or insanitary condition. As per s125(2)(f) of the Act a copy of any notice issued under s124 of the Act will be sent to the New Zealand Historic Places Trust where a heritage building has been identified as a dangerous and insanitary building.