HAMILTON CITY COUNCIL'S **2009-2019 LONG-TERM COUNCIL COMMUNITY PLAN**

VOLUME TWO – FUNDING AND FINANCIAL POLICY

2009-2019

Hamilton City Council
Te kaunihera o Kirikiriroa





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1.0 Introduction to the Funding and Financial Policy

Every local authority is required by Section 281(2) of the Local Government Act 2002 to develop a Funding and Financial Policy. The Funding and Financial Policy 2009-19 is included in Sections 2-12 following this introduction and covers the period 1 July 2009 to 30 June 2019.

The Funding and Financial Policy sets out the guidelines of how Council plans for, and acquires funds, to finance its operation, and the projects and programmes in the 2009-19 LTCCP. It also sets out Council's policy parameters, targets and guidelines concerning a number of policies.

The Funding and Financial Policy includes the following policies and summaries:

- **Revenue and Financing Policy**, which shows how Council's operational and capital expenditure will be funded or financed for each significant service, after taking into consideration a number of different factors.
- **Significant Forecasting Assumptions**, which identifies all significant forecasting assumptions that Council has made in developing its financial projections.
- **Investment Policy**, which sets out how Council will manage its cash investments, trust funds, special and reserve funds and investment in shares and property, recognising that Council is a net borrower for the foreseeable future.
- **Liability Management Policy**, which sets out how Council will manage its borrowing, funding and interest rate risks, recognising that Council is a net borrower for the foreseeable future. The policy guides Council on the specific borrowing limits and funding facilities, debt repayment parameters, credit exposure and foreign exchange risk management.
- **Rating Policy**, which sets out in detail the types of rates, rate systems, differential rating categories and definitions, rating levels, and specific rating policies Council has adopted. The rating policy also includes the:
    - **Rates Remission Policies**, which sets out Council's criteria for remitting rates, which involves reducing the amount of rates owing or waiving collection of rates under certain circumstances.
    - **Rates Postponement Policies**, which sets out Council's criteria for postponing rates which involves the payment of rates that is not waived in the first instance, but delayed until a certain time, or until certain events occur.
    - **Remission and Postponement of Rates on Maori Freehold Land Policy**, which sets out Council's criteria for remitting and postponing rates on Maori freehold land, which involves situations where there is no occupier, no economic or financial benefit capable of being derived from the land and there is no practical means of enforcing the rates assessed.

- **BID Policy,** which provides guidance for prospective Business Improvement Districts on Council's policy on BIDs (Council administers BID programmes and their associated targeted rates). The Policy addresses the establishment of new BID programmes, the setting of targeted rates, the operations of existing BID programmes and managing the performance of BID programmes.
- **Funding Impact Statement**, which discloses the revenue, operational and capital expenditure requirements and funding sources/financing mechanisms of Council. It sets out how Council will determine the setting and collecting of rates, types of rates, rate systems, differential rating, and rating levels for the period of the 09 — 19 LTCCP.
- **Significance Policy**, which sets out how Council will decide on the significance of proposals and decisions. The policy guides Council on how to consult when making decisions of varying importance to the community. It also lets the community know what is expected in terms of consultation.
- **Partnerships with the Private Sector Policy**, which sets out Council's policy on committing resources to partnerships between Council and the private sector. It also guides Council on the circumstances in which Council will enter into partnership arrangements with private businesses, what conditions will be imposed and what consultation will take place.
- **Development and Financial Contributions Policy**, which sets out how Council will determine the financial contributions to be taken from developers to develop infrastructure and services to support the provision of services as the City develops and to mitigate the economic, environmental and community impacts of additional development in the City.
- **Appointment and Remuneration of Directors of Council Organisations Policy**, which sets out an objective and process for the identification and consideration of skills, knowledge and experience required of directors of a Council organisation, and the appointment of directors and the remuneration of directors.
- **Freeholding of Council Domain and Municipal Endowment Leases Policy**, which sets out the process Council will follow relating to the sale (freeholding) of Council domain and municipal endowment leases. It also sets out how Council will use the proceeds from the sales of such property.
- **Appendices**





2.0 Revenue and Financing Policy

2.1 Introduction

The Local Government Act 2002 ("the Act") requires Council to adopt a Revenue and Financing Policy that sets out how operating and capital expenditure will be funded from available funding sources. It is an important policy, as it determines who pays for Council's services and how those services will be funded.

The funding sources available to Council include:

- general rates, including -
    - choice of valuation system
    - differential rating
    - uniform annual general charges;
- 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;
- any other source.

In section 2.5 of this policy two tables are provided which show the funding sources that Council has determined are appropriate to fund the operating and capital expenditure of each significant activity.

The act stipulates that, in determining the mix of funding sources for each activity, Council must take into consideration the following factors:

- The community outcomes to which the activity primarily contributes[1]
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- The period in or over which those benefits are expected to occur

[1] In determining the most appropriate funding mix for each activity, Council has taken account of the community outcomes to which each activity primarily contributes. Full explanations of the linkages between each Council activity and the community outcomes they contribute to can be found in pages …. to …. of volume 1 of this plan.

- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities
- The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

In order to ensure that each of these factors is properly considered, Council has established a number of guiding principles which it uses to determine the most appropriate mix of funding sources for each activity. These guiding principles are explained in section 2.3 of this policy.

2.2 Balanced Budget Requirement

When Council adopted its last LTCCP for the 06 — 16 period, forecast operating revenues were budgeted at a level that was sufficient to fully fund forecast operating expenses (including depreciation) over the 10 year period. In considering its operating budget for this LTCCP, Council acknowledges that it cannot realistically increase forecast revenues to a level that will enable it to maintain this position throughout the full 10 year period of the 09 — 19 LTCCP.

This position is reflected in the aggregate funding deficit position as reported in the Cost of Service Statements shown in section 8 of volume 1 of the 09 — 19 LTCCP. These aggregate figures are shown below.

Cost of service funding deficit ($000)

2009/10	20010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
16,463	6,907	7,987	6,212	4,570	4,962	1,229	(144)	(1,161)	(3,261)

The main reason for this adverse change in Council's operating position is the significant revaluation of Council's fixed assets that has been undertaken in recent years. By way of example, in the financial year ended 30/6/06 Council's infrastructure assets were re-valued by an average percentage increase that was in excess of 25% of the carrying value of those assets.

The large increase in asset valuations in recent years has driven Council's annual depreciation charge significantly higher. Compared to a charge for annual depreciation of $35.9million for the financial year ended 30/6/06, Council is now forecasting a depreciation charge for the year ended 30/6/10 of $46.5million. This represents an annual average percentage increase of close to 8% pa which is well ahead of the rate of growth of Council's operating revenues and rating income over this same period.

Despite the adverse change in Council's operating position, there is a significant improving trend in this position over the course of the LTCCP. The main reason for the improving trend is the commitment Council has made to the funding of an asset renewal reserve. Once established this reserve will be available to help fund Council's asset renewals program. The table below shows the budgeted contribution from general rate revenues that Council has committed to in this 09 — 19 LTCCP.

Transfer to Asset Renewal Reserve ($000)

2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
1,500	1,523	1,566	3,216	3,850	4,516	5,216	5,960	7,969	9,443





Council has determined that, notwithstanding the forecast operating deficit, the operating budget for the 09 — 19 period represents a prudent budget. In making this determination Council has focused on the following factors:

1. The improving trend in the adjusted net operating position

Council believes that the improving trend in the adjusted net operating position provides comfort that the problem will be temporary rather than permanent. As mentioned above, Council is committed to establishing and funding an asset renewal reserve to help ensure that significant progress is made throughout the course of this LTCCP period to restoring a balanced operating budget.

2. The ability to loan fund renewals work if required

Council recognises that due to the inability to fully fund operating expenses (including depreciation) for a number of years during the LTCCP there is a risk that key renewal projects may need to be loan funded in order to be implemented. Provided that this can be demonstrated to represent a prudent course of action and the capacity to raise new debt exists, then this Revenue and Financing policy will accommodate such a decision.

3. High levels of uncertainty regarding projected asset prices

Council believes there is currently a very high level of uncertainty relating to the outlook for asset price inflation.

The significant increase in asset values that Council has experienced in recent years has coincided with a period of buoyant local and international economic conditions. At the time of preparing this LTCCP we are now experiencing a dramatic turn-around in these economic conditions.

Because of this uncertainty Council recognises that a significantly lower rate of asset price inflation in the future is a possible scenario and that this would have a favourable impact on Council's depreciation expense and renewal budgets.

If this scenario were to eventuate Council recognises that it would be inequitable to place an increased burden on current ratepayers to fund current levels of depreciation which have been artificially boosted by the very high levels of asset price inflation in recent years.

4. The likelihood that a subset of Council's existing assets will not be renewed in the future

In a recent review of its fixed asset register Council identified certain assets where it considers there is significant uncertainty as to whether these assets will be renewed or should be funded for renewal at present. Included amongst these assets are a range of assets associated with the annual V8 event as well as the core structure of many of Council's buildings

2.3 Guiding Principles

Paying for benefits received

If a council activity mainly benefits a particular person or group in the community, then that person or group should contribute to the cost of the activity. This principle also relates to intergenerational equity which suggests that the timing of payment for benefits received should match the timing of the receipt of the benefit.

In applying this principle Council must analyse the benefits from each service and determine whether those benefits flow to the community as a whole or to individuals or identifiable parts of the community.

Benefits to the community as a whole are considered **public benefits** and these are benefits which tend to be characterised by the following:

- It is not possible to accurately identify particular persons or groups that receive the benefit.
- It is usually not possible to control who receives the benefit.
- Generally, public benefits are those most appropriately funded by the community through rates.

Benefits to individuals or identifiable parts of the community are **private benefits** and these are benefits which tend to be characterised by the following:

- It is possible to identify persons or groups of persons that receive the benefit.
- It is usually possible to control who receives the benefit.
- Generally, private benefits are those most appropriately funded on a user pays basis.

In most instances, a Council service has elements of both public and private benefit. It is therefore necessary for Council to decide the mixture of public and private benefit that arises from the delivery of a service.

For this purpose, Council has used an assessment formula to help gauge an estimated public/private benefit mix for each service. Based on this assessment and other considerations, a private/public benefit ratio is selected from the following table for each service.

Category	Private	Public
Purely Private	100%	0%
Mainly Private	75%	25
Mixed	50%	50%
Mainly Public	25%	75%
Purely Public	0%	100%

<u>Intergenerational equity</u> -

Council is required to assess the period of time over which the benefits from each service will flow.

For all activities, operating costs are directly related to providing benefits in the year of expenditure. As such, they are appropriately funded on an annual basis from operating revenue or rates.

Capital expenditure on assets provides benefits for the duration of the assets useful life. An asset's useful life can run for many decades and benefit more than one generation within the community. In this case, it is appropriate to consider how future generations will contribute to funding the cost of the asset. The concept of intergenerational equity reflects the view that benefits occurring over time should be funded over time. Thus, the focus is on allocating the costs of capital expenditure fairly between the ratepayers of today and tomorrow.

One method used to achieve a more equitable rates burden across current and future generations of ratepayers is to use loan finance which helps by spreading the debt servicing costs over time.

Paying for costs imposed

If the actions or inactions of a particular person or group create the need for council to carry out an activity, then that person or group should contribute to the cost of the activity.

In applying this principle, Council must consider if there is any group that causes the cost of a service and assess the extent to which each service exists only because of the actions or inaction of an individual or group. If it is the case that such a group can be identified, they will be required to contribute towards the cost.

This principle is sometimes referred to as exacerbator pays or polluter pays and it suggests that Council should identify the costs to the community of controlling the negative effects of individual or group actions and seek to recover any such costs directly from those causing the problem.

Transparency and Accountability

Where the principles of paying for benefits and paying for costs set out above suggest that a particular person or group should contribute towards the cost of an activity, then, provided the assessed transparency and accountability benefits of separate funding outweigh the costs of administering a separate funding program, that activity should be funded separately from other activities.

Summary

There are often inevitable conflicts between these guiding principles. In practice this is where Council must use its judgement and make a final determination based on consideration of the overall social, economic, environmental and cultural impacts which are likely to result from the adoption of a particular funding mix for a particular activity.

A good example of this process is with swimming facilities. As documented in section 2.5.6 of this policy, the principle of paying for benefits received suggests that revenue from user charges related to the use of swimming facilities should be targeted at close to 75% of the total operating costs of the Swimming facilities.

In this case however, Council has determined that to target this level of revenue from user charges would raise affordability concerns and potentially jeopardise the wider social objectives associated with the swimming pool service. Accordingly Council has a policy of targeting a level

of revenue from user charges that represents closer to 40% of the total operating costs of the swimming pool service.

2.4 How are rates allocated?

Council must consider the costs and benefits of funding each service in a way that relates exclusively to that service. Some activities may be best funded using user charges, such as swimming pool admission fees, others with targeted rates, such as a water rate, and others from the general rate, such as road maintenance.

Distinct funding enables ratepayers or payers of user charges to assess more readily whether or not the cost of the service to them represents good value. They can also more easily determine how much money is being raised for the service and spent on the service, which promotes transparency and accountability

Distinct funding for every service would be extremely complex and costly to administer. Sometimes the amount that is collected is not sufficient to justify this expense. Council collects a general rate to pay for many services where distinct funding would be too expensive. Ratepayers are still able to find out where the funding collected through the general rate will be spent because the services, and the amount of the general rate that will go towards paying for each service, is published in the Long-Term Plan or Annual Plan.

The general rate is allocated to properties based on the value of that property. Council has chosen to use land value as the basis by which to calculate the amount of rates to allocate to a specific property.

In a number of cases, analysing the benefits of a service suggests that a sector either benefits less than the rest of the community or doesn't benefit at all. In these cases, it would not be fair to require that sector to pay as much as other sectors who do benefit from the service, even though it is still most efficient to collect the funding through rates charged to the community as a whole.

Council has divided property into seven different property sectors, Residential, Inner City Residential Apartments, Commercial/Industrial, Multi-Unit, Rural Residential, Small Rural and Large Rural. When different cost and benefit patterns amongst these sectors of the community are significant, these are recognised through the use of differentials on the general rate. Differentials are expressed as separate factors for each property sector and those factors are applied to the general rate. Differentials have the effect of adjusting the general rate allocated to a particular sector to better reflect the level of service to that sector.

In the section which follows an explanation of whether or not an assessment of the benefits derived by different property sectors has impacted on the determination of the general rate differentials is provided under the heading, "How are general rates allocated?.





2.5 Explanation of funding sources budgeted for each activity

The figures and explanations in this section have important linkages to both the cost of service and group of activity statements in volume 1 of this LTCCP.

There are also important linkages to Council's Development and Financial Contribution Policy which is contained in section 10 of volume 2 of this LTCCP.

The funding % figures reported in each of the 10 tables which show the funding of operating expenditure for each activity represent an average % figure over the 10 year 09 — 19 LTCCP period.

2.5.1 City Profile

Funding of operating expenditure

Activity	Assessed private/public benefit split	% of funding from non rates sources	% of funding from rates sources
City Promotion	25/75	31%	69%
Economic Development	50/50	54%	46%
Strategic Property Investment	100/0	100%	0%

Rationale for operating expenditure funding mix

City Promotion and Economic Development	For both these services Council targets a level of funding from direct user charges that is similar to the assessed levels of private benefit. Revenues received from user charges are associated with Council's involvement in significant events and promotional activities designed to promote and market the city to a variety of audiences.
	The combination of revenues received from direct user charges and general rates is believed by Council to represent an efficient and transparent means of funding the operating expenditure associated with both services.

Strategic Property Investment	The operating costs associated with this service are fully funded from property rental income streams. The fact that this service is budgeted to make an operating profit reflects the financial objective of the service, which is to maximise the financial return to the city from operating these property assets and to utilise any profits to reduce the overall rates requirement for the city. Rents are set at levels generally in line with market.

Funding of Capital Expenditure

City Promotion, Economic Development and Strategic Property Investment	As reported in the Cost of Service Statements, all planned capital expenditure associated with these three activities is budgeted to be funded by loan finance. This is in line with Council's policy of wanting to ensure a reasonable level of intergenerational equity between current and future ratepayers.
	As Council has assessed that there is no direct relationship between the requirement for this capital expenditure program and city growth demands, none of the loan finance raised is budgeted to be funded from development contribution levies. All debt servicing costs associated with these loans will be met from rates and other operating revenue sources.

How are the general rates allocated?

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the services is not in direct correlation to land value and, to address this issue, have made appropriate allocation adjustments to the different property sectors.

The general rate is allocated over residential, inner city apartments, multi-unit and rural residential property sectors based on land value.

Council considers that the economic development services are of greater benefit to the commercial sector. The allocation to the commercial/industrial sector has been increased to reflect the economic benefits to the commercial sector from the economic development services.

The allocation to the commercial/industrial sector has also been increased to reflect the economic benefits to the commercial sector from the city promotion services, in particular the key events which bring considerable new commercial business and trading opportunities to the city.

The large rural and small rural sector allocations have been reduced because Council determined that an allocation to these sectors based purely on land value would result in a disproportionate amount of costs allocated to these sectors.

2.5.2 City Safety

Funding of Operating Expenditure

Activity	Assessed private/public benefit split	% of funding from non rates sources	% of funding from rates sources
Animal Care and Control	75/25	63%	37%
Environmental health	50/50	33%	67%
Central city safety	50/50	24%	76%
Emergency Management	0/100	51%	49%

Rationale for operating expenditure funding mix

Animal Care and Control and Environmental Health	Council targets a level of funding from direct user charges that is similar to the assessed levels of private benefit received from both services.
	Both services have a compliance focus. In the case of Animal care and control the focus is on enforcing compliance with dog legislation. Environmental Health has a focus on enforcing compliance with the Health Act. The compliance focus lends itself to the use of licensing fees as an effective means of aiding compliance.
	Notwithstanding the exacerbater pays principle which applies with both these services, Council believes it is important not to increase user charges to a level where they may raise affordability issues and hence raise the risk of reduced levels of compliance.

Central City Safety	For this service Council targets a level of funding from general rates that is higher than the assessed levels of public benefit. This situation reflects practical challenges associated with designing a charging system to effectively impose a liability on those individuals or groups whose behaviour is having a negative impact on central city safety.
	Liquor licensing fees are the main source of revenue from non rates funding sources for this activity.

Emergency Management	This activity has a regional focus and the operating costs associated with the service reflect the costs of maintaining appropriate support levels to cater for a region-wide response in the event of a natural disaster.
	Hamilton City is the administering authority for this activity and as such the total operating cost of this service is reflected in Council's operating budget.
	The significant revenue derived from non rates sources for this service reflect the agreed levels of contribution from other district and regional councils who also benefit from this service.





Funding of Capital Expenditure

Animal Care and Control, Environmental Health, Central City Safety and Emergency Management	As reported in the Cost of Service Statements, the only budgeted capital expenditure associated with these services concerns a relatively modest program within the Central City Safety service. This capital expenditure is budgeted to be fully funded from rates revenue as the capital expenditure is for the purpose of renewing existing assets. This is in line with Council's policy of funding all renewal capital expenditure from rates revenue and to only consider alternative funding sources such as loan finance where this departure from normal practice can be justified as prudent.

How are the general rates allocated?

Animal Care and Control

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the services is not in direct correlation to land value and, to address this issue, have made appropriate allocation adjustments to the different property sectors.

The general rate is allocated over residential, inner city apartments, commercial/ industrial, multi-unit, rural residential and small and large rural property sectors based on land value.

Council considers that it is not necessary to further adjust the allocation because of the substantial benefit of the services to the community as a whole.

Environmental Health and Central City Safety

The general rate is allocated to land using differentials and the land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the service is not in direct correlation to land value and to address this issue makes appropriate allocation adjustments to the different property sectors or to the allocation of the costs to the sector.

The general rate is allocated over the residential, inner city apartment, multi-unit, rural residential, small rural and large rural property sectors based on land value.

The allocation to the commercial/industrial sector has been increased to reflect the economic benefits to the commercial sector from the Environmental Health services.

Emergency Management

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the services is not in direct correlation to land value and, to address this issue, have made appropriate allocation adjustments to the different property sectors.

The general rate is allocated over residential, inner city apartment, commercial/ industrial, multi-unit and rural residential property sectors based on land value.





The large rural and small rural sector allocations have been reduced because Council determined that an allocation to these sectors based purely on land value would result in a disproportionate amount of costs allocated to these sectors.

2.5.3 Community Development and Amenities

Funding of Operating Expenditure

Activity	Assessed private/public benefit split	% of funding from non rates sources	% of funding from rates sources
Community Development	50/50	6%	94%
Libraries	50/50	10%	90%
Community Centres and Halls	50/50	15%	85%
Housing for older people	100/0	94%	6%
Cemeteries and Crematorium	100/0	91%	9%
Public toilets	50/50	0%	100%

Rationale for operating expenditure funding mix

Community Development, Libraries and Community Centres and Halls	Despite the recognition of relatively high levels of private benefit attaching to these services, the level of funding that Council is targeting from non rates sources is very modest.
	This situation reflects Council's desire to ensure that very few, if any, groups or individuals in the community are precluded from accessing these services due to issues of affordability.

Housing for older people and Cemeteries and Crematorium	Council targets a level of funding from direct user charges that is similar to the assessed levels of private benefit received from both services. While the current targets for both services is slightly less than 100%, Council intends to target 100% in future years.
	Council is comfortable that this is the appropriate policy for these two services. The operating costs associated with providing both services are not significantly impacted by any costs imposed by the actions or inactions of any particular individuals or groups. In addition Council does not believe there is a compelling case based on affordability and other wider social considerations suggesting the need for rate funding to be used to subsidise the provision of these services.

Public Toilets	Although Council recognises a level of private benefit in the provision of this service, Council does not believe it is desirable at present to impose direct user charges for this service. Hence Council believes that fully funding the operating costs of this service via the general rate represents the most practical means of funding public toilets.

Funding of Capital Expenditure

Libraries	As reported in the cost of service statements there is a significant capital expenditure program planned for the Libraries. This program is budgeted to be funded from loan financing where the expenditure is for the purpose of extending the capacity and upgrading the standard of the Library facilities and rates funding where the expenditure is focused on the renewal of existing and new assets.
	The budgeted loan financing for the Library capital expenditure program is split between loans where the debt servicing costs will be met by rates and other operating revenue sources and loans where the debt servicing and full debt repayment costs will be met by revenue derived from development contribution levies. The decision to include development contribution revenue as a funding source for the debt servicing and principal repayment costs associated with

	these loans reflects Council's assessment that the need to extend the capacity of the existing library facilities is in part attributable to increased demands for Library services relating to city growth.

Housing for older people	As reported in the cost of service statements there is a significant capital expenditure program planned for this service which is budgeted to occur in the 2010/11 financial year. This program will be funded from the sale of existing housing stock that is no longer fit for purpose.

Community Development, Community Centres and Halls, Cemeteries and Crematorium and Public Toilets	As reported in the cost of service statements there is a much more modest capital expenditure program budgeted for these four services.
	For both the Public Toilets and Cemetery services where new assets are required, significant funding is coming from loan financing in line with Council policy. A portion of the debt servicing and principal repayment costs of these loans is budgeted to be funded from development contribution revenues as Council has assessed that city growth is a significant factor driving the requirement for greater numbers of public toilets within the city.
	In addition to these loan funded programs there are also rates funded programs budgeted for Community Centres and Halls as well as for the Cemetery and Crematorium. In these cases the selection of funding sources is in line with Council policy as the focus of these rates funded programs is on the renewal of existing and new assets.

How are the general rates allocated?

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the services is not in direct correlation to land value and, to address this issue, have made appropriate allocation adjustments to the different property sectors.

The general rate is allocated over residential, inner city apartment, commercial/ industrial, multi-unit and rural residential property sectors based on land value.

The large rural and small rural sector allocations have been reduced because Council determined that an allocation to these sectors based purely on land value would result in a disproportionate amount of costs allocated to these sectors.

2.5.4 Democracy

Funding of Operating Expenditure

Activity	Assessed private/public benefit split	% of funding from non rates sources	% of funding from rates sources
Representation and Civic Affairs	0/100	2%	98%
Partnership with Maori	50/50	0%	100%

Rationale for operating expenditure funding mix

Representation and Civic Affairs	Council targets a level of funding from rates revenue that is in line with the assessed levels of public benefit received from this service

Partnership with Maori	Despite the recognition of relatively high levels of private benefit attaching to this service, Council has a policy of fully funding this service from rates revenue.
	This policy reflects Council's judgment that to introduce any form of direct user charge would conflict with the objective of the service which relates to the maintenance of processes that provide opportunities for Maori to contribute to Council decision-making processes and foster the development of Maori capacity.

Funding of Capital Expenditure

Representation and Civic Affairs and Partnership with Maori	As reported in the cost of service statements there are no significant capital expenditure programs budgeted for these two services over the 09 – 19 period.

How are the general rates allocated?

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the services is not in direct correlation to land value and, to address this issue, have made appropriate allocation adjustments to the different property sectors.

The general rate is allocated over residential, inner city apartments, commercial/ industrial, multi-unit and rural residential property sectors based on land value.

The large rural and small rural sector allocations have been reduced because Council determined that an allocation to these sectors based purely on land value would result in a disproportionate amount of costs allocated to these sectors.





2.5.5 Event and Cultural Venues

Funding of Operating Expenditure

Activity	Assessed private/public benefit split	% of funding from non rates sources	% of funding from rates sources
Waikato Stadium	75/25	54%	46%
Theatres	75/25	38%	62%
Seddon park	75/25	26%	74%
Waikato Museum	50/50	6%	94%
Claudelands Event Centre	75/25	100%	0%

Rationale for operating expenditure funding mix

Waikato Stadium, Theatres and Seddon Park	Council has assessed a relatively high level of private benefit attaching to all three of these services.
	Despite this assessment, the targeted levels of funding from direct user charges for each of these services is set at a level that is lower than the assessed level of private benefit.
	For each of these services Council believes the levels of fees and charges that are being collected from direct users are set at appropriate levels having regard to the wider objectives of each service which is to promote and provide access to a diverse range of events and cultural experiences for the residents of Hamilton.

Waikato Museum	There is a similar rationale in place for the funding mix being targeted for the Waikato Museum.
	While the assessment of private versus public benefit acknowledges quite a high level of private benefit attached to the Museum, the level of funding which is targeted to be met by visitors and other direct users of the service is quite low, representing only 5% of the total operating cost of the Museum service.
	This situation reflects Council's belief that to target higher levels of cost recovery from users of the service would jeopordise the objective of the service which is to promote and provide access to a range of experiences which celebrate the arts and history of the region.
Claudelands Event Centre	Council has assessed a relatively high level of private benefit attaching to this service.
	Despite the similar objective that the Claudelands Events Centre shares with the other events orientated facilities, Council has new plans for this facility and, as a consequence, over the 09 - 19 period has a funding policy which places much greater emphasis on generating revenue from direct users of the facility.
	With a substantially upgraded facility offering a range of alternative uses, Council is confident that higher operating revenues can be generated from this facility, while at the same time ensuring pricing for events can be maintained at levels which do not adversely impact on the community based objectives of this service.

Funding of Capital Expenditure

Claudelands Event Centre	As reported in the cost of service statements there is a significant capital expenditure program planned for the Claudelands Event Centre. This program is budgeted to be funded from loan financing where the expenditure is for the purpose of significantly upgrading the standard and extending the capacity of the Event Center facility and rates funding where the expenditure is focused on the renewal of existing and new assets.
	The budgeted loan financing for the Claudelands Event Centre capital expenditure program is split between loans where the debt servicing costs will be met by rates and other operating revenue sources and loans where the debt servicing and full debt repayment costs will be met by revenue derived from development contribution levies.
	The decision to include development contribution revenue as a funding source for the debt servicing and principal repayment costs associated with these loans reflects Council's assessment that the need to extend the capacity of the existing facility is in part attributable to increased demands for event facilities coming from city growth.

Waikato Stadium, Theatres, Seddon Park and Waikato Museum	As reported in the cost of service statements there are also significant capital expenditure plans in place for Waikato Stadium, Seddon Park, the Waikato Museum and City Theatres.
	For the Waikato Stadium and Museum where new assets are required, significant funding is coming from loan financing. This is in line with Council's policy of wanting to ensure a reasonable level of intergenerational equity between current and future ratepayers.
	In addition to these loan funded programs there are also rates funded programs budgeted for all four services. In these cases the selection of funding sources is in line with Council policy as the focus of these rates funded programs is on the renewal of existing assets.

How are the general rates allocated?

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the services is not in direct correlation to land value and, to address this issue, have made appropriate allocation adjustments to the different property sectors.

The general rate is allocated over residential, inner city apartment, commercial/ industrial, multi-unit and rural residential property sectors based on land value.

The large rural and small rural sector allocations have been reduced because Council determined that an allocation to these sectors based purely on land value would result in a disproportionate amount of costs allocated to these sectors.

2.5.6 Recreation

Funding of Operating Expenditure

Activity	Assessed private/public benefit split	% of funding from non rates sources	% of funding from rates sources
Parks and gardens	50/50	6%	94%
Sports areas	75/25	4%	96%
Zoo	75/25	32%	68%
Swimming Facilities	75/25	37%	63%

Rationale for operating expenditure funding mix

Parks and Gardens and Sports Areas	Despite the recognition of relatively high levels of private benefit attaching to both these services, the level of funding that Council is targeting from private sources is very modest.
	This situation reflects Council's desire to ensure that very few, if any, groups or individuals in the community are precluded from accessing these services due to issues of affordability.
	An additional factor also contributing to the very low levels of funding collected from direct user charges relates to the practical challenges Council would face in creating a comprehensive charging regime for services such as these where it is very difficult to exclude people from using these services.

Zoo and Swimming Facilities	Despite the recognition of relatively high levels of private benefit attaching to both these services, the level of funding that Council is targeting to collect from direct user charges is less than 40% of the operating costs of each of these services.
	This situation reflects Council's desire to ensure that admissions fees and other charges relating to these two services do not discourage residents from enjoying the benefits these services provide.

Funding of Capital Expenditure

Parks and Gardens, Sports Areas, Zoo and Swimming Facilities	As reported in the cost of service statements there are significant capital expenditure programs planned for each of these four services. This program is budgeted to be funded from loan financing where the expenditure is for the purpose of extending the capacity of and/or upgrading existing assets, rates funding where the expenditure is focused on the renewal of existing assets and there is also an element of third party funding which is contributing to both renewal and new asset programs.

	The budgeted loan financing for the Parks and gardens, Sports Areas and Swimming Facilities capital expenditure programs is split between loans where the debt servicing costs will be met by rates and other operating revenue sources and loans where the debt servicing and full debt repayment costs will be met by revenue derived from development contribution levies. The decision to include development contribution revenue as a funding source for the debt servicing and principal repayment costs associated with these loans reflects Council's assessment that the need for additional capital expenditure for these services is at least in part attributable to increased demands for these recreation facilities coming from city growth.

How are the general rates allocated?

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the services is not in direct correlation to land value and, to address this issue, have made appropriate allocation adjustments to the different property sectors.

The general rate is allocated over residential, inner city apartment, commercial/ industrial, multi-unit and rural residential property sectors based on land value.

The large rural and small rural sector allocations have been reduced because Council determined that an allocation to these sectors based purely on land value would result in a disproportionate amount of costs allocated to these sectors.

2.5.7 Transportation

Funding of Operating Expenditure

Activity	Assessed private/public benefit split	% of funding from non rates sources	% of funding from rates sources
Transportation Network	25/75	15%	85%
Parking Enforcement	50/50	100%	0%

Rationale for operating expenditure funding mix

Transportation Network	Although Council recognises a level of private benefit in the Transportation Network service, there is no practical means of charging users directly for the service at present. Hence Council believes that utilising revenue from rates sources to fund almost 90% of the operating costs of this service represents a practical and effective funding policy for this service.
	Of the 12% of Total Operating Costs funded from non rating revenue, approximately 2/3 is expected to be received from NZTA subsidies.
	Of the total funding for this service which is budgeted to come from rates sources, approximately 12% is budgeted to come from the Access Hamilton targeted rate. The purpose of the Access Hamilton targeted rate is documented in the Rating Policy. Council believe that the transparency and accountability benefits that use of the Access Hamilton targeted rate provide outweigh the costs associated with administering this separate funding tool.

Parking Enforcement	The Parking Enforcement service has a compliance focus. The service contributes to the turnover and availability of both on and off-street parking within Hamilton and also contributes to ensuring vehicles in the city are safe for the roads by monitoring warrants of fitness and vehicle licenses.
	Given the focus of this service on enforcing compliance with both local transport related bylaws as well as a number of aspects of central government transport legislation, Council is comfortable that the service is budgeted to make a profit and that there is therefore no requirement for the service to be funded from the general rate. This is despite the assessed level of public benefit for this service at 50% which might otherwise suggest a level of rates funding was also appropriate. However in this instance the "exacerbater pays" principle is a significant factor. This principle suggests that direct charges imposed on those causing the need for this service are an effective means of funding the operating costs of the service.

Funding of Capital Expenditure

Transportation Network	As reported in the cost of service statements there is a significant capital expenditure program planned for the Transportation service. This program is budgeted to be funded from loan financing and NZTA subsidies where the expenditure is for the purpose of extending the capacity and upgrading the standard of the transport network and rates funding and NZTA subsidies where the expenditure is focused on the renewal of existing and new assets.
	The budgeted loan financing for the Transportation capital expenditure program is split between loans where the debt servicing costs will be met by both general rates and the Access Hamilton Targeted rate and other operating revenue sources and loans where the debt servicing and full debt repayment costs will be met by revenue derived from development contribution levies. The decision to include development contribution revenue as a funding source for the debt servicing and principal repayment costs associated with these loans reflects Council's assessment that the need to extend the capacity of the transportation network is in part attributable to increased demands on the network relating to city growth.
Parking Enforcement	As reported in the Cost of Service Statements, there is a relatively modest capital expenditure program associated with this service. It is budgeted to be fully funded from rates revenue as the capital expenditure is for the purpose of renewing existing assets. This is in line with Council's policy of funding all renewal capital expenditure from rates revenue and to only consider alternative funding sources such as loan finance where this departure from normal practice can be justified as prudent.

How are the general rates allocated?

Transportation Network

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the services is not in direct correlation to land value and, to address this issue, have made appropriate allocation adjustments to the different property sectors.

Council considers that the provision of a roading network is of greater benefit to commercial/industrial properties by allowing staff and customer's access to the commercial, industrial and retail areas and therefore the commercial sector allocation has been increased.

In addition, the roading network provides for businesses to transport goods to and from their premises. This is usually via the use of large trucks, which place a larger burden of demand on the roading infrastructure due to the size and weight of the vehicles. Therefore Council considers it is appropriate that the sector pays for a greater share of the roading infrastructure.

The general rate is allocated over residential, inner city apartments, commercial/ industrial, multi-unit, rural residential and small and large rural property sectors based on land value.

Council considers that the level of service to rural properties is lower than that provided to other sectors as they have limited access to footpaths, streetlights, curbs and channels. These

properties have access to this level of service as part of the citywide benefit but do not receive these services directly outside their property. Therefore rural property allocations for these services have been reduced because Council determined that an allocation to these sectors based purely on land value would result in a disproportionate amount of costs allocated to the sector.

Parking Enforcement

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the services is not in direct correlation to land value and, to address this issue, have made appropriate allocation adjustments to the different property sectors.

The general rate is allocated over residential, inner city apartments, commercial/ industrial, multi-unit, rural residential and small and large rural property sectors based on land value.

Council considers that it is not necessary to further adjust the allocation because of the substantial benefit of the services to the community as a whole.





2.5.8 Urban Development

Funding of Operating Expenditure

Activity	Assessed private/public benefit split	% of funding from non rates sources	% of funding from rates sources
City planning	25/75	0%	100%
Sustainable Environment	25/75	0%	100%
Planning guidance	50/50	42%	58%
Building control	100/0	100%	0%

Rationale for operating expenditure funding mix

City Planning and Sustainable Environment	Both City Planning and Sustainable Environment services are fully funded from general rates. Council believes that while some form of user charges could be introduced for both services these would be difficult to administer.

Planning Guidance	For the Planning Guidance service Council targets a level of funding from direct user charges that is similar to the assessed level of private benefit provided by this service.
	Council is comfortable that this is the appropriate policy for this service. The operating costs associated with providing the service are not significantly impacted by any costs imposed by the actions or inactions of any particular individuals or groups. In addition Council does not believe there is a compelling case based on affordability and other wider social considerations suggesting the need for rate funding to be used to further subsidise the provision of this service.

Building Control	The Building Control service has a compliance focus, helping to ensure that building standards are maintained at a high level within the city. Given the focus of this service on encouraging compliance with the building code, Council is comfortable that the service is fully funded from fees charged direct to users of the service.

Funding of Capital Expenditure

City Planning, Sustainable Environment, Planning Guidance and Building Control	As reported in the cost of service statements there are no significant capital expenditure programs budgeted for these services over the 09 – 19 period.

How are the general rates allocated?

Sustainable Environment

The general rate is allocated to land using differentials and the land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the service is not in direct correlation to land value and to address this issue makes appropriate allocation adjustments to the different property sectors or to the allocation of the costs to the sector.

The general rate is allocated over residential, inner city apartments, multi-unit and rural residential property sectors based on land value.

The allocation to the commercial/industrial sector has been increased to reflect the additional volume of waste (e.g. wastewater) this sector generates in relation to other sectors.

The large rural and small rural sector allocations have been reduced because Council determined that an allocation to these sectors based purely on land value would result in a disproportionate amount of costs allocated to these sectors.

City Planning, Planning Guidance and Building Control

The general rate is allocated to land using differentials and land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property.

The general rate is allocated over residential, inner city apartments, commercial/ industrial, multi-unit, rural residential and small and large rural property sectors based on land value.

Council considers that it is not necessary to further adjust the allocation because of the substantial benefit of the services to the community as a whole.





2.5.9 Waste Management

Funding of Operating Expenditure

Activity	Assessed private/public benefit split	% of funding from non rates sources	% of funding from rates sources
Refuse and Recycling	50/50	14%	86%

Rationale for operating expenditure funding mix

Refuse and Recycling	Although Council recognises a significant level of private benefit in the Refuse and Recycling service, currently Council prefers to fund the majority of the operating costs of this service from the general rate. However consideration is being given to the introduction in future years of either a direct user pays program for kerbside collection or a targeted rate which would be administered on a uniform basis.
	In addition to kerbside collection, this activity also includes ownership of a number of city waste facilities where Council has sub-contracted the operation of these facilities out to third parties. The ownership of these sites generates revenues from those third parties which are used to help fund the overall operating costs of the Refuse and Recycling service.

Funding of Capital Expenditure

Refuse and Recycling	As reported in the Cost of Service Statements, there is a relatively modest capital expenditure program associated with this service.
	Where new assets are required, funding is coming from loan financing. This is in line with Council's policy of wanting to ensure a reasonable level of intergenerational equity between current and future ratepayers.
	In addition to these loan funded programs there are also rates funded programs. In these cases the selection of funding sources is in line with Council policy as the focus of these rates funded programs is on the renewal of existing assets.

How are the general rates allocated?

The general rate is allocated to land using differentials and the land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the service is not in direct correlation to land value and to address this issue makes appropriate allocation adjustments to the different property sectors or to the allocation of the costs to the sector.

The general rate is allocated over residential, rural residential, large rural and small rural property sectors based on land value.

There is no allocation of household collection and recycling to the inner city apartment and commercial/industrial property sectors because there is no household collection and recycling services provided to those sectors.

The allocation to the multi-unit sector has been increased to reflect the high density of the sector and the impact it has on refuse/recycling services.

2.5.10 Water Management

Funding of Operating Expenditure

Activity	Assessed private/public benefit split	% of funding from other sources	% of general rate funding
Water Supply	25/75	38%	62%
Wastewater	25/75	16%	84%
Stormwater	25/75	0%	100%

Rationale for selection of funding mix for operating expenditure

Water Supply and Wastewater	For the Water Supply service the funding from other sources includes revenues received from the water by meter targeted rate.
	The % of total operating costs recovered from user charges for these two services is close to the assessed levels of private benefit for each service.
	Council believes that the combined levels of funding provided by the mix of direct user charges, the water by meter targeted rate and the general rate represent an efficient and transparent means of funding the operating costs associated with the Water Supply and Wastewater services.

Stormwater	Although Council recognises a level of private benefit in the Stormwater service, there is no practical means of charging users directly for the service at present. Hence Council believes that fully funding the operating costs of this service via the general rate represents a practical and effective means of funding the Stormwater service at the present time.

Funding of Capital Expenditure

Water Supply, Wastewater and Stormwater	As reported in the cost of service statements there are significant capital expenditure programs planned for each of these three services. This program is budgeted to be funded from loan financing where the expenditure is for the purpose of extending the capacity of and/or upgrading existing assets, rates funding where the expenditure is focused on the renewal of existing assets and there is also an element of third party funding which is contributing to both renewal and new asset programs.
	The budgeted loan financing for the Water Supply, Wastewater and Stormwater capital expenditure programs is split between loans where the debt servicing costs will be met by rates and other operating revenue sources and loans where the debt servicing and full debt repayment costs will be met by revenue derived from development contribution levies. The decision to include development contribution revenue as a funding source for the debt servicing and principal repayment costs associated with these loans reflects Council's assessment that the need for additional capital expenditure for these services is at least in part attributable to increased demands on these assets coming from city growth.

How are the general rates allocated?

Water Supply

The general rate is allocated to land using differentials and the land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the service is not in direct correlation to land value and to address this issue makes appropriate allocation adjustments to the different property sectors or to the allocation of the costs to the sector.

The general rate is allocated over residential, inner city apartments, and rural residential property sectors based on land value.

There is no allocation to the commercial and rural large and rural small property sector because there are user charges for water in that sector.

The allocation to the multi-unit sector has been increased to reflect the high density of the sector and the impact it has on water supply services.

Wastewater

The general rate is allocated to land using differentials and the land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the service is not in direct correlation to land value and to address this issue makes appropriate allocation adjustments to the different property sectors or to the allocation of the costs to the sector.

The general rate is allocated over residential, inner-city apartments and rural residential sectors based on land value.

The allocation to the commercial/industrial sector has been increased to reflect the additional volume of wastewater this sector generates in relation to the other sectors.

There is a small allocation to the large and small rural property sectors to reflect the benefit they receive from the septic tank management program. These sectors do not receive any other benefit from the services because they are not connected to the wastewater systems.

The allocation to the multi-unit sector has been increased to reflect the high density of the sector and the impact it has on wastewater resources.

Stormwater

The general rate is allocated to land using differentials and the land value of the property. This has meant that costs allocated to a particular property sector are apportioned to individual properties within that land use category based on the land value of the property. Council recognises that the benefit from the service is not in direct correlation to land value and to address this issue makes appropriate allocation adjustments to the different property sectors or to the allocation of the costs to the sector.

The general rate is allocated over residential, inner city apartments and commercial/ industrial property sectors based on land value.

The allocation to the multi-unit sector has been increased to reflect the high density of the sector the impact it has on the stormwater service.

Council has determined that the rural residential, large and small rural properties should pay only for the cleaning of open drains in rural areas. This is the only direct benefit attributable to

these sectors. Therefore the rural residential, large and small rural sectors allocations have been reduced to reflect this reduced level of service.

2.6 Section 101(3) Analysis Summary of General Rates Allocations across land use sectors

Council's principal funding mechanism is a land use differential general rate. The amount of cost allocated to each land use sector is determined firstly as a percentage allocation based on the land value of the sector in relation to the total land value of city. Council then considers the impact of who receives the benefits and the exacerbator pays principles, and makes an adjustment to the allocation percentage.

Using this process, the allocation adjustments are considered and applied to each significant service. The allocations within a service between each land use sector vary depending on the assessment of the benefit received by the land use sector for the service.

The summary of the cost allocation and percentages by service are outlined in the following table. The shaded boxes indicate services that have cost allocations modified by a varying factor to reflect an assessment of the benefit received by the land use sector for a service.





Service Name	Residential	Inner City	Commercial	Multi Unit	Rural Residential	Rural Large	Rural Small
City Profile							
Economic Development	43.29%	0.15%	53.88%	0.92%	0.11%	0.34%	1.31%
City Promotion	43.29%	0.15%	53.88%	0.92%	0.11%	0.34%	1.31%
I-site	43.29%	0.15%	53.88%	0.92%	0.11%	0.34%	1.31%
Sister Cities Programme	43.29%	0.15%	53.88%	0.92%	0.11%	0.34%	1.31%
Property Management (Service)	75.72%	0.27%	17.96%	1.60%	0.20%	1.68%	2.58%
City Safety							
Emergency Management	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Environmental Health	42.56%	0.15%	53.88%	0.90%	0.11%	0.94%	1.45%
Central City Safety	42.56%	0.15%	53.88%	0.90%	0.11%	0.94%	1.45%
Animal Care and Control	75.72%	0.27%	17.96%	1.60%	0.20%	1.68%	2.58%
Community Services and Amenities							
Community Assistance	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Social Development	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Employment Development	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Neighbourhood Development	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Youth Programme	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Community Facilities	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Cemeteries and Crematorium	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Community Halls	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Leased Buildings	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Housing Services	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Toilets	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Libraries	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Democracy							
Partnership With Maori	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Councillor Services	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Elections	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Mayoral Services	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Event and Cultural Venues							
Hamilton Theatre Services	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Museum	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
ArtsPost	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Claudelands Events Centre	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Waikato Stadium	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Seddon Park	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Recreation							
City Beautification	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Hamilton Gardens	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Parks and Gardens	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Sports Areas	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Swimming Facilities	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Leisure Centre	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Zoo	77.78%	0.28%	18.45%	1.64%	0.20%	0.34%	1.31%
Transportation							
Parking Enforcement	75.72%	0.27%	17.96%	1.60%	0.20%	1.68%	2.58%
Carriageways Management	24.52%	0.09%	71.84%	0.52%	0.06%	0.36%	2.61%
Central Area Parking	25.99%	0.09%	71.84%	0.55%	0.07%	0.58%	0.88%
Footpaths, Cycleways and Verges	27.48%	0.10%	71.84%	0.58%			
Network Management (Transport)	25.99%	0.09%	71.84%	0.55%	0.07%	0.58%	0.88%
Road Safety	25.99%	0.09%	71.84%	0.55%	0.07%	0.58%	0.88%
Traffic	25.78%	0.09%	71.84%	0.55%	0.10%	0.34%	1.31%
Transport Centre	25.99%	0.09%	71.84%	0.55%	0.07%	0.58%	0.88%
Transport: Access Hamilton	73.34%	0.31%	21.44%	2.16%	0.13%	0.86%	1.75%
Urban Development							
City Planning	75.72%	0.27%	17.96%	1.60%	0.20%	1.68%	2.58%
Building Control	75.72%	0.27%	17.96%	1.60%	0.20%	1.68%	2.58%
Planning Guidance	75.72%	0.27%	17.96%	1.60%	0.20%	1.68%	2.58%
Sustainable Environment	60.78%	0.22%	35.92%	1.28%	0.16%	0.34%	1.31%
Waste Minimisation							
Refuse	90.67%			4.00%	0.24%	2.01%	3.08%
Water Management							
Wastewater Reticulation	39.87%	0.14%	53.88%	4.00%	0.10%	1.00%	1.00%
Wastewater Treatment Plant	41.86%	0.15%	53.88%	4.00%	0.11%		
Stormwater Reticulation	76.03%	0.27%	17.96%	4.00%	0.10%	0.34%	1.31%
Water Reticulation	95.41%	0.34%		4.00%	0.25%		
Water Treatment Plant	95.41%	0.34%		4.00%	0.25%		





2.6.1 Overall Funding Consideration

Council is required by section 101(3)(b) of the Act to consider the overall impact of the allocation of liability for revenue needs on the community well being. This involves weighing up the impact of rates on the current and future social, economic, environmental and cultural well-being of the community. It allows Council, as a final measure, to modify the overall mix of funding in response to these considerations.

Council has considered each service individually to determine the allocation of benefit and rate burden across the seven differential sectors.

Proposed summary of rate allocation before overall funding consideration adjustment as per section 101(3)(b) is as follows:

	Residential	Inner City	Commercial	Multi Unit	Rural Residential	Rural Large	Rural Small
Rates Requirement by Property Sector (pre 101(3)(b))							
Rate Levy	60,266,825	202,070	34,877,355	1,967,826	148,038	363,747	1,291,139
% by Property Sector	**60.8037%**	**0.2039%**	**35.1881%**	**1.9854%**	**0.1494%**	**0.3670%**	**1.3026%**
Rate in cents per $ by Sector	0.008066	0.007590	0.019678	0.012460	0.007636	0.002194	0.005079
Rate in cents per $ by Sector (incl. G	0.009074	0.008538	0.022138	0.014017	0.008590	0.002469	0.005714
Differential Factor Actual	1.00	0.94	2.44	1.54	0.95	0.27	0.63

The section 101(3)(b) adjustment allows Council to acknowledge the funding allocations involved in the balancing of complex current and future social, economic, environmental and cultural factors.

Council acknowledges a number of external issues such as growth in the city and valuation movements impact on the overall rate burden. Therefore Council considers it appropriate to make a final adjustment to ensure the burden of rates is distributed across the sectors in a manner consistent with previous years.

	Residential	Inner City	Commercial	Multi Unit	Rural Residential	Rural Large	Rural Small
S101(3)(b) Adjustment	2,171,232	10,840	(1,319,963)	(78,650)	(67,995)	(133,014)	(582,450)
Revised Differential Factor	1.00	0.96	2.27	1.43	0.49	0.17	0.33

The overall funding consideration adjustment in accordance with section 101(3)(b) is as follows:

	Residential	Inner City	Commercial	Multi Unit	Rural Residential	Rural Large	Rural Small
Rates Requirement by Property Sector (final)							
Rate Levy	62,438,057	212,910	33,557,392	1,889,176	80,043	230,733	708,689
% by Property Sector	**62.9943%**	**0.2148%**	**33.8563%**	**1.9060%**	**0.0808%**	**0.2328%**	**0.7150%**
Rate in cents per $ by Sector	0.008357	0.007997	0.018934	0.011962	0.004129	0.001392	0.002788
Rate in cents per $ by Sector (incl. G	0.009401	0.008997	0.021300	0.013457	0.004645	0.001566	0.003136
Differential Factor	1.00	0.96	2.27	1.43	0.49	0.17	0.33





2.6.2 Conclusion

Council has determined the most appropriate general rate funding mechanism remains as a differential general rate based on the land use sectors within the city.

The detailed analysis by service in this policy considers the requirements of section 101(3)(a) resulting in a percentage allocation by sector for each service. This allocation is applied to the costs of each service which generates the differential factor by sector.

Council has given further consideration to the overall well-being of the city community and made an adjustment to provide a differential factor that is consistent with previous years. Council believes providing a reasonably stable rating system is to the benefit of the whole community.

Therefore this Revenue and Financing Policy has been adopted giving due consideration to the well-being of the community, as defined under section 101(3)(b) of the Act, with regard to each service, the funding requirements of that service and the selection of the funding sources available to meet those funding requirements (general and targeted rates, user charges, subsidies and other funding sources).

2.7 Performance Targets

The table below summarises the performance targets set for the Revenue and Financing Policy:

Objective	Target
To maintain the direction specified in the Long-Term Financial Strategy.	Achieve the budgeted figures specified in the Annual Plan.
To manage the level of commitments and contingencies.	Total operating impact of contingencies does not exceed 5% of the general rate for the preceding financial year.
To maintain a mix of funding mechanisms to meet the total funding requirements of the City.	Fees and charges comprise at least 20% of total revenue. Differentials on property sectors maintained to achieve the rate recovery specified in the Annual Plan.





3.0 Significant Forecasting Assumptions

Clause 11 of Schedule 10 of the Local Government Act 2002 requires Council to identify the significant forecasting assumptions and risks underlying the financial estimates. Where there is a high level of uncertainty Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects of the assumptions.

This section is designed to identify the significant assumptions made and explain the risks associated with those assumptions where there is a high level of uncertainty.

3.2 City growth

3.2.1 Assumption

Table 1 below shows the Council's forecast projections for changes in population and resulting demand for residential dwellings and commercial and industrial facilities. The population and residential dwelling projections are based on population and demand modelling undertaken by the University of Waikato on behalf of Council as part of the development of the FutureProof Strategy (Hamilton sub-regional growth strategy).

This detailed work included the development of long-term projections for population (including age and gender), residential dwellings and labour force.

Localised data on historical patterns of development and information gained from the intensive Enquiry by Design process undertaken in March 2008 as part of the development of the Hamilton Urban Growth Strategy (HUGS) has been used to produce plausible residential, commercial and industrial demand projections for the period of the 2009-19 LTCCP. These assumptions have been used to determine what projects will be required to deliver growth and to anticipate revenue from Development Contributions.

All of the key assumptions discussed here are consistent with those that have been used in the development of HUGS. HUGS outlines at a strategic level where and when the city will develop and therefore has been used to guide the planning of infrastructure and growth projects that are included in this LTCCP.

Table 1

Year ended 30 June	Changes in Population	Residential Demand	Industrial Demand (Sqm)	Commercial Demand (Sqm)
2010	2,368	570	47,893	20,495
2011	2,370	670	47,893	20,495
2012	2,479	889	47,893	20,495
2013	2,479	902	47,893	20,495
2014	2,479	914	47,893	20,495
2015	2,479	931	47,893	20,495
2016	2,480	944	47,893	20,495
2017	2,620	1,017	47,893	20,495
2018	2,620	1,042	47,893	20,495

Year ended 30 June	Changes in Population	Residential Demand	Industrial Demand (Sqm)	Commercial Demand (Sqm)
2019	2,620	1,090	47,893	20,495

3.2.2 Risk and level of uncertainty

Council believes there is a relatively low level of uncertainty in regards to the population forecasts. However Council acknowledges that there is a high level of uncertainty concerning the levels of demand for residential dwellings and industrial and commercial facilities that result from this growing population base. There is a risk that there will be lower levels of demand for residential dwelling and commercial and industrial facilities per unit of population growth.

A key driver of this uncertainty relates to the current global and local economic climate which Council recognises is likely to result in changing patterns of economic activity within the initial years of this LTCCP period.

3.2.3 Estimated Impacts

Council has significant infrastructure works planned for this LTCCP period in order to meet the forecast demand for roading, water, wastewater, stormwater, land reserves and other community asset services.

In the event of demand for residential dwellings and commercial and industrial facilities being significantly lower than forecast in table 1 and assuming no changes to the infrastructure works programs, reduced revenue from development contribution levies would result in Council debt levels increasing at a faster rate than shown in the forecast financial statements.

Recognising this risk, Council has adopted a flexible approach to its infrastructure works program in order to ensure that the risks associated with supplying infrastructure ahead of demand are managed and the risk of increasing debt levels is thereby reduced.

In the event of slowing demand it is therefore likely that Council will reduce or defer certain components of its infrastructure works program.

3.2.4 Population/Growth Adjustment

In addition to the impact of growth on Council's capital expenditure forecasts, growth assumptions have also been applied when projecting operating expenditure and revenue items that are assumed to be directly affected by growth over the ten year period.

Based on the assumed population growth figures shown in Table 1, a growth % figure of 1.7%pa has been applied to specified lines in the operating budgets to reflect the annual contract adjustments and other increases that are expected to be impacted by growth.

3.3 Borrowing costs

3.3.1 Assumption

To forecast future borrowing costs Council needs to make assumptions regarding the levels of both shorter term (floating rate) and longer term (fixed rate) interest rates. Council's Liability Management policy imposes limits on the mix of floating and fixed interest rate exposure. For

the purpose of projecting average borrowing costs over the LTCCP period Council has assumed that the mix of floating and fixed interest rate risk is maintained at the mid point of the policy ranges reflected in the Liability Management Policy.

Table 2 below shows the forecast fixed and floating interest rates which Council has used in its projections of future borrowing costs over the LTCCP period. From years 2013 to 2019 these forecasts represent 10 year historical averages supplied by Council's financial risk advisors, Asia Pacific Risk Management. In the first 3 years of the 09 — 19 LTCCP period these figures are based on interest rates forecasts provided by other NZ based financial institutions, including the Reserve Bank.

Table 2

Year ended 30 June	Floating rate	Fixed rate
2010	2.50%	4.30%
2011	4.00%	5.00%
2012	4.91%	5.61%
2013	6.28%	6.52%
2014	6.58%	6.82%
2015	6.58%	6.82%
2016	6.58%	6.82%
2017	6.58%	6.82%
2018	6.58%	6.82%
2019	6.58%	6.82%

While these interest rate forecasts are a key determinant of future borrowing costs, the interest rate margin that Council has to pay on any new debt facilities is also a key driver of the overall cost of borrowing.

In modelling the weighted average borrowing cost that Council is likely to incur over the course of the 09 — 19 LTCCP, existing contracted rates, the likely path of wholesale interest rates and also the likely path of Council's borrowing margins are all taken into consideration.

The resulting weighted average borrowing costs that have been used to forecast Council's interest expense on forecast debt are shown in table 3 below:





Table 3

Year ended 30 June	Weighted Average borrowing cost
2010	6.06%
2011	6.05%
2012	6.65%
2013	6.86%
2014	7.02%
2015	7.06%
2016	7.07%
2017	7.13%
2018	7.16%
2019	7.22%

3.3.2 Risk and level of uncertainty

Council acknowledges that there is a high degree of uncertainty concerning borrowing costs. This is particularly true of the interest rate margin that Council has to pay on new debt. In recent months there have been significant increases in the margins that borrowers such as HCC have to pay when accessing new borrowing.

3.3.3 Estimated impacts

Table 3 provides the results of scenario analysis which Council has undertaken in order to understand the sensitivity of Council borrowing costs to adverse movements in interest rates and borrowing margins.

Table 4

Year ended 30 June	Total interest expense ($million)	Total interest expense assuming a 1% increase in interest rates and/or borrowing margins ($million)
2010	19.2	22.3
2011	23.1	26.9
2012	28.0	32.3
2013	31.6	36.5
2014	37.6	43.5
2015	40.9	47.4
2016	43.6	50.8
2017	45.2	52.9
2018	47.1	55.4
2019	48.4	57.2

If the impact of movements in interest rates and borrowing margins on Council's budgets turns out to be higher than forecast then it is possible that the future rating requirement may be greater than shown in the forecast financial statements.

Alternatively the rating requirement could remain similar to forecast, but Council would in this case need to generate additional operational efficiencies and/or consider whether to reduce service levels on some activities and/or cut back on some planned capital expenditure programs.

Should the impact of movements in interest rates and Council's borrowing margins turn out to be lower than forecast then there would be a favourable impact on Council's operating budgets.

3.4 Inflation

3.4.1 Assumption

Table 4 below shows Council's forecast projections for inflation rates which impact on the forecast financial statements. From 2012 to 2019 these forecast inflation levels are based on research into price level change adjusters specific to the local government sector which was published in September 2008 by economic consultants BERL. When considering the impact of inflation on the forecast financial statements in the first 2 years of the LTCCP, Council has also drawn on research input from other NZ based financial institutions. While the BERL research is useful in developing a longer term forecast of inflation impacts, due to the rapidly changing economic environment which has been experienced during the development of this LTCCP, it has been necessary to also consider research that has been more focused on shorter term inflation trends.

As shown in the table, Council has made separate assumptions regarding inflation rates impacting on operating and capital budgets. This is a change from the 06-16 LTCCP where a single inflation assumption was used across all operational and capital expenditure budgets.

Included within operating budgets are cost and revenue items such as staff wages and salaries, general maintenance, operating subsidies and direct operating revenue. Included within capital budgets are expenditures on infrastructure projects to support city growth and improvements to the transport network and other community facilities.

Table 5

Year ended 30 June	Inflation rates impacting operational budgets	Inflation rates impacting Capital budgets
2010	NA	NA
2011	1.50%	1.50%
2012	2.88%	3.38%
2013	2.65%	3.15%
2014	2.63%	3.13%
2015	2.65%	3.15%
2016	2.67%	3.17%
2017	2.83%	3.33%

Year ended 30 June	Inflation rates impacting operational budgets	Inflation rates impacting Capital budgets
2018	2.82%	3.32%
2019	2.72%	3.22%

3.4.2 Risk and level of uncertainty

Council believes there is a high level of uncertainty associated with these inflation assumptions.

3.4.3 Estimated Impacts

If the impact of inflation on Council's budgets turns out to be higher than forecast then it is possible that the future rating requirement may be greater than shown in the forecast financial statements. Alternatively the rating requirement could remain similar to forecast, but Council would in this case need to generate additional operational efficiencies and/or consider whether to reduce service levels on some activities and/or cut back on some planned capital expenditure programs.

Should the impact of inflation turn out to be lower than forecast then there would be a favourable impact on Council's operating and capital expenditure budgets.

3.5 Revaluation of Non-Current Assets

3.5.1 Assumption

As further detailed within Council's Accounting policies, asset valuations are undertaken or reviewed by independent qualified valuers and are carried out with sufficient regularity to ensure that the carrying values do not differ materially from that which would be determined using fair value at balance date.

The asset revaluation assumptions which have been used in preparing the financial forecasts for the 09 — 19 period are consistent with the forecast inflation figures which have been assumed to apply to all future budgeted capital expenditure as detailed in table 4 above.

These revaluation assumptions impact directly on the depreciation expense levels included in the forecast financial statements.

3.5.2 Risk and level of uncertainty

Council believes there is a high level of uncertainty associated with the forecasted level for depreciation expense as a result of the high level of uncertainty regarding underlying asset price inflation.

3.5.3 Estimated impacts

Table 5 provides the results of scenario analysis which Council has undertaken in order to understand the sensitivity of Council depreciation expense levels to increases in the rate of asset price inflation that would impact on both the cost of budgeted capital expenditure and the revaluation of existing assets. Table 5 compares the forecast levels for depreciation expense

with an alternative scenario for depreciation expense reflecting an additional 3% per annum growth factor being applied to underlying asset valuations.

Table 6

Year ended 30 June	Total forecast depreciation expense ($million)	Total depreciation expense assuming a 1% pa increase in asset revaluation assumptions ($million)
2010	46.5	46.5
2011	47.2	47.5
2012	48.8	49.3
2013	50.6	51.5
2014	53.2	53.2
2015	56.5	57.9
2016	57.5	59.3
2017	60.4	62.5
2018	63.0	65.4
2019	65.3	68.0

If the impact of depreciation expense on Council's budgets turns out to be higher than forecast then it is possible that the future rating requirement may be greater than shown in the forecast financial statements. Alternatively the rating requirement could remain similar to forecast, but Council would in this case need to generate additional operational efficiencies and/or consider whether to reduce service levels on some activities and/or cut back on some planned capital expenditure programs.

Should the impact of asset revaluations turn out to be lower than forecast then there would be a favourable impact on Council's operating budgets.

3.6 Asset sales

3.6.1 Assumption

There are two significant assumptions concerning proposed asset sales and one significant assumption concerning a loan repayment from an associated company that have been made in forecasting the timing and amount of future revenue from asset sales and loan repayments. These assumptions are summarised in the table below:

Asset	Forecast realisation/repayment amount ($million)	Forecast timing
Sale of Hamilton Riverview Hotel shareholding	20.4	2013/14
Sale of Waiwhakareke Lake Land	2.5	2011/12
Waikato Regional Airport Ltd Loan Repayment	2.25	2009/10

3.7 Third party funding

3.7.1 Assumption

- NZTA Subsidies

Council has assumed that operating and capital expenditure programs which have in the past received NZTA subsidies and/or satisfy the criteria that NZTA require in order to provide subsidy will continue to receive subsidy funding over the course of the 09 — 19 LTCCP.

The subsidy rates that have generally been applied are 45% for programs defined by NZTA to be of an operating nature and 55% for programs defined by NZTA to be of a capital nature.

Council have also assumed that level of these subsidies will be adjusted up over the course of the 09 — 19 LTCCP by an inflation factor consistent with the inflation factors shown in table 4 above.

- Waste minimisation levy

Over the full term of the 09 — 19 LTCCP Council will receive levy contributions from central government under the relevant provisions of the Waste Minimisation Act 2008. Council will apply these funds to projects and provision of recycling services that meet the criteria set out in the same Act.

- Project Watershed funding

Over the full term of the 09 — 19 LTCCP Council will receive contributions from Environment Waikato. These contributions are sourced from the Environment Waikato targeted rate for Project Watershed. Council will apply these funds to projects that meet the criteria set out in the project Watershed agreement between Council and Environment Waikato.

- River cleanup Guardians fund

Council has assumed that the funds received will be used to repay debt, on the basis that all of the likely qualifying projects are debt funded. It is further assumed that funding will not be received until year 2 of the plan as the trust has yet to be established.

3.8 Increase in revenue from Claudelands Events Centre

Council is budgeting to significantly increase the revenue it generates from operating the Claudelands Events Centre.

A detailed business plan and model have been developed and peer reviewed by an external organisation. The model is underpinned by realistic assumptions on event type, scope and quantity and pricing levels benchmarked to other comparable local and national facilities.

3.9 Useful lives of significant assets

3.9.1 Assumption

Assets are depreciated on a straight-line basis over their useful lives with annual depreciation expense included in the total costs for each significant service. The Council has made a number of assumptions about the useful lives of its assets. These are disclosed in the depreciation note within the Statement of Accounting Policies outlined in the Financial Section of Volume I of this LTCCP.





3.10 Sources of funds for replacement of significant assets

The funding of all future capital expenditure is disclosed within the Cost of Service Statements contained in section 8 of Volume 1 of this LTCCP. The funding policies which relate to the funding for replacement of assets are contained within the Revenue and Financing Policy which can be found in section 2 of volume 2 of this LTCCP.

3.11 Climate Change

3.11.1 Assumption

The New Zealand Climate Change Office (NZCCO) has been established as a business unit within the Ministry for the Environment responsible for leading the development, coordination and implementation of whole-of-government climate change policy. Climate trends are monitored by the NZCCO, which has predicted impacts of a moderate rate of climate change for the Waikato, including changes in average temperature, sea level rise and rainfall patterns. In general, Waikato, like much of the west coast of the New Zealand, is likely to become warmer and wetter.

There is variation with different predictions of likely changes to climate from different agencies and organisations. However the impact on Council's infrastructure is considered acceptable when compared with the currently used design standards for new infrastructure if the NZCCO predicted impacts are generally accurate for:

- average temperature increases of 0.5 - 0.7°C, strongest warming in winter, temperatures up to 3°C warmer over the next 70 - 100 years and
- Up to 20% wetter with more varied rainfall patterns and flooding up to four times as frequent by 2070

The topography and general lack of natural hazards in Hamilton is considered an advantage of other parts of the country (such as coastal communities) that will be more directly impacted by changes to climate.

3.12 Future Legislative changes

3.12.1 Assumption

The recent change of government will likely result in a number of changes to existing legislation that impacts the operation of Council. Changes to the Resource Management Act and the Emissions Trading Scheme have already been foreshadowed by the new National, ACT, United Future and Maori Party coalition government.

Beyond the legislative changes already signalled, there is also potential for changes to be made to any policy environment that impacts Councils operation.

The details of future legislative changes are unclear and therefore unable to be anticipated with any level of certainty.

The information that has been made available through various policy announcements to date suggests that the potential risks to materially impact the 2009-19 LTCCP are moderate in scale. However given the lack of detail available on future legislative changes and their timing, the

projects contained in the 2009-19 LTCCP have been planned based on the current legislative regime.

The government has indicated that a Select Committee of Parliament will undertake a review of the Emissions Trading Scheme that is currently being implemented through a staged introduction outlined in the Climate Change (Emissions Trading) Act. This has created further uncertainty in the emissions trading policy environment. However Council has undertaken a preliminary assessment (using the current legislation) to ascertain the level of risk to Council's 2009-19 LTCCP of the current legislation or potential changes following the Select Committee review. This preliminary analysis indicated that the most significant areas of potential impact to Council's operations exist in the costs associated with fuel and energy.

Council's 2009-19 LTCCP has been developed using energy costs that were produced by Genesis Energy and have already factored in anticipated costs increases due to the ETS. During the development of the LTCCP budgets there was a dramatic reduction in the cost of fuel (diesel and petrol). This reduction by market forces illustrates the potential impact of additional cost of fuel from an ETS (estimated at an additional 8 to 12 cents per litre on current carbon credit values) is minor in relation to general market variability caused by other factors. Therefore no specific additional provision has been made for inflation of fuel costs simply due to ETS.

Changes to other legislation affecting the operation of Council cannot be anticipated at this point and therefore the 2009-19 LTCCP has been developed based on current legislation and policy.

3.13 Resource Consents

3.13.1 Assumption

Council will be required to obtain resource consents for a range of new capital projects that are contained in the 2009-19 LTCCP. In addition, renewal of some existing consents will be required to continue to operate activities such as water treatment and use for municipal supply.

It has been broadly assumed that the necessary consents will be able to be obtained and where necessary funding provision and time has been made within the relevant capital project budget and programme plan to facilitate obtaining the necessary planning permissions. The provision made has been determined by the relevant asset / budget manager based on previous experience and expert knowledge of the contemporary planning framework and legislation.

Throughout New Zealand there is a developing trend for resource consents and designations to be more difficult to obtain, and for more severe conditions of approval to be imposed. Within the wider Hamilton area, the passage of the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Bill will also impact the gaining of resource consents and the processes required. However as the Bill has yet to be enacted and the final details of process determined - the 2009-19 LTCCP has been developed based on the current legislative regime.

Council continues to strengthen its strategic relationship with Waikato-Tainui including in areas relating the co-management of the Waikato River primarily through the membership of Hamilton Mayor Bob Simcock on the Guardians Establishment Committee.

4.0 Investment Policy

4.1 Objectives

For the foreseeable future, Council will have a permanent net debt/borrowing position and will, where practical, use flexible short-term working capital money market funding lines instead of maintaining cash deposits. Accordingly, it will not have any requirement to be in a surplus cash situation apart from:

- restricted reserves, and
- trust funds.

Therefore, outside of the above-mentioned exceptions, any liquid investments must be restricted to a term that meets future cash flow projections.

The objective of the investment policy is consistent with Council's objectives and with the LTCCP and Annual Plan. It is:

(i) to maximise interest income on investments approved within the policy, by profiling the investment portfolio to gain from favourable market movements and to protect against adverse movements,

(ii) to manage short-term cashflows in an efficient and prudent manner,

(iii) to manage a level of liquidity sufficient to meet both planned and unforeseen cash requirements,

(iv) to invest only in approved financial securities and maturity time periods permitted by the policy,

(v) to have an adequate monitoring and reporting process to ascertain existing risk position and to measure performance levels against a predetermined benchmark,

(vi) to operate a conservative approach to ensure protection of Council's assets,

(vii) to establish investment and control practices and procedures to prevent unauthorised transactions,

(viii) to establish an accurate cashflow forecasting model/schedule to increase efficiency in Council's investment decision-making.

4.2 General policy

4.2.1 Management Structure

The management structure involves the Finance Manager, Deputy Chief Executive and Chief Executive Officer who report to Council through the Finance & Audit Committee. Refer to Section 5.4.3 for full-delegated authorities.

4.2.2 Acquisition of New Investments

Council has adopted a conservative approach to its fiduciary duty to ratepayers. It will generally rely on proven investments (such as cash) but may invest in shares or property where specified





criteria are met. These criteria are outlined in Section 4.2.7 (below). The Council has established a Significance Policy to identify significant issues, which require public consultation.

4.2.3 Cash Investments

Council's restricted reserves and trust funds (when required to be held in cash, e.g., Restricted Reserves which can not be used for internal borrowing) will, as far as practicable, be spread by institution and instrument, having particular consideration to the type of fund being invested, the fund's cashflow requirements, interest rates available, and the risk of default.

4.2.4 Trust Funds

Any funds held by Council that are subject to a form of trust deed will be administered according to the conditions of the appropriate trust deed.

4.2.5 Restricted and Council Created Reserves

From time-to-time, Council establishes special funds or reserve funds. These funds or reserves are usually used for specific purposes and will be accounted for according to the conditions set out at the time of establishing the fund or reserve (or as amended by Council resolution). Liquid assets will not be required to be held against special funds, instead, such commitments to future specified releases will be covered by a committed standby line of credit in the form of a committed credit facility.

Such a facility will be for an amount equivalent to the maximum reserve release commitments over a 12-month period and, as in the nature of the facility, will be reviewed annually. Liquid assets (except when restricted to being held in cash as per Section 4.2.3) will be utilised for internal borrowing to offset Council's working capital and debt funding requirements.

Accounting entries representing monthly interest accrual allocations will be made using the weighted average 90-day bank bill bid rate for that period.

Such a mechanism is subject to a Council resolution, which will supersede previous Council resolutions pertaining to the funding of specific special funds.

4.2.6 Investments in Shares, Property and Other

Council may, by specific resolution, make investments (or sell, or dispose of such investments) in companies, local authority trading enterprises, joint ventures or other organisations, having regard to all relevant information including, but not limited to, the following:

- investments to be in the best interest of the community
- legislative authority to hold such investments
- the degree of equity interest or control able to be exercised
- prudence
- the likely returns on the investment
- other advantages as deemed appropriate by Council.

Investments are deemed to include loans to external organisations.

Council will monitor its investments in companies and other institutions by reviewing half-yearly financial reports on performance.

4.2.7 Specific Investments

Council considers its specific financial investments (listed below), as representing the best interests of the community and ratepayers. Council's exposure to risk would be that of any other financial shareholder. Specific investments include:

Waikato Regional Airport Limited

In December 1995, Council, along with four other Waikato local authorities, purchased the Crown's 50 per cent shareholding in Waikato Regional Airport Ltd. This purchase increased Hamilton City Council's holding from 32 per cent to 50 per cent.

<u>Reason for the Council holding shares:</u>

The purpose of this shareholding is that the airport is considered to be a significant infrastructural asset, important to the economic health and growth of the region.

NZ Local Government Insurance Co. Limited

This company evolved from the former Municipalities Insurance Co-operative. Council holds 3.17 per cent of the shares in this company. The remaining shares are held by other Councils in New Zealand.

<u>Reason for the Council holding shares:</u>

As a member of this Co-operative, Council was entitled to a shareholding related to the level of its premiums.

Hamilton Riverview Hotel Ltd

Council holds 41.38 per cent of the shares in the Hamilton Riverview Hotel venture. Tainui Development Ltd and AAPC NZ PTY Ltd hold the remaining shares.

<u>Reason for the Council holding shares</u>:

In May 1998, Council entered into a joint venture agreement for the purpose of developing a hotel and conference centre (Novotel Tainui Hamilton) on a site bounded by Victoria Street, Alma Street and the Waikato River in Hamilton.

During 2007, the company developed a new hotel (Ibis Tainui Hamilton) and opened in early December 2007.

Council has recently evaluated it shareholding in Hamilton Riverview Hotel Ltd and has decided to continue holding its investment in the company until at least 2013, to maximise its return on the investment.

Local Authority Shared Services Ltd

Council holds 7.69 per cent of the shares in Local Authority Shared Services Ltd (LASS). The remaining shares are held by other Councils in the Waikato Regional Council region.

Council contributed additional capital for the development of Shared Valuation Database Service (SDVS), which represents 13.72 per cent of the service shares in the SDVS. The SVDS is included as part of LASS.

Council has also contributed additional capital for the development of the Waikato Regional Transport Model (WRTM) , which represents 37.5 per cent of the service shares in WRTM. The WRTM is included as part of LASS.

Reason for the Council holding shares:

In November 2005 Council resolved to become a shareholder for the purpose of developing shared services across the local authorities within the Waikato region, following consultation in the 2005/06 Annual Plan.

Hamilton Fibre Network Limited

Hamilton Fibre Network Ltd (HFNL) commenced 28 March 2008. The company controls an urban fibre and ducting network which is currently under development. Council currently holds 34.85 per cent of 'A' shares in the company. The remaining 'A' shares are owned by Environment Waikato, University of Waikato, Waikato Institute of Technology, and the partially issued 'B' shares by Telco Infrastructure Investments Ltd.

Reason for the Council holding shares:

During 2007 Council resolved to become a shareholder for the purpose of developing an urban fibre and ducting network for Hamilton, and in March 2008 Council made a significant contribution of assets to the company. The company is currently in a development phase.

SODA Inc Limited

Hamilton City Council and Wintec have jointly established SODA Inc Limited, the City's new creative industries incubator, aimed at encouraging and enabling economically successful businesses within the creative industries sector, to thrive in Hamilton. Council has a 40% shareholding in SODA.

Investments Managed by External Investment Managers

From time-to-time Council may decide to have specific funds managed by external investment managers.

Externally managed funds will be subject to specific contract conditions.

4.3 Hedging Interest Rate Risk

In accordance with the Council's policy to manage the balance sheet on a net basis, Council will be a net borrower for the foreseeable future. All trust funds will be invested on a rolling 90-day basis in keeping with Section 5.2.2 of the Liability Management Policy. Any operating cashflow surpluses will be managed on a prudent cash management basis.

4.4 Approved Financial Instruments

A list of approved instruments can be found in Section 5.4 of the Liability Management Policy.

4.5 Counterparty Credit Risks

Counterparty credit risk is the risk that a party to a transaction will default on its contractual obligation. A counterparty credit risk is incurred whenever Council enters a transaction with a third party which requires the third party to make a payment to Council. The degree of counterparty credit risk will vary according to the perceived creditworthiness of the counterparties.

Refer to Section 5.6 of the Liability Management Policy for the list of authorised counterparties, with whom management is authorised to transact.

4.6 Allowable Investment Instruments

For allowable investment instruments refer to Section 5.4 of the Liability Management Policy.

4.7 Disposal of Assets

Any disposition of proceeds from the sale of assets or investments (other than vehicles and light plant) must be used in the first instance to repay any outstanding borrowings, to reduce the overall debt of Council unless otherwise specifically authorised by Council. If the assets are subject to legislative restrictions, the proceeds are to be used in accordance with the provisions of the appropriate legislation.

4.8 Reporting

For reporting on the Investment Policy, the following reports will be completed and presented to the Finance & Audit Committee through each quarterly meeting cycle:

- Funding Summary (Financial Overview)
- Funding Facilities/Liquidity Report
- Investments Report
- Counterparty Credit Report





4.9 Performance Targets

The table below summarises the performance targets set for the Investment Policy:

Objective	Target
To manage risks associated with the investments.	Investment policy Section 4.3 complied with.
To use the proceeds from the sale of assets to reduce the overall level of public debt.	Investment policy Section 4.7 complied with.

5.0 Liability Management Policy

Borrowing under this Liability Management Policy includes internal as well as external borrowing (refer to the definition of borrowing in Section 112 of the Local Government Act 2002).

5.1 Objective

The objective of the Liability Management Policy is consistent with Council's objectives and with the LTCCP and Annual Plan. It is:

- to achieve the lowest possible net borrowing costs achievable within the policy parameters, by actively managing funding risk and interest rate risk within the overall limit control of maximising benefits (from favourable interest rate movements) while having levels of protection in place against prolonged and significant adverse interest rate movements.

5.1.1 Active Management and Hedging

Active management of borrowing is the use of direct borrowing methods such as committed or un-committed facilities, bond issues, term loans, overdraft etc. (as detailed in Section 5.4 of this policy).

Hedging is the use of interest rate swap contracts, forward rate agreements, options or swaptions to manage Council's interest rate exposure on existing loans (interest rate risk). There is no purchase or exchange of capital borrowing involved in the use of hedging products (Sections 5.4, 5.4.1 and 5.4.2 of this policy provide details of hedging products).

5.1.2 Definition of Treasury Risks

Council is exposed to a number of risks when borrowing or investing funds, and in the management of treasury functions. These treasury risks are:

- Interest rate risk (detailed in Section 5.2 of this policy).
- Funding risk — This is the risk of not having funding facilities spread over a reasonable period of years and being unable to source funding when required. To manage this risk Council has in place committed funding facilities with three banks and also issues term debt under its Debenture Trust Deed (further information is available in Section 5.3 of this policy).
- Settlement risk — Settlement risk is the risk that a counterparty fails to transfer funds or equities as agreed in a borrowing or investment contract. To manage this risk Council has become an associate member of Austraclear (a Reserve Bank operated facility to ensure simultaneous transfer of cash and securities at settlement) and only uses counterparties on the approved counterparty list (refer Section 5.6.1).
- Counterparty credit risk — Counterparty credit risk is the risk that a party to a transaction will default on its contractual obligations. This risk is managed by using only counterparties on the approved counterparty list (refer Section 5.6).





The Hamilton City Council will have a permanent net debt/borrowing position (refer Section 4.1 of Council's Investment Policy). Council's cash requirements are managed on a daily basis. These cash requirements are achieved by the use of long term funding facilities, term loans and debenture stock/bond issuances along with short-term bank funding lines and bank overdraft. Investments will only occur occasionally and for brief periods and will be managed according to Council's Investment Policy. Risks associated with cash management in addition to those above are those associated with internal controls of treasury functions. These are managed by the use of formal delegation of authority and authority limits (refer Section 5.4.3) and by the separation of duties so that one person does not initiate a transaction and check confirmations.

5.2 Interest Rate Risk Policy

Interest rate risk is the risk of significant unplanned changes to interest costs as a result of financial market movements.

The purpose of managing interest rate risk is to have a framework in place under which Council can actively manage its borrowings, within overall guidelines to spread and reduce risks. In this manner, Council has control on the level of financial market interest rate movement exposures, and can maintain a relative balance between such risk and other business investment risks that Council has in its normal course of business.

The control limits cover both the underlying physical borrowing risks and the use of synthetic instruments that may be used to limit, reduce, eliminate and re-profile these physical risks.

5.2.1 Currency Borrowings

Borrowings can only be made in New Zealand dollars (see Section 113 of the Local Government Act 2002).

5.2.2 Net Borrowings

Fixed/floating percentages are calculated on the 12-month projected external debt level based on Council's LTCCP and Annual Plan. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to comply with the policy minimums and maximums.

5.2.3 Fixed/Floating Mix

Fixed rate is defined as all debt with interest rate repricing beyond 12-months. It can be made up of fixed rate borrowings, interest rate swap contracts, swaptions, and caps, with more than 12-months to run. Interest rate caps with a rate more than 2 per cent above market rates cannot be considered as fixed rate. Floating rate is defined as all debt with an interest rate repricing within 12-months.

To match the fixed nature of the income that Council generates (i.e., rates), the mix of fixed borrowings at any one time is to be 50 per cent minimum and 95 per cent maximum.

To spread the interest rate risk on the profile of borrowings, the following controls/guidelines have been established:

1 —3 years	20% (min) — 60% (max) of the Fixed Rate total
3 — 5 years	20% (min) — 60% (max) of the Fixed Rate total
> 5 years	10% (min) — 60% (max) of the Fixed Rate total

The mix of floating borrowings at any one time is to be 5 per cent minimum and 50 per cent maximum.

Call Market borrowings cannot exceed $30 million.

5.2.4 Debt Ratios and Limits

Debt is categorised as follows:

- Total Debt (includes all external and internal borrowing)
- Total Council Debt (excluding debt funded by development contributions)
- Net Debt (equal to Total Debt less internal borrowing)

Debt will be sub-categorised on the basis of how its repayment and servicing costs are funded as follows:

- Debt funded by Access Hamilton
- Debt funded by rates
- Debt funded by development contributions

Total Debt ratios will be calculated and managed according to the following macro limits

Debt Ratio	Policy Limit
Total Council Debt (excluding debt funded by development contributions)	
Net interest on Total Council debt (excluding interest on DC debt) as a percentage of total annual rates income.	<20%
Total Council Debt as a percentage of income (excluding total DC contributions received p.a. in income).	<180%
Total Council Debt per capita (This limit is expressed in 2009 dollars)	<$2,000
Total Debt	
Total Debt as a percentage of total assets	<25%
Total Debt as a percentage of income	<250%
Net interest on total debt as a percentage of income (including total DC contributions received p.a. in income).	<20%
Liquidity (term debt + committed loan facilities to existing net debt including working capital requirements).	>110%

Income is defined as earnings from rates, government grants and subsidies, user charges, total development contributions received p.a. (DC), interest and other revenue.

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

Information relating to the level of public debt and linkage to debt servicing performance targets has been applied to Council's LTCCP for the next 10 years.

5.3 Funding Risk Policy

Funding risk is the risk to Council of not having funding facilities spread over a reasonable period of years and being unable to source funding when required. The risks can be summarised as follows:

(i) If the majority of facilities are maturing at or around the same time, there is a risk that it is an unfavourable time to be renewing facilities in the market due to high pricing/margins from lenders.

(ii) If Council is having some difficulties by having all facilities maturing at one time, this may be detrimental to the ability to either renew the facilities or receive favourable conditions.

(iii) There is a danger of saturating the market if all the facilities are maturing at the same time and Council has access to only one type of funding.

To spread this risk, it is prudent to have the total debt spread so that a certain proportion is maturing periodically.

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

Debt/facilities maturing 0— 3 years time	20	—	50%
Debt/facilities maturing 3— 5 years time	20	—	50%
Debt/facilities maturing 5 years and over	10	—	50%

- A maturity schedule outside these limits requires specific Council approval. A twelve-month phase-in non-compliance period is permitted.
- The Chief Executive has discretionary authority to refinance, rollover, re-negotiate existing debt on more favourable terms. Such action is reported to Council at the earliest opportunity.

5.4 Approved Financial Instruments and their Use

Dealing in interest rate products must be limited to financial instruments approved by Council.

Current approved interest rate instruments are as follows:

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and bank accepted bill facilities (term facilities) Uncommitted money market facilities Retail and wholesale Bond issuance Term loans
Investments	Short-term bank deposits Bank bills Bank certificates of deposit (CD) Treasury bills Local authority stock or state owned enterprise (SOE) bonds Corporate bonds Promissory notes/Commercial paper
Interest rate risk management	Forward rate agreements (FRA) on: a) Bank bills b) Government bonds Interest rate swaps including: a) Forward start swaps (start date <24-months) b) Amortising swaps (whereby notional principal amount reduces) Interest rate options on: a) Bank bills (purchased caps and one for one collars) b) Government bonds Interest rate swaptions (purchased only)

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.





5.4.1 Definitions

Interest Rate Swap Contract (SWAP)

An interest rate swap contract is an agreement between two parties (one party typically being a bank) to exchange interest rate obligations on an agreed notional principal amount for an agreed time period. There is no physical exchange of principal amounts.

Forward Rate Agreement

A forward rate agreement is a contract between two parties whereby each party agrees to fix an interest rate for a specified contract period and a specified future date, based on an agreed notional amount. Neither party undertakes to lend or borrow a principal amount — it is only the obligation to make the interest payment that is agreed on.

Options

Interest Rate Option

An interest rate option is a contract between two parties where the buyer pays the seller a premium for the right, but not the obligation, to enter into a transaction at an agreed interest rate for an agreed notional principal, maturing on an agreed date.

Government Stock Option

A Government stock option is a specialist contract where the party buying the option has the right, but not the obligation, to purchase or sell Government stock.

Swaption

A swaption is an agreement where the party buying the option has the right, but not the obligation, to enter into an interest rate swap contract.

Counterparties who sell these treasury management products will require Council to sign a Master Agreement that covers all the legal terms, conditions, rights, responsibilities and liabilities under the contract. The Master Agreements protect both parties and cover all individual contracts entered between the counterparty and Council (these are normally confirmed by computer-generated confirmation letters only).

5.4.2 Financial Instrument Use

Interest Rate Swap Contracts (SWAP)

- SWAP contracts cannot exceed 10-years.
- Net outstanding/open interest rate swap contracts cannot exceed 100 per cent of total 12-month projected net debt.
- Existing interest rate swap contracts may be closed out or amended prior to maturity by cancellation/amendment with the same counterparty, or by an equal and opposite interest rate swap contract with another counterparty.

Forward Rate Agreements

- Net outstanding/open forward rate agreement contracts cannot exceed 75 per cent of floating rate debt.
- Refer to interest rate swap contracts for transaction limits.

Interest Rate Options, Government Stock Options and Swaptions

- Selling of interest rate options is only allowed as part of a combined strategy, including the simultaneous purchase of interest rate options with identical amount and maturity.
- Strike prices must be within 1 per cent of the appropriate SWAP rate.
- Refer to interest rate swap contracts for transaction limits.

5.4.3 Delegation of Authority and Authority Limits

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

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

- all delegated authorities and signatories must be reviewed at least every 12-months to ensure that they are still appropriate and current.
- a comprehensive letter must be sent to all bank counterparties at least every year that details all relevant current delegated authorities of Council and contracted personnel 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 immediately to ensure that no unauthorised instructions are to be accepted from such persons.

Council has the following responsibilities, either directly itself, or via the following stated delegated authorities. (In the absence of individuals, delegated authorities revert upward to their immediate reporting officer).

Activity	Delegated Authority	Limit
Approving and changing policy	Council	Unlimited
Borrowing new debt	Council	Unlimited (subject to legislative and other regulatory limitations)
	Chief Executive Officer (CEO) — delegated by Council	Subject to Council resolutions
	Deputy CEO — delegated by the Chief Executive Officer	
	Finance Manager (FM)— delegated by the Deputy CEO	

Activity	Delegated Authority	Limit
Overall day-to-day risk management	CEO (delegated by Council) Deputy CEO (delegated by CEO) FM (delegated by Deputy CEO)	Subject to policy
Maximum daily transaction amount (borrowing, investing, interest rate risk management, foreign exchange rate risk management) The limit excludes interest rate rollovers on existing swap transactions and rollovers of existing drawn debt	Council CEO — delegated by Council Deputy CEO — delegated by the CEO FM — delegated by the Deputy CEO ETOS[1]	Unlimited $50 million $40 million $30 million $5 million (limited to daily cash management)
Re-financing existing debt	CEO (delegated by Council) Deputy CEO (delegated by the CEO) FM (delegated by the GMC)	Subject to policy/Council resolutions
Approving transactions outside policy	Council	Unlimited
Adjust interest rate risk profile	Deputy CEO delegating to FM each adjustment individually signed off by the Deputy CEO	Fixed/floating ratio between 50% and 95% Fixed rate maturity profile limit as per risk control limits
Managing funding maturities in accordance with Council approved facilities	Deputy CEO/FM	Per risk control limits

[1] ETOS provide treasury outsourcing services to Hamilton City Council in accordance with Schedule 1 of the outsourcing agreement between HCC and ETOS.

Activity	Delegated Authority	Limit
Maximum daily transaction amount (borrowing, investing, interest rate risk management)	Council Deputy CEO FM (delegated by the Deputy CEO) ETOS	Unlimited $50 million $15 million $5 million (limited to daily cash management)
Authorising lists of signatories	Deputy CEO	Unlimited
Opening/closing bank accounts	Deputy CEO	Unlimited
Annual review of policy	FM	N/A
Ensuring compliance with policy	FM	N/A

5.4.4 Derivative Financial Instrument Accounting Treatment and Valuation

Council uses derivative financial instruments within prescribed policies and limits (see Section 5.2). These derivative financial instruments are used to manage exposure to fluctuations in interest rates and exchange rates. All derivative financial instruments are valued to fair value at balance date and any resulting gains or losses are recognised in the Statement of Financial Performance. Council does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

5.5 Liquidity Policy

The objective of the liquidity policy is to ensure adequate financial resources are available to Council to meet all obligations as they arise.

The purpose of the Liquidity Policy is to analyse Council's cash flows, in both the short and long-term for all perceived requirements and contingencies, and arrangement of suitable sources of liquid resources.

5.5.1 Policy

Liquid resources are defined as:

- unencumbered financial assets which can readily be converted to cash in a short space of time to the best interests of Council;
- un-drawn committed or standby facilities which can be accessed in a suitable timeframe.

There are three aspects to liquidity management:

- short-term operational liquidity management, to be monitored and controlled through daily cash management activities;

- long-term operational liquidity management, to be monitored and controlled through long-term financial planning;
- contingency crisis management, to be monitored through the long-term and short-term planning process and arrangement of liquidity sources sufficient to meet worst case scenarios.

Council requires a minimum level of surplus liquidity to meet unexpected cash expenditure or revenue shortfall. Liquidity should be flexible enough to manage the rate payment cycle.

5.5.2 Committed Bank Facilities

To ensure the ongoing funding of Council and to manage funding risk (and hence liquidity), it is important that Council obtain committed bank facilities to ensure that sufficient funds can be called upon when required. This form of borrowing would usually be secured through the issuing of a security stock certificate under the Debenture Trust Deed. Committed borrowing facilities plus term debt will be maintained at 10 per cent above the existing net debt amount including working capital. This is deemed to include the value and terms of credit from suppliers including leases, hire purchase and deferred payments agreements.

Council is not permitted to have borrowings from uncommitted bank facilities greater than unutilised committed bank facilities at any one point in time (i.e., used uncommitted facilities are not to exceed unused/available committed facilities).

A list of authorised counterparties is required. This list is approved by the Chief Executive Officer and any additions or deletions to this list require approval.

5.6 Counterparty Credit Risks

Counterparty credit risk is the risk that a party to a transaction will default on its contractual obligation. A counterparty credit risk is incurred whenever Council enters a transaction with a third party, which requires the third party to make a payment to Council. The degree of counterparty credit risk will vary according to the perceived creditworthiness of the counterparties.

The qualifying criteria for lenders on the approved list are that they must meet a minimum credit rating criteria, where appropriate. The counterparty credit limits are as follows:

Credit/Issuer/Authorised Counterparty	Minimum Long-term Credit Rating	Investments maximum per credit ($m)	Interest Rate Risk management instrument maximum per credit ($m)	Total maximum counterparty Limit per credit ($m)
NZ Government	A -	unlimited	none	unlimited
State Owned Enterprises	A -	5	none	5
NZ Registered Banks	A -	***	***	15
ANZ National Bank	AA -	***	***	30
ASB Bank	AA -	***	***	30
Bank of New Zealand	AA -	***	***	30
Deutsche Bank AG	AA -	***	***	15

Westpac Banking Corporation	AA -	***	***	30
Corporate Bonds	A -	2*	none	2
Local Government Stock	A - (if rated) unrated	5** 2	none none	5 2
Local Authority Bond Trust	unrated	2	none	2
Local Government Finance Corporation	unrated	5	none	2
Members of Austraclear	n/a	none	none	none
Travelex	n/a	none	0.1	0.1

* Subject to a maximum of $20m investment in corporate bonds/CP at any one point in time.

** Subject to a maximum of $25m investment in Local Government stock at any one point in time, including Local Government Finance Corporation and Local Authority Bond Trust.

*** These counterparty limits are interchangeable between investments and interest rate risk management instruments within the maximum counterparty limit.

Any changes to the above named counterparties must be approved by the Chief Executive Officer.

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

- Money Market (e.g., Bank Deposits, Investments) — Transaction principal amount x Weighting 100%
- Interest Rate Risk Management (e.g., swaps, FRAs, collars) — Transaction principal amount x Maturity (years) x 3%
- Foreign Exchange (e.g. foreign exchange forward contracts, foreign exchange options, cross-currency interest rate swaps) — Transaction principal amount x the square root of the maturity (years) x 15%.

Each transaction is entered into a reporting spreadsheet and a monthly report prepared for the Finance Manager to show assessed counterparty actual exposure versus limits.

The Finance Manager on an ongoing basis reviews ratings and in the event of material credit downgrades, this is immediately reported to the Deputy CEO and the Chief Executive Officer and assessed against exposure limits. Counterparties exceeding limits are reported to Council.

Risk Management

To avoid undue concentration of exposures, a range of financial instruments must be used with as wide a range of counterparties as possible. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and re-priced from.

5.6.1 Settlement Risk

Counterparty settlement risk is also incurred when a transaction is settled. Whenever there is a physical exchange of cash or securities, Council is at risk that the counterparty's cheque will not be honoured or the securities will not be legally transferred.

To avoid settlement risk, Council will require that all settlements are to be made by bank cheque or directed through Austraclear (a Reserve Bank operated facility), to an account in the name of Hamilton City Council. Austraclear is a real-time trade matching, transfer, clearance and settlement system for securities. Once ownership of the security and the ability to pay controls has been checked, the transfer is irrevocable. Transactions are not accepted by the system unless the paying member has sufficient credit provided by their banker within the system to allow the transaction to be completed.

There does still remain a bank-to-bank risk, hence counterparty limits need to be maintained. Transactions will only be entered into with those institutions on the approved counterparty list.

Council is an Associate Member of Austraclear. Should Council be approached by an investor who is not listed in the counterparty list, or is not a member of Austraclear, the Deputy CEO has the delegated authority to approve such Counterparties on a transaction-by-transaction basis, with subsequent reporting to Council.

5.7 Debt Repayment Policy

The objective of the debt repayment policy is to ensure that Council is able to repay debt on maturity with minimum impact on Council operations.

The purpose of the debt repayment policy is to provide a framework by which Council can manage its financial commitments for debt, through the establishment and maintenance of financial reserves and a suitable debt maturity profile.

5.7.1 Debt Repayment Policy

Debt repayment will occur at different levels for the sub-categories of total debt defined in section 5.2.4, as follows:

Debt Funded by Access Hamilton or other reserves

Debt repayment shall be budgeted to be either 4 per cent of the opening balance of net debt or an accelerated debt repayment programme in accordance with a Council resolution pertaining to the specific loans or programme for which the debt is raised. A mixture of both debt repayment profiles may occur under this debt category.

Debt Funded by Rates

Debt repayment shall be budgeted to be 4 per cent of the opening debt balance (including internal borrowing). Opening debt balance will be adjusted down for any lump sum debt repayments from asset sales in the budgeted year.

Debt Funded by Development Contributions

Debt repayment shall be budgeted to be the annual difference between budgeted contributions received and interest expense calculated by the Development Contributions model. The model ensures that all debt funded by development contributions is "ring-fenced" and the total debt





is paid in full at the end of the last year that growth capacity is provided by the projects which are funded by this debt.

5.7.2 Sale of Assets

Funds derived from the disposition of assets or investments (other than vehicles and light plant) are to be utilised for the purpose of repayment of debt as set out in Section 4.7.

5.7.3 Cost of Capital Policy

The liability policy is based on balance sheet funding, with all borrowings or debt deemed to be corporate debt. Debt repayments will be made from revenue. The cost of capital is to be spread over significant services on the basis of the book value of land and buildings employed, except where Council has provided for the costs to be recovered from specific activities.

5.8 Security Policy

The objective of the security policy is to ensure that Council is able to provide suitable security to lenders and investors, while retaining maximum flexibility and control over assets.

The purpose of the security policy is to establish a mechanism through which Council is able to monitor any security given.

All of Council’s loans and interest rate risk management instruments will be secured by way of a charge over Council’s rates and rates revenue, unsecured, or secured by way of charge over physical assets.

A charge on Council’s rates and rates revenue will be granted in favour of a trustee. The trustee will hold the benefit of the charge for all parties to whom Council grants the benefit of the rates security under a debenture trust deed. Council will engage a trustee, a registrar, paying agent and advisors from time-to-time to act under the debenture trust deed.

Other security may be given under certain circumstances.

Physical assets will be pledged only where:

- there is a direct relationship between the debt and the asset purchase or construction (e.g., operating lease, or project finance);
- Council considers a pledge of physical assets to be appropriate;
- the Finance Manager ensures that the required register of charges and any associated documents are provided, filed and kept in accordance with the Local Government Act 2002 and the Securities Act 1978.

5.9 Foreign Exchange Risk Management Policy

Council does not incur large, ongoing, foreign exchange risks in a trading/operating sense, although regular foreign exchange transactions are made for the purchase of items such as library books, subscriptions and seeds. However, from time-to-time large ‘one-off' imports such as the purchase of machinery do result in foreign exchange exposures.

The policy is as follows:

- Council cannot borrow in foreign currencies (see Section 113 of the Local Government Act 2002).
- All foreign exchange transactions over $20,000 must be reported to the Financial Accountant prior to the placement of a firm order/signing of sale and purchase contract.
- Prior to the placement of a firm order/signing of sale and purchase contract, Council is not allowed to enter forward exchange contracts, but may purchase currency options as an insurance protection over the period leading up to the firm order. The option term may be no longer than three-months. The purchase of the option is to be approved by the Finance Manager. If the order does not go ahead, the only loss is the premium paid up front in cash. If a forward contract is entered and the plant purchase does not take place, the potential loss on the unneeded forward contract is unlimited and unknown.
- Within seven-days of an order being placed with an overseas supplier of $25,000 or greater, a minimum of 75 per cent of the foreign currency exposure is to be covered forward by way of forward exchange contracts. The remaining 25 per cent may be left open to gain from any favourable trend in the market, but must be covered within three-months of the firm order.
- All foreign currency forward contracts and option contracts are only to be entered into with banks on the approved counterparty list.
- The Financial Accountant in consultation with the Finance Manager will decide whether or not to cover transactions under $25,000.
- In reviewing compliance with counterparty limits, foreign exchange forward contracts will be given a weighting equivalent to the transaction principal amount x the square root of the maturity (years) x 15%.

5.9.1 Risk Management Policy on other forms of pricing risk

Foreign exchange pricing risk is not the only source of significant pricing variability which can adversely impact on Council's operating and capital expenditure programs. Fluctuations in the spot price of a range of commodities can have a direct impact on Council operating costs. For example fluctuations in crude oil prices flow directly through to fuel prices and bitumen prices which in turn feed into the cost of Council's fleet operations and road resealing contracts.

Council's policy on other forms of pricing risk is to consider the use of hedging contracts when ever a reliable link can be established between changes in the value of the hedging contract and offsetting changes in specific budgeted expenses.

Any use of such hedging contracts requires prior approval of the Finance and Audit Committee.

5.10 Reporting

For reporting on the Liability Management Policy, the following reports will be completed and presented to Council's Finance and Audit Committee through each quarterly meeting cycle:

- Funding Facilities Report/Liquidity Report
- Interest Rate Management Summary

- Cost of Funds Report
- Summary of Funding and Interest Rate Risks
- Actual and Forecast Debt (current year)
- Debt Performance Targets Report
- Funding Summary (Financial Overview)

5.11 Performance Targets

The table below summarises the performance targets set for the funding policy. For definitions refer to Section 5.2.4.

Objective	Target
To manage interest rate risk exposure.	Minimum (50%) and maximum (95%) level of fixed borrowing is not exceeded.
To maintain debt within specified limits and ensure adequate provision for repayments to maintain adequate liquidity.	For: **Total Council Debt (excluding DC funded debt)** Net debt interest payments on Total Council debt (excluding interest on DC debt) do not exceed 20% of the total rating income for the year. Total Council Debt does not exceed 180% of total income (excluding total DC contributions received p.a. in income) for the year. For: **Total Debt** Total Debt does not exceed 25% of total assets. Total Debt does not exceed 250% of total income for the year. Net interest payments on total debt do not exceed 20% of the total income for the year (including total DC contributions received p.a. in income). Liquidity ratio to exceed 110%. Liquidity ratio defined as:Term debt and committed borrowing facilities is not less than 110% of the existing net debt, including working capital requirements.
To report annually Council net debt against the population of the city.	**Total Council Debt (excluding DC funded debt)** Debt does not exceed $2,000 per capita (This limit is expressed in 2009 dollars)
To maintain security for public debt by way of a charge over rates through the Debenture Trust Deed, or registered mortgage over specific assets.	Security documentation is reviewed to ensure compliance.
To ensure that transactions involving foreign currency exceeding $25,000 in value are hedged by way of forward cover contracts.	Compliance with this policy is monitored by reviewing payments in foreign currency.

6.0 Rating Policy (incorporating Rates Remission and Rates Postponement Policies)

6.1 Objective

The objective of the Rating Policy is to develop a system, which reflects the following attributes:

- Effectiveness to meet Council's goals, which takes into account the community needs for environmental, economic and social issues.
- Efficiency, in that resources are allocated to best advantage for the benefit of the community.
- Equity, reflecting the accounting principles: ability to pay principle and the benefit principle.
- Simplicity through low cost administration and implementation.
- Transparency, in that the policy is clear and readily understandable.
- Spread the incidence of rates as fairly as possible.
- Be consistent in charging rates.
- Ensure all ratepayers pay their fair share for Council services.
- Provide the income to meet the goals.

The Rating Policy should be read in conjunction with the Council's Revenue & Financing Policy, and the Funding Impact Statement outlined in the Long-Term Council Community Plan (LTCCP).

The Rating Policy incorporates all Rates Remission and Rates Postponement Policies of Council.

6.2 Background

Rates are assessed under the Local Government (Rating) Act 2002, on all rateable rating units on the land value supplied by Quotable Value New Zealand Limited.

6.3 Rating Systems

There are three rating systems available to local authorities under Section 13 of the Local Government (Rating) Act 2002 for the general rate.

Annual Value

These values are based on the rent for which a particular property could be let from year-to-year, with a minimum of 5 per cent of the capital value.

Capital Value

These values are based on the market value of the property, including improvements.

Land Value

These values are based on the market value of land.

6.4 Differential Rating

Differential rating is the system on which rates are made. It is a means where rates assessed on one or more groups of property that may vary from those assessed in respect to others. Under Council's current policy the impact of rating on a differential basis is primarily to shift the rates assessed off residential properties onto other sectors in the community based on funding considerations outlined in the Revenue and Financing Policy.

6.5 Types of Rates

General Rate

Is a rate in the dollar assessed on all rateable rating units.

Targeted Rate

May be set on a uniform basis for all rateable land or only on some categories of rateable land either uniformly or differentially for different categories of rateable land under Sections 16 & 17 of the Local Government (Rating) Act 2002.

Uniform Annual General Charge

Is a fixed amount per rating unit or separately used or inhabited part of a rating unit applied equally to all rateable properties.

6.6 Maximum Uniform Annual Charge Revenue & Mix of Rates

By law, rating revenue from uniform annual general charges and uniform per property targeted rates (except those for water and wastewater services) cannot exceed 30 per cent of the total rates revenue.

Council has resolved not to assess uniform annual general charges (UAGCs). Council assesses the following targeted rates:

- a targeted rate for non-domestic water supply;
- a targeted rate relating to the Access Hamilton Strategy;
- three targeted rates on a differential basis for 100% (fully) non-rateable properties for water supply, refuse and wastewater; and
- four targeted rates on a differential basis for 50% non-rateable properties for water supply, refuse and wastewater.

Council has resolved that in addition to the targeted rates listed above, to levy general rates under the land value rating system (with differentials).





6.7 Rating System

The following sub-sections describe in detail the Council's rating system (as summarised above in Section 6.6). For details on the rating revenue sought by each individual rate, refer to the Funding Impact Statement in the LTCCP.

6.7.1 General Rate

The general rate under Section 13 of the Local Government (Rating) Act 2002 is set based on the rateable value of the land. The rateable value is the land value of the land. General rates are set at different rates per dollar of rateable value for different categories of rateable land, as described below under the heading "General Rate - by Differential".

6.7.2 General Rate - by Differential

The differential basis is based on the use to which the land is put.

The current categories of rateable land and the differential factors are as follows:

Differential Categories of Rateable Land	Differential Factor
Residential	1.0000
Inner City Residential Apartments	0.9570
Commercial/Industrial	2.2657
Multi-Unit Residential	1.4314
Rural Residential	0.4940
Rural Small	0.3336
Rural Large	0.1666

Every three years at the time of a revaluation, the differential factor will be adjusted to maintain the differential yield of the previous rating year. The revised differential factor will apply until the next review of the LTCCP when the cost allocation model, rating system, and rating differential factors are reviewed. This post revaluation adjustment to the rating differential factor ensures that the incidence of rates between the rating categories is maintained as a result of the revaluation.

6.7.3 Category Definitions - General Rate Differential

Each rating unit is allocated to a differential rating category (based on the land use) for the purpose of calculating the general rate. Refer to the Funding Impact Statement for definitions used to allocate rating units to categories.

6.7.4 Home Occupations

Although home occupations are permitted activities in all residential zones, Council's present differential rating system charges rates on property 'use or uses' rather than zoning (refer to Section 14(b) of the Local Government (Rating) Act 2002).

Currently, those properties used both for residential and commercial purposes have their values apportioned against the different types of use and are rated accordingly. The residential use

portion is charged for through Residential rates, and the commercial use portion is charged for through Commercial rates.

The apportionment of values for different "uses" on the property will occur through the operation of Section 27(5) of the Local Government (Rating) Act 2002.

6.7.5 Uniform Annual General Charge

The effect of a uniform annual general charge is that properties pay the same fixed amount per rating unit or separately used or inhabited part of a rating unit.

The current policy is that no uniform annual general charge be used, due to their regressive nature, and in particular their impact on the rating of lower valued properties.

6.7.6 Targeted Rates

Council may set a targeted rate for an activity if the activity is identified in its Funding Impact Statement as an activity for which a targeted rate may be applied. Council assesses the following targeted rates: (Refer to the Funding Impact Statement for more detailed information on the targeted rates).

(1) Targeted Rate for Non-Domestic Water Supply

Pursuant to Section 19(2)(b) and Clause 7 of Schedule 3 of the Local Government (Rating) Act 2002, Council will set and assess a targeted rate on a differential basis to all rating units supplied with non-domestic water supply (as defined by Hamilton City Council's Water Supply Bylaw 1999).

(2) Targeted Rate - Access Hamilton

Pursuant to Sections 16(3)(b) & 16(4)(a) and Schedule 2 Clause 1 of the Local Government (Rating) Act 2002, Council will set and assess a targeted rate relating to Access Hamilton, assessed on a uniform rate based on the capital value of all categories of rateable properties (excluding 100% non-rateable and 50% non-rateable properties). The amount raised by this targeted rate will be transferred into a special reserve and these funds will be used to fund any of:

- Investigation or associated Access Hamilton capital costs
- Debt servicing of loan funded Access Hamilton capital projects
- Subsidies of transport initiatives, design and feasibility studies and other operational costs linked to the Access Hamilton strategy.

(3) Targeted Rates - 100% (fully) Non-Rateable Properties

Pursuant to Sections 8, 9 & 16(3)(b) and Schedules 2 & 3 (Clauses 3, 7 & 8) of the Local Government (Rating) Act 2002, Council will set and assess three targeted rates on a differential basis for 100% (fully) non-rateable properties for water supply, refuse and wastewater services.

(4) Targeted Rates - 50% Non-Rateable Properties

Pursuant to Sections 8(2), 16(1), 17 & 18 and Schedule 1 Part 2 of the Local Government (Rating) Act 2002, Council will set and assess rates at 50% general residential mandatory rates based on the land value of the property.

(5) Targeted Rate — Business Improvement District (BID)

Pursuant to Sections 16(3)(b) and 16(4)(a) and matters 5 and 6 of Schedule 2 of the Local Government (Rating) Act 2002, Council will set and assess a targeted rate for a defined Business Improvement District within the CBD.

The defined area is as per the attached map — (Appendix 1).

The targeted rate will be a mandatory charge on all commercial/industrial properties within the precinct.

The targeted Business Improvement District rate will be used to fund the respective programmes as outlined in the Business Association's Business Plan.

The targeted rate will be a combination of a minimum flat charge, together with a targeted rate on a capital value basis for each rating unit, or separately used or inhabited part of a rating unit within the defined area.

6.7.7 Future Growth Cells Rating

(a) Ruakura Growth Cell (R1)

The Ruakura Growth Cell (R1) land has been identified through the development work for the Hamilton Urban Growth Strategy as critical to the provision of employment and research activities on the eastern side of the City, in addition to the longer term retention of the AgResearch campus in Hamilton. Waikato District Council, and Hamilton City Council have agreed in principle to the transfer of the land during the 2009-19 LTCCP period.

The boundary adjustment and transfer agreement will be subject to Local Government Commission approval.

The high level terms of the agreement within Waikato District are as follows:

- The R1 land transfers to HCC at 30 June 2010, for an effective start date of 1 July 2010 (new rating year).
- HCC to rate R1 land under its own Rating Policy from 1 July 2010.
- HCC to pay to WDC the rates that would have been levied by WDC on the R1 land at 1 July 2010, for the 8 year period 1 July 2010 to 30 June 2018. The amount is to be paid annually and is a fixed amount set at 1 July 2010 not subject to any CPI adjustments. It is estimated that the cost of this payment is $300,000 p.a. (subject to WDC rates at 1st July 2010), which would be funded from HCC rates on this land. All rating growth from 1 July 2010 (beyond the WDC rating level) is to remain with HCC.

There will be a need for a targeted rate on the R1 land on a differential basis for different categories of rateable land based on the capital value of the rating unit. The targeted rate is required to fund the shortfall between the payment to WDC and the rates collected under the existing HCC rating policy. The amount of the targeted rate in 2010/11 is estimated to be





$100,000. The actual target rate and details will be outlined in the Funding Impact Statement for the 2010/11 Draft Annual Plan.

(b) Te Rapa North A (HT2A)

The HT2A land has been identified through strategic land agreements with WDC, as critical to the long term provision of land in the North of the city. WDC and HCC have agreed to transfer the land during the 2009-19 LTCCP period. The boundary adjustment and transfer agreement will be subject to Local Government Commission approval.

The high level terms of the agreement within Waikato District are as follows:

- The HT2A land transfers to HCC at 30 June 2010, for an effective start date of 1 July 2010 (new rating year).
- HCC to rate HT2A land under its own Rating Policy from 1 July 2010.
- No requirement for HCC to pay WDC any difference in rating
- All rating growth from 1 July 2010 is to remain with HCC.

(c) Te Rapa North (HT2B)

This land will transfer to Hamilton City Council in future years and will be covered in a later LTCCP.

6.7.8 Rating of 100% (fully) Non-Rateable Land - General Description

Council rates a number of categories of non-rateable land assessed under the Local Government (Rating) Act 2002. Properties which are 100% (fully) non-rateable (excluding water, refuse and wastewater rates) are summarised as follows:

- Educational Institutions
- Churches (Place of Worship)
- Community Organisations (Needs Based)
- Any land which falls within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002, eg Health Services (public hospitals and related services).

Where the land is 100% (fully) non-rateable, three targeted rates will be set and assessed on a differential basis for water supply, waste collection (refuse), and sewerage disposal (wastewater), in accordance with Sections 8, 9 & 16(3)(b) and Schedules 2 & 3 (Clauses 3, 7 & 8) of the Local Government (Rating) Act 2002. These funding mechanisms cover the water, refuse and wastewater services.

To give effect to the foregoing policy on the rating of 100% (fully) non-rateable properties, the Council will set and assess the following targeted rates:

Non-Rateable Water Targeted Rate

A targeted rate for water on all 100% (fully) non-rateable properties as described in the Funding Impact Statement.





Non-Rateable Refuse Targeted Rate

A targeted rate for refuse on all 100% (fully) non-rateable properties as described in the Funding Impact Statement.

Non-Rateable Wastewater Targeted Rate

A targeted rate for wastewater on all 100% (fully) non-rateable properties as described in the Funding Impact Statement.

Note: These targeted rates apply only to properties which are 100% (fully) non-rateable in terms of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 and only to those properties supplied with the relevant service.

To calculate each sector's proportion of the cost of each service, the total cost of the service for the relevant year is multiplied by the proportion that the total rateable value of the sector bears to the total rateable value of the City.

Application and Review Process for 100% (fully) Non-Rateable Land

(i) Two categories of non-rateable land being Educational Institutes and Churches (Place of Worship) will not be required to complete an application each year but their rating status will be reviewed by staff annually. Staff may request an application if they feel unsure whether that organisation still meets the criteria, or where it is unclear if a new organisation satisfies the definitions of one of these two categories.

(ii) Existing organisations rated as community organisations (Needs Based) will be required to complete a yearly declaration confirming that they still meet the criteria outlined in definition for communication organisations (Needs Based).

(iii) All new organisations seeking classification under the community organisations (Needs Based) rating category must complete a new application form.

(iv) All new applications for classification as 100% (fully) non-rateable land and declarations confirming the organisation still meets the community organisations (Needs Based) rating status, will be reviewed by the Finance Manager, Revenue Manager and Community Support Manager. If the review panel is unsure whether the organisation still meets the criteria, then a full application will be required.

(v) The information to be requested from new and existing (where applicable) applicants seeking Community Organisations (Needs Based) rating status must include the following:

- property location
- contact details
- legal status of organisation
- audited Financial Statements
- aims of organisation
- description of services offered and community benefit
- client group (gender, age, ethnic group, locality) client numbers

6.7.9 Rating of Educational Institutions - 100% (fully) Non-Rateable Definition

Educational Institutions are defined in Clause 6 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002.

The current policy is as follows:

- that all educational institutions (including private schools and tertiary institutions in accordance with the definition as outlined above) be rated for general rates on the same basis. Under the current legislation this means that no general rates will be chargeable;
- that these properties be charged by way of three targeted rates for the full cost of water, refuse and wastewater services supplied, and charged at a rate in cents per dollar on the land value of the property;
- that there be a minimum charge for each service;
- that all educational institutions operating for private pecuniary profit will be rated at full commercial/industrial rates.

6.7.10 Rating of Churches (Place of Worship) - 100% (fully) Non-Rateable

Definition

Land and buildings that are to be used as a place of religious worship (Part 1 of Schedule 1 of the Local Government (Rating) Act 2002) not including associated rooms, halls or buildings which are used for meetings, accommodation and preparation of food. These are classified under the community organisations' category.

The current policy is as follows:

- that these properties be charged by way of three targeted rates for the full cost of water, refuse and wastewater services supplied, and charged at a rate in cents per dollar on the land value of the property;
- that there be a minimum charge for each service.

6.7.11 Rating of Community Organisations (Needs Based) - 100% (fully) Non-Rateable

Definition

Community Organisations - (Needs Based) (as defined in Clause 21 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002) with a not-for-profit status, existing to deliver social benefits to the community where neither government nor business is best or appropriately placed.

The current policy is as follows:

- that these properties be charged by way of three targeted rates for the full cost of water, refuse and wastewater services supplied, and charged at a rate in cents per dollar on the land value of the property;
- that there be a minimum charge for each service.

Any land (other than Educational Institutions, Churches (Place of Worship), or Community Organisations - (Needs Based) defined within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 will be rated the same as a Community Organisation (Needs Based).

6.7.12 Rating of 50% Non-Rateable Land - General Description

Council rates a number of categories of non-rateable land assessed under the Local Government (Rating) Act 2002. Properties which are 50% non-rateable (excluding water, refuse and wastewater rates if applicable) are as follows:

- Community Organisations (Arts Based)
- Sporting & Cultural Organisations
- any land which falls within Part 2 of Schedule 1 of the Local Government (Rating) Act 2002

Where the land is 50% non-rateable as defined under Part 2 of Schedule 1 of the Local Government (Rating) Act 2002, Council will rate these properties at 50% of the residential general rate (mandatory rates). This funding mechanism covers all the services of Council.

Application and Review Process for 50% Non-Rateable Land

(i) Existing organisations rated community (arts based), sporting and cultural will be required to complete a yearly declaration confirming that they still meet the criteria outlined in the definition for community (arts based) sporting and cultural organisations.

(ii) All new organisations seeking rating relief under the community (arts based), sporting and cultural rating categories must complete a new application for rating relief.

(iii) All new applications for rating relief and declarations confirming the organisation still meets the community (arts based), sporting and cultural rating status, will be reviewed by the Finance Manager and Revenue Manager. If the review panel is unsure whether the organisation still meets the criteria, then a full application will be required.

(iv) The information will be requested from new and existing (where applicable) applicants seeking community rating status must include the following:

- property location
- contact details
- legal status of organisation
- audited Financial Statements
- aims of organisation
- description of services offered and community benefit
- client group (gender, age, ethnic group, locality) client numbers

6.7.13 Rating of Community Organisations (Arts Based) - 50% Non-Rateable Definition

Community Organisations (Arts Based) (as defined in Clause 3 of Part 2 of Schedule 1 of the Local Government (Rating) Act 2002) with a not-for-profit status, existing to deliver social benefits to the community where neither government nor business is best or appropriately placed.





Land in the category of Community Organisations (Arts Based) - 50% non-rateable will be rated at the 50% general residential rates based on the land value of the property.

Unless otherwise stated, any land:

- which is entitled to a 50% rates exemption under Part 2 of Schedule 1 of the Local Government (Rating) Act 2002; but
- to which the rating policy for Community Organisations (Arts based); and Sporting and Cultural Organisations do not apply;

will be rated in accordance with the rating policy for Community Organisations (Arts Based) - 50% non-rateable.

6.7.14 Rating of Sporting and Cultural Organisations - 50% Non-Rateable Definition

An organisation whose principal object is to promote games, sports, recreation, arts or instructions, for the benefit of residents or any group or groups of residents of the district, not for private pecuniary profit in accordance with the definition provided in Part 2 of Schedule 1 of the Local Government (Rating) Act 2002. If applicable, no commercial rating apportionment will be applied to the liquor licence portion of the premises with the exception of Chartered Clubs. The restaurant, bar and gaming machines area of chartered clubs will be apportioned and rated at the full commercial/ industrial rating as from 1 July 2009.

Land in the category of Sporting and Cultural Organisations - 50% non-rateable, will be rated at the 50% general residential rates based on the land value of the property.

Retirement villages which are entirely operated by an entity that has registered charitable status under the Charities Act 2005 receive the 50% rates remission on the area of the complex that is used for recreation for residents and by the wider community.

Retirement villages which are not operated entirely by entities which have charitable status under the Charities Act 2005 will be rated at the full residential rate for the whole complex.

6.7.15 Separately Used or Inhabited Part (SUIP) of Rating Unit

Refer to the Funding Impact Statement for the definition of SUIP.

6.7.16 Rates Payable by Instalments

The Council provides for rates to be paid in four equal instalments. A ratepayer may elect to pay weekly, fortnightly, monthly by automatic payment through the banking system. Rates can also be paid by direct debit (monthly or quarterly), Internet and other banking methods.

6.7.17 Discounts for Prompt Payment

The Local Government (Rating) Act 2002, Section 55 authorises a council, if it so desires, to allow a discount for prompt payment of rates. There have been few requests for this concession and Council's policy is to provide no discount.





6.7.18 Rating Penalties

In accordance with Sections 57 & 58 of the Local Government (Rating) Act 2002, a penalty of 10 per cent is added to all rates assessed (GST inclusive balance) or part thereof in the current financial year (including general and targeted rates), which are unpaid after the due date for payment. Previous years rates, which remain unpaid, will have a further 10 per cent added on 1 September and again on 1 March each year.

6.7.19 Special Rating Values and Farm Postponement Values

The Local Government (Rating) Act 2002 repealed Sections 22-25 of the Rating Valuation Act 1998, which up until this time had provided for special rating values and farm postponement values. As a result, the Valuer General has determined that from 1 September 2003 with effect from the 2004/05 rating year, no special rating values or farm postponement values will be assessed for rating purposes. These were previously assessed as part of the three yearly revaluation.

The effect of the special rating values has generally been to lower the full market value of a property, to reflect the current use of the property (e.g. residential properties in commercially zoned areas are given a lower special value than the otherwise higher commercial value). The effect of the farm postponement values has been to reduce the rateable value of large rural properties on the edge of the City from potential sub-division basis to use as rural properties (eg farms).

The difference between farm postponement values and special rating values is that the rates on special rating value properties are assessed on the lower value each year (hence the rating burden is spread to other ratepayers). The rates assessed on farm postponement value properties are written off in part after the fifth year of that farm being subject to the scheme (hence a five year deferral of the cost of the rates write-off).

Council resolved from 1 July 2004 to continue assessing rates on special rating values or farm postponement values then rate the properties at their full market value and remit the rates back to the special value level by adopting a new remission policy and a new postponement policy. The two policies are outlined further in this document as the Rates Remission - Special Rating Values Policy and Rates Postponement - Farm Postponement Values Policy.

The Rates Postponement — Farm Postponement Values Policy will be terminated from 30 June 2010 and the Rates Remission — Special Rating Values Policy will be amended as at 1 July 2010. This amendment will mean no properties will be provided a special rating value apart from the AgResearch Ruakura property and any other property that could demonstrate a legal agreement that would show in perpetuity it cannot be subdivided or changed from its current use or purpose.

6.7.20 Cap on Residential Rates

Council has confirmed the legal position that a cap cannot be used. However, it is lawful for rates on residential properties to be assessed on a stepped differential basis according to land value. The lowest rate should not be at zero per cent.

Current policy is that there be no cap on residential rates.

6.7.21 Rating of Council Owned Property

Council have resolved that a decision on whether a Hamilton City Council-owned property is to be rated or non-rated is determined in accordance with the following criteria:

Rateable Hamilton City Council Properties:

- Investment properties
- Residential properties
- Pensioner housing
- Carparks (fee-charged)
- Vacant land (set aside for commercial or investment activity).

Non-rateable Hamilton City Council Properties (in accordance with Schedule 1, Clause 4 of Local Government (Rating) Act 2002):

- Reserves (recreation, utility, infrastructure)
- Council properties classified as community assets (library, museum, toilets, transport centre, RTS)
- Council administrative buildings
- Infrastructural assets
- Sports facilities
- Carparks (when no fee is charged).

6.8 Rates Remission and Rates Postponement Policies

In accordance with Sections 85 & 87 of the Local Government (Rating) Act 2002 and Sections 102(5), 109 & 110 of the Local Government Act 2002, Council will remit and postpone rates as set out in the Rates Remission and Rates Postponement Policies as listed in this section.

6.8.1 Rate Remissions - Remission of Penalties

The objective of this policy is to consider requests for remission of penalty charges on rates.

Council's current policy is that additional charges by way of penalty may be applied in accordance with Sections 57 & 58 of the Local Government (Rating) Act 2002. These penalties may be remitted in accordance with Section 109 of the Local Government Act 2002 and Section 85 of the Local Government (Rating) Act 2002 under the following criteria:

- Remission may be granted where payment has been received after the date fixed for imposition of a late penalty charge, provided that none of the previous four instalments were similarly received late.
- Remission may be granted where a ratepayer either:
  - (a) makes satisfactory arrangements for regular and substantial reduction of arrears. (These arrangements are to include the remission of late penalty charges as long as such arrangements are fully met) or,

(b) provides sufficient information which, if considered genuine and if substantiated with reasonable excuse for late payment, would justify remission for late penalty charges or,

(c) Rates staff have the authority to reset penalties where the application meets the criteria set above.

The practice of a penalty for non-payment of rates by due date is an accepted standard practice for local authorities.

A written application for remission is required if the request does not meet the above criteria.

The Deputy Chief Executive may approve or decline application for waiver of rates penalty where the application is not within the criteria set above; this is also delegated to the Finance Manager (up to $1,000) and the Revenue Manager (up to $200). Amounts exceeding $1,000 must be approved by the Deputy Chief Executive.

6.8.2 Rates Remission - Hardship Relief

The objective of this policy is to receive and consider applications for rates remission in the cases of extreme financial hardship.

Section 109 of the Local Government Act 2002 and Section 85 of the Local Government (Rating) Act 2002 provides for Council to remit part of the rates owing on the rating unit in cases of extreme hardship. Council has approved a Rates Remission - Hardship Relief Policy based on the following criteria:

(i) Ratepayers must apply to Council in writing to be considered for a remission.

(ii) The maximum remission under the Rates Remission - Hardship Relief Policy is $352 - (updated 1 July 2009).

(iii) The maximum remission amount to be increased by the average percentage general residential rates increase annually.

(iv) The application will be assessed independently from the Government Rates Rebate Scheme.

(v) For the purposes of calculating the remission the basic allowable income factor will be set at $16,480 - (updated 1 July 2009).

(vi) The income threshold level be adjusted by the annual percentage change in the Super Living Alone benefit payment effective 1 July each year.

(vii) The following essential elements must be met before any remission is granted:

- the applicant must be the owner of the property, the applicant must reside at the property and the property must be classified as either a residential or inner city residential apartment. Companies, trusts and other similar ownership structures of these properties do not qualify for this remission;
- Council must be satisfied that extreme financial hardship on any individual exists or would be caused by requiring payment of the whole or part of the rates;
- the applicant must declare total household income and their total financial position for the purposes of the remission calculation;

- the applicant's total assets must not exceed the "total assets" formula described in the Rates Remission - Postponement due to Financial Hardship Policy;
- all applications for rates remission be treated on a case-by-case basis and approved/declined by either the Finance Manager or Revenue Manager;
- Council shall consider whether postponement of rates is a more suitable option.

6.8.3 Rates Remission - Special Rating Values

The objective of this policy is that a remission of rates continues to be applied to those properties that had special rating values as at 1 September 2003 and still meet the conditions and criteria of this policy as assessed by Quotable Value New Zealand.

As from 1 July 2004, in accordance with Section 109 of the Local Government Act 2002, Council may remit rates under Section 85 of the Local Government (Rating) Act 2002 based on the following conditions and criteria:

(a) That no properties be provided a special rating value other than those properties assessed on this basis at 1 July 2003.

(b) That special rating values are assessed by Quotable Value NZ as part of the three yearly revaluation.

(c) That a special rating value will be assessed where a property use either:

  (i) does not match the zoning of the property; or

  (ii) is a permitted use within the property zoning but the property is not utilised to its potential.

(d) That where a property is no longer eligible to receive a special rating value (in accordance with the definitions in (c) above), or where a property is sold after 1 September 2003, and where a special rating value exists on the Rating Information Database, the special rating values will be removed immediately for rating purposes.

The effect of the Rates Remission — Special Rating Values Policy is to remit rates on qualifying properties from being calculated on the full market value to the special rating value.

The policy will be rewritten in June 2010 to reflect the change whereby no properties will be provided a special rating value as from 1 July 2010. The only exceptions are AgResearch Ruakura property and any other property that could demonstrate a legal agreement that would show in perpetuity it cannot be subdivided or changed from its current use or purpose.

6.8.4 Remission of Rates on Land affected by Natural Calamity or Disaster

The objective of this policy is to enable rate relief to be provided to assist ratepayers experiencing extreme financial hardship due to a calamity or natural disaster that affects their ability to pay rates.

Conditions and Criteria

Remissions approved under this policy do not set a precedent and will be applied only for each specific event and only to properties affected by the event.

The Council may remit all or part of any rate on any rating unit where the application meets the following criteria:

(i) Where erosion, subsidence, submersion or other natural calamity or disaster has affected the use or occupation of any rating unit.

(ii) It is applicable for each single event and does not apply to erosion, subsidence or other incidences that my have occurred without a recognised major natural calamity or disaster.

(iii) The Council can set additional criteria for each event where it considers it to be fair and reasonable to do so. This is because the criteria may change depending on the nature and severity of the event and available funding at the time. The Council may require financial or other records to be provided as part of the remission approval process.

(iv) The extent of any remission shall be determined by the Council on a case-by-case basis.

6.8.5 Rates Remission - Remission of Targeted Rates to 100% Non-Rateable Community Organisations (Needs Based)

The objective of this policy is to facilitate the ongoing provision of the Community Organisations (Needs Based) and its services to the residents of Hamilton City where the charging of the full targeted rate for water, wastewater and refuse may affect the Community Organisations (Needs Based) viability.

Conditions and Criteria

The Council may remit up to 40% of the targeted rates levied for water, wastewater and refuse in respect of the rating unit, where the application meets the following criteria, and where it considers it to be fair and reasonable to do so:

(i) Community Organisations (Needs Based) must not operate for private pecuniary profit.

(ii) Community Organisations (Needs Based) must not receive any funding from government agencies or have any contracts for fee for service with government agencies.

(iii) Community Organisations (Needs Based) must operate on a voluntary basis and have no full-time or part-time paid employees or contractors operating in this capacity.

(iv) The cost of the full targeted rates for water, wastewater and refuse will cause the Community Organisations (Needs Based) extreme financial hardship and/or cause the organisation to operate at a financial deficit.

The Community Organisations (Needs Based) must provide the following documents with their application:

- Statement of Objectives
- Constitution or Trust Deed
- Full financial accounts
- Information showing extreme financial hardship and operating position
- Information on activities and programmes
- Information on funding sources

Each application shall be determined by Council on a case-by-case basis.

Applications for this remission must be made annually by the Community Organisation (Needs Based).





The Finance Manager or Revenue Manager may approve the Rates Remission - Remission of Targeted Rates to 100% Non-Rateable Community Organisations (Needs Based) applications.

6.8.6 Rates Remission - Remission of Rates to 50% Non-Rateable Sporting and Cultural Organisations

The objective of this policy is to facilitate the ongoing provision of the Sporting and Cultural Organisations and its services to the residents of Hamilton City where the charging of the full targeted rate for water, wastewater and refuse may affect the Sporting and Cultural Organisations viability.

Conditions and Criteria

The Council may remit a further portion of the 50% general residential rate levied in respect of the rating unit where the application meets the criteria outlined below and where it considers it to be fair and reasonable to do so. Any further remission of the rates will be based on the core services received by the organisation as follows:

(i) Wastewater only (metered water and no refuse collection) - remit up to a further 41% of the general residential rate.

(ii) Wastewater & Refuse (metered water) - remit up to a further 34.5% of the general residential rate.

(iii) Wastewater, Water & Refuse - remit up to a further 21% of the general residential rate.

(iv) Wastewater & Water (no refuse collection) - remit up to a further 30.5% of the general residential rate.

The application must meet the following criteria and conditions to qualify for the above remissions:

(i) Sporting and Cultural Organisations must not operate for private pecuniary profit.

(ii) Sporting and Cultural Organisations must not receive any funding from government agencies or have any contracts for fee for service with government agencies.

(iii) Sporting and Cultural Organisations must not hold a liquor licence under the Sale of Liquor Act 1989.

(iv) Gross annual income of the Sporting and Cultural Organisation must be less than $500,000.

(v) Sporting and Cultural Organisations must operate on a voluntary basis and have no full-time and part-time paid employees or contractors operating in this capacity.

(vi) The charge of 50% of the general residential will cause the Sporting and Cultural Organisations extreme financial hardship and/or cause the organisation to operate at a financial deficit.

The Sporting and Cultural Organisations must provide the following documents with their application:

- Statement of Objectives
- Constitution or Trust Deed
- Audited Financial Statements

- Information showing extreme financial hardship and operating position
- Information on activities and programmes
- Information on funding sources

Each application shall be determined by Council on a case-by-case basis.

Applications for this remission must be made annually by the Sporting and Cultural Organisation.

The Finance Manager or Revenue Manager may approve the Rates Remission - Remission of Rates to 50% Non-Rateable Sporting and Cultural Organisations applications.

6.8.7 Rates Remission - Organisation with Liquor Licences

The objective of this policy is to ensure sporting clubs and organisations are entitled under Schedule 1, Part 2, Local Government (Rating) Act 2002 to a remission of 50% of residential rates. However the Local Government (Rating) Act 2002 excludes land, in respect of which a club licence under the Sale of Liquor Act 1989 is for the time being in force, from receiving the 50% non-rateable status.

It is difficult to determine the portion of the property to which the liquor licence applies. A further consideration is that often the liquor licence is not held to generate profit but helps to cover the operating costs of the sporting club or organisation. To ensure consistency, sporting clubs and organisations which hold a liquor licence, will be eligible for the 50% remission if they meet the following conditions and criteria:

Conditions and Criteria

(i) The sporting club or organisation must qualify as 50% non-rateable under Schedule 1, Part 2, Local Government (Rating) Act 2002.

(ii) The sporting club or organisation must not operate for private pecuniary profit.

(iii) The sporting club or organisation must hold the liquor licence as an incidental activity to the primary purpose of occupancy.

(iv) The restaurant, bar and gaming machines area for Chartered Clubs are excluded from this remission and will be rated at the full commercial rating.

(v) The sporting club or organisation will be required to complete a yearly statutory declaration confirming that they meet the condition and criteria under the policy.

Council may remit 50% of the rate levied in respect of the land relating to the liquor licence where it considers it to be fair and reasonable to do so.

6.8.8 Remission of Rates for Commercial Land Use in a Rural Location

The objective of this policy is to enable remission of part of the rates to a property where a commercial activity is operated in a rural location but do not receive all the Council core services.

Conditions and Criteria

(i) The rural commercial properties be rated under the commercial/industrial category.

(ii) Council to determine which services are unavailable to individual properties annually.

(iii) The core services available for remission are:

   (a) wastewater

   (b) water

   (c) stormwater

   (d) footpaths

   (e) street lighting

(iv) Council will remit the amount equal to the cost that Council would have charged for the services unavailable as part of the commercial general rate.

6.8.9 General Remission Policy for Residential Properties not receiving all core Infrastructure Services

The objective of this policy is to enable remission of part of the rates to a property where it is used for residential purposes but do not receive all the Council's core infrastructure services.

Conditions and Criteria

(i) The property is rated under the full residential category.

(ii) Council to determine which infrastructure services are unavailable to individual properties annually.

(iii) The core services available for remission are:

   (a) wastewater

   (b) water

   (c) stormwater

   (d) footpaths

   (e) streetlighting

(iv) Council will remit the amount equal to the cost that Council would have charged for the services unavailable as part of the residential general rate.

6.8.10 Remission and Postponement of Rates on Maori Freehold Land

The objective of this policy is:

- To recognise situations where there is no occupier or no economic or financial benefit is derived from the land and there is no practical means of enforcing the rates assessed.
- To grant remission, (where part only of a block is occupied), for the portion of land unoccupied and unproductive.
- To encourage owners or trustees to use or develop the land.
- Where the owners cannot be found, to take into account the statutory limitation of time for the recovery of unpaid rates.





Council's current policy is that a remission of all or part of rates may be granted in respect of rating units which are Maori freehold land in multiple ownership, where the land is both unoccupied and unproductive.

This policy addresses the requirements prescribed under Section 108 and Schedule 11 of the Local Government Act 2002 and Section 114 of the Local Government (Rating) Act 2002.

Conditions or Criteria

(i) The land must be multiple-owned and unoccupied Maori freehold land, which is incapable of producing any income and is not used for residential/commercial/ industrial purpose.

(ii) A request for rates remission by the owners must include:

  (a) Details of the land

  (b) Documentation that shows the ownership of the land

  (c) Reasons why remission is sought.

(iii) Where after due enquiry the owners of an unoccupied block cannot be found the Council may apply a remission without the need for a request.

(iv) If circumstances changes in respect of the land, the Council will review whether this remission policy is still applicable to the land.

(v) The Deputy Chief Executive has delegated authority to grant or refuse remissions under this policy.

(vi) Any appeals against the decision of the Deputy Chief Executive will be referred to the Finance & Audit Committee for final determination.

Definitions

The following definitions are taken from section 5 of the Local Government (Rating) Act 2002:

- Maori freehold land means land whose beneficial ownership has been determined by the Maori Land Court by freehold order.
- Maori freehold land in multiple ownership means Maori freehold land owned by more than five persons.
- Postponed rates means rates for which the requirement to pay is postponed.
- Remitted rates means rates for which the requirement to pay is remitted.

6.8.11 Rates Postponement - Postponement due to Financial Hardship

The objective of this policy is to provide a measure of rating relief to property owners where the full payment of rates would otherwise cause financial hardship.

Section 110 of the Local Government Act 2002 and Section 87 of the Local Government (Rating) Act 2002 provides for Council to postpone rates in cases of extreme financial hardship. The "Act" provides the necessary authority to grant relief after Council's full enquiry and on being satisfied that financial hardship exists or would be caused by non-postponement. Postponed rates are a charge against the property and must be paid either at the end of the postponement term or when the property is sold, whichever is the earlier. A delegated

authority has been granted to the Chief Executive to decide on qualifying cases within the policy guidelines.

A prerequisite is that Council establish base criteria against which the acceptability or otherwise of individual applications for rates postponement relief on grounds of hardship will be able to be judged.

It is proposed that, in the Council's opinion, "hardship" may occur and a measure of relief may be able to be given when all of the following aspects are present:

- The ratepayer is the property owner.
- The property is used by the ratepayer as his or her permanent place of residence.
- The property is used solely for residential purposes.
- The ratepayer has not less than 25% equity in the property.
- The total assets of the household are not more than those specified by the formula below.
- The total rate bill which would otherwise be payable, when compared with the total gross annual income for the ratepayer's household, exceeds the appropriate figure as calculated on the application form - (Rates Postponement Calculation Sheet).
- For those residential property owners whose disposable income is too low to clear both arrears and current year's rates within a 24 month period, Council will consider the postponement of all or part of the arrears that would not be cleared within a two year time frame. An agreement to regularly pay a set amount to cover both current and the nominated amount of arrears is assumed. Each application will be considered on its individual merits.

Total Assets Formula

The total asset formula is:

No property owner(s) would be eligible for rates postponement relief if the total assets held exceed:

- the property to which the application for rates postponement relief relates;
- normal household chattels;
- a car;
- other assets of whatever nature (including cash and investments) with a total value of more than $16,346 - (updated 1 July 2009, to adjust annually by CPI index).

Household Income Formula

The annual income formula proposed would have three elements to calculate the value of rates postponed:

(i) Initial Contribution

It is suggested that an initial contribution towards the cost of rates is charged before any relief is calculated. This sum is likely to cover the cost of all utility services to residential properties calculated on a uniform charge basis. This amount is $720 - (updated 1 July 2009).

The minimum rates payable figure is adjusted annually by the movement in the CPI.

(ii) Additional Contribution

It is also suggested that the ratepayer should pay at least one-third of the remainder due, i.e. one third of the amount by which the rates exceed the initial contribution payable by the ratepayer.

(iii) Abatement

Where the annual income is in excess of the household income limit, the postponed amount is reduced by $1 for each $20 of excess income. Council's current household income limit is $15,465 - (updated 1 July 2009).

The household income limit is adjusted annually by the movement in the CPI and the updated figures are disclosed in the Annual Plan/Community Plan each year.

(The income limit before abatement applies is a 50% increase on Government income limits set for the Rates Rebate Scheme) and CPI adjusted since 1991 when the policy was first introduced.

The formula followed to establish the amount of postponed rates will be based on the above, combined with the general method used in the calculation of Government Rates Rebate.

Applications for Rates Postponement

All applicants will be required to complete, in full, the application questionnaire annually. Staff will conduct an interview with the applicant, supported, where considered necessary, by advice and assistance from the Budget Advisory Service. It is proposed that the Deputy Chief Executive will make the decisions on eligibility for postponement under delegated authority from the Chief Executive.

The Deputy Chief Executive, Finance Manager and Revenue Manager may approve, in cases of extreme hardship, the postponement of rates in accordance with Section 110 of the Local Government Act 2002 and Section 87 of the Local Government (Rating) Act 2002, subject to regular reporting of decisions made under this delegation to the Finance & Audit Committee. When deciding that extreme financial hardship applies, consideration must be given to any guidelines approved by Council.

The financial circumstances of successful applicants will be reviewed each year during the period of postponement in order to ascertain whether the situation has changed. For this purpose it is likely that the application questionnaire and a declaration will be required annually.

If the financial circumstances of the person in receipt of rates postponement improves during the term that relief has been granted to the extent that the payment of rates in whole would not create a hardship, the remainder of the period of the postponed rates may be cancelled and the applicant could be required to pay all current rates, together with postponed rates and any accrued interest.

Process and Period of Postponement

When an application for postponement is approved, it is suggested that the following provisions will apply:

- Postponement will first apply in the year a completed application is received. The amount of rates postponed will not incur additional charges.

- Instead of the Council requiring payment of the full annual rates bill in the year in which it falls due, the ratepayer will be required to pay to the Council the appropriate amount shown on the application form as the "Minimum Payment Scale". The balance of the total annual rates bill will be postponed.
- Any rates postponed shall be registered as a charge on the land.
- Interest may be charged annually on the postponed rates at 10% p.a. or at the same rate of interest that would be charged by the Council's bankers on any overdraft in the Council's name at the commencement of each rating year, whichever is less.
- The total amount of all postponed rates and charges will be postponed:
  - until the death of the property owner; or
  - until the applicant/occupier ceases to be the occupier (or one of the occupiers) of the land; or
  - until a date when the applicant/occupier ceases to:
  - use the property as his/her permanent place of residence; or to
  - use the property solely for residential purposes.
  - until a date upon which any of the statements certified by the applicant in the application for rates postponement are found to have been incorrect at the time they were made; or
  - until a date upon which all or any part of the rates due and owing by the property owner from time to time, and not postponed, become overdue - whichever occurs first.

  In any case, rates postponement will be for a period of time not exceeding ten years from the date of application.

Any Part of the Postponed Rates May be Paid at Any Time

Notwithstanding the above:

- The applicant may elect to "postpone" the payment of a lesser sum than that which he/she would otherwise be entitled to have postponed under this policy.
- Any part of the postponed rates and/or interest charges may be paid at any time.

Ratepayers to be Given Details of Postponed Rates Each Year

Not less than once annually every ratepayer, a part of whose rates have been postponed under this policy, will be provided with:

- a statement showing the total annual rates currently due;
- a breakdown showing year by year the total amount of the postponed rates and interest charges.

Following the end of the financial year, a schedule of rates postponed will also be provided to Council (annually), listing all the properties for which rates postponements have been granted and which remain outstanding.

When rates are no longer eligible to be postponed on the property, all postponed rates will be payable immediately.

Prescribed Application Form

The prescribed application form for rates postponement relief under this policy is available from the Revenue Manager.

Financing the Postponement Programme

Adoption of this policy represents a formal recognition of a loss of cash flow (at least initially). However, once the programme has been in place a number of years, it might be expected that the collection of previously postponed rates will finance current applications.

To the extent of this programme's acceptance, it is proposed the current loss of income will be financed by Council's general cash resources and/or bank overdraft.

Note: This system complements the rates rebate programme and other schemes run by Government and voluntary organisations. The criteria regarding "household assets and income" have remained at the 1 July 1991 level, in line with the Government Rates Rebate Scheme having also been held at the levels applying at that date.

6.8.12 Rates Postponement - Farm Postponement Values

The objective of this policy is that those properties that had farm postponement values as at 1 September 2003 and still meet the conditions and criteria of this policy assessed by Quotable Value New Zealand would continue to qualify for postponement with the sixth year of rates being remitted.

As from 1 July 2004, in accordance with Section 110 of the Local Government Act 2002, the Council may postpone rates under Section 87 of the Local Government (Rating) Act 2002 based on the following conditions and criteria:

(a) That no properties be provided a farm postponement value other than those properties assessed on this basis at 1 July 2003.

(b) That farm postponement values are assessed by Quotable Value NZ as part of the three yearly revaluation.

(c) That a farm postponement value will be assessed where a property use meets the criteria as defined in Section 22 of the Rating Valuation Act 1998 (now repealed).

(d) That where a property is no longer eligible to receive a farm postponement value (in accordance with the definition c) above), or where a property is sold after 1 September 2003, and where a farm postponement exists on the Rating Information Database, the farm postponement values will be removed immediately for rating purposes.

The effect of the Rates Postponement - Farm Postponement Values Policy is to postpone rates on qualifying properties based on the difference of rates calculated between the full market value and the farm postponement value.

Where a property qualifies for farm postponement values rates will be postponed up to a maximum of 5 years with sixth year of rates postponed on a given property being remitted. When a property no longer qualifies for farm postponement values, all outstanding postponed rates will be required to be paid immediately.

This policy will be terminated from 30 June 2010 and no properties will be provided with a farm postponement value as from 1 July 2010.

Ratepayers to be Given Details of Postponed Rates Each Year

Not less than once annually every ratepayer, a part of whose rates have been postponed under this policy, will be provided with:

- a statement showing the total annual rates currently due;
- a breakdown showing year by year the total amount of the postponed rate and interest charges.

Following the end of the financial year, a schedule of rates postponed will also be provided to Council (annually), listing all the properties for which rates postponements have been granted and which remain outstanding.

6.9 Review of Rating System and Differentials

The current Council policy is that the Revenue & Financing Policy, rating system and the differential system be reviewed every three years with the LTCCP.

Council reviewed its Revenue & Financing Policy and rating system for the 2009/10 rating year on 26 September 2008 (as part of the 2009-19 LTCCP) and decided to retain the land value general rating system with differentials (no change from 2008/09) for the general rate for the 2009/10 rating year and beyond.

Council resolved that when introducing any new rates in the future, that these would be based on capital value. This would have the effect over time of reducing the incidence of rating on land value and change the over all percentage split between land value and capital value.

Council has also resolved to charge targeted rates as outlined earlier in this policy in Section 6.7.6.

Council has resolved not to levy any uniform annual general charges.

6.10 Delegation of Rating Functions, Powers and Duties

Section 132 of The Local Government (Rating) Act 2002 allows Council to delegate the exercise of functions, powers or duties conferred by this Act to the Chief Executive or to any officer specified. Council has delegated the responsibility of administering the rating function to the Deputy Chief Executive, Finance Manager and Revenue Manager. Section 132 prevents Council from delegating:

(i) any of the powers to set and assess rates,

(ii) any of the duties relating to the setting and assessment of replacement rates, and

(iii) the power to delegate.

The delegation of powers from Council to the Chief Executive and staff is further outlined in the Delegation to Officers Council Policy.

6.11 Three Yearly Revaluation of Property Values

The property values on which the Council bases the general rates calculation are independently revalued every three years, with the next revaluation on 1 September 2009 for effect in the 2010/11 rating year.

The revaluation may affect the amounts assessed against individual rating units within each differential rating sector relative to other rating units in that sector.

APPENDIX 1 - Business Improvement District

7.0 Funding Impact Statement

7.1 Introduction

In terms of the Local Government (Rating) Act 2002, and the Local Government Act 2002, each Council is required to prepare a Funding Impact Statement disclosing the revenue and financing mechanisms it intends to use.

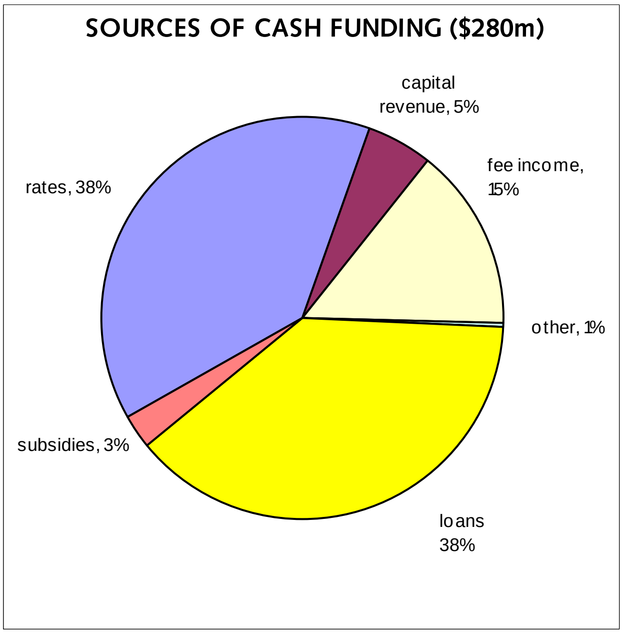
The information in the following sub-sections is intended to achieve compliance with this legislation by, among other things, giving ratepayers full details of how rates are calculated.

7.2 Summary of Funding Mechanisms and indication of level of funds to be produced by each mechanism

This statement should be read in conjunction with Council's Revenue and Financing Policy (Section 2) of Volume II of the 2009-19 LTCCP which sets out Council's policies in respect of each source of funding of operating and capital expenses - i.e. the revenue and financing mechanisms to be used to cover the expenses of the Council.

7.2.1 2009/10 Funding Mix

The mix of funding mechanisms for the City as a whole for the 2009/10 financial year is summarised graphically below.







The particular revenue and financing mechanisms selected by Council, including the amount to be produced by each mechanism to meet the budgeted costs (as outlined in the 2009/10 Annual Plan), are set out in the Funding Impact Statement on the following page.

Details of user charges, other funding sources and rating mechanisms, and the proportion applicable to each service are outlined further in the Revenue and Financing Policy (Section 2) and the Appendices (Section 16) to the 2009-19 LTCCP.

FUNDING IMPACT STATEMENT 2009-19
All figures in $000s

	2009/10 1	2010/11 2	2011/12 3	2012/13 4	2013/14 5	2014/15 6	2015/16 7	2016/17 8	2017/18 9	2018/19 10
OPERATING REVENUE										
Fees & Charges	41,430	44,225	53,657	55,558	57,576	58,802	60,348	62,891	64,533	66,436
Operating Subsidies	3,660	3,702	3,913	4,063	4,394	4,401	4,543	4,725	4,916	5,264
Rates Penalty Charges Income	600	609	626	643	660	677	695	715	736	755
Capital Contributions										
Development Contributions	9,462	13,841	22,686	24,443	25,931	27,282	27,199	29,465	31,384	34,167
Financial Contributions	2,970	9,310	3,972	3,447	5,710	3,110	8,659	6,159	3,313	3,414
Subsidies	3,964	10,437	9,619	18,166	19,477	7,096	4,270	4,856	4,207	3,873
Other Income (Interest, Dividends, Contributions)	783	765	780	795	809	597	611	627	642	655
Total Operating Revenue	**62,869**	**82,889**	**95,253**	**107,115**	**114,557**	**101,965**	**106,325**	**109,438**	**109,731**	**114,564**
PLUS OTHER FUNDING										
Loans	54,988	55,707	54,330	77,805	111,256	65,613	59,209	45,669	47,987	47,082
Transfer from Special & General Reserves	15,547	23,413	35,057	33,740	35,095	37,455	37,653	39,501	40,976	43,836
Total Other Funding	**70,535**	**79,120**	**89,387**	**111,545**	**146,351**	**103,068**	**96,862**	**85,170**	**88,963**	**90,918**
RATES FUNDED FROM										
General Rate	99,117	106,094	112,773	118,438	125,812	133,804	141,085	147,979	153,963	160,639
Targeted Rates										
Ruakura	0	0	100	100	100	100	100	100	100	100
Targeted Rates										
Business improvement district	200	200	300	300	300	300	300	300	300	300
Targeted Rates										
General rate-50% Non-Rateable Properties	100	102	104	107	110	113	116	119	123	126
Targeted Rates										
100% Non-Rateable Properties (water/refuse/wastewate	800	812	835	858	880	903	927	954	981	1,007
Targeted Rates										
Water Supply (metered properties only)	6,335	6,655	7,075	7,265	7,455	7,651	7,855	8,078	8,309	8,532
Targeted Rates										
Access Hamilton	2,850	1,600	1,800	4,300	5,000	6,000	7,700	8,500	9,000	9,000
TOTAL RATES	**109,402**	**115,463**	**122,987**	**131,368**	**139,657**	**148,871**	**158,083**	**166,030**	**172,776**	**179,704**
TOTAL FUNDING	**242,806**	**277,472**	**307,627**	**350,028**	**400,565**	**353,904**	**361,270**	**360,638**	**371,470**	**385,186**

7.3 Detailed Description of Rate Funding Mechanisms

Setting of Rates for 2009/2010

That the Hamilton City Council sets the following rates for the year commencing 1 July 2009 and ending 30 June 2010 in pursuance of the powers conferred on it by the Local Government Act 2002 and the Local Government (Rating) Act 2002.

7.3.1 General Rate

A general rate set and assessed on the land value of all rateable land in the City.

General rates are set under Section 13 of the Local Government (Rating) Act 2002 on a differential basis on the land value of all rateable properties. The differential basis is based on the use to which the land is put. The different categories of rateable land (differential) are outlined in the table below.

This funding mechanism covers all services of Council. The total revenue sought for 2009/10 is $111,506 million including GST ($99,117 million excluding GST).

A general rate set and assessed on a differential basis as follows:

Source	Differential Categories	Differential Factor	General Rate in the dollar of Land Value for 2009/10 (GST inclusive)	Revenue (GST exclusive) 2009/10
Rates				
General Rate	Residential	1.0000	$0.009401	$62,438,057
	Inner City Residential	0.9570	$0.008997	$212,910
	Commercial/Industrial	2.2657	$0.021300	$33,557,392
	Multi Unit Residential	1.4314	$0.013457	$1,889,176
	Rural Residential	0.4940	$0.004645	$80,043
	Rural Small	0.3336	$0.003136	$708,689
	Rural Large	0.1666	$0.001566	$230,733

7.3.2 Category Definitions - General Rate Differential

Each rating unit is allocated to a differential rating category (based on the land use) for the purpose of calculating the general rate. Set out below are the definitions used to allocate rating units to categories.

Category A - Residential and Other

All rating units -

(i) Used solely or principally for residential purposes as the home or residence of not more than two households which have available the full Council services; excluding properties categorised as Category B, Category C or Category E; or

(ii) 2,000 square metres or less in area, used solely or principally for rural purposes, which receive full water and wastewater services from the Council; or

(iii) The residential portion of a property which is used for both residential/ commercial use, i.e. small business operated from residential properties; or

(iv) Bare land marketed for residential section sales not under development or land under development for a residential subdivision and no longer used principally for rural purposes; or

(v) Not otherwise specified in the Category definitions.

Category B - Inner City Residential Apartments

All rating units -

(i) Used solely or principally for residential purposes as the home or residence of not more than two households, excluding properties categorised as Category C; and

(ii) Located within the CBD where the Council cannot provide a household refuse collection service.

Category C - Commercial/Industrial

All rating units -

(i) Used solely or principally for commercial or industrial purposes, but excluding properties categorised as Category F or G (note: commercial properties in rural areas will be rated at full commercial and a remission may be applied subject to the Remission of Rates for Commercial Land Use in a Rural Location Policy); or

(ii) Used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, resthomes, show homes, motels, residential clubs, chartered clubs (restaurant, bar and gaming areas), hostels; or

(iii) The commercial portion of the property, which is used for both commercial/ residential use, i.e. small business, operated from residential property; or

(iv) All vacant commercial/industrial land.

Definition
Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months. Where the average occupancy exceeds three months, the property would be classified under the multi-unit category.

Definition
A hostel is the residence or lodging place for persons.

Category D - Multi-Unit Residential

All rating units used solely or principally for residential purposes as the home or residence of three or more households including residential centres, but excluding properties categorised as Category C.

Also includes hostels operated by charitable trusts that are not classified as 100% non-rateable - (Schedule 1, Part 1).

Category E - Rural Residential

All rating units -

(i) Used solely or principally for residential purposes as the home or residence of not more than two households; or

(ii) Receive all the services of a residential property apart from stormwater, footpaths and traffic/streetlighting services.

Category F - Rural Small Holding

All rating units less than 10 hectares in area, used solely or principally for rural purposes, excluding properties categorised under paragraph (ii) of Category A or Category E.

Category G - Rural Large Holding

All rating units over 10 hectares in area, which are used solely or principally for rural purposes.

For categories A, E, F and G, rural purposes include agricultural, horticultural or pastoral purposes and the keeping of bees or poultry or other livestock.

Note:
Subject to the right of objection in Sections 29 and 39 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of the Council to determine the sole use or principal use of any separately rateable property within the district.

7.3.3 Uniform Annual General Charge

The current policy is that Council will not use a uniform annual general charge.

7.3.4 Targeted Rates

Targeted Rate - Non-Domestic Water Supply

(a) Pursuant to Section 19(2)(b) and Clause 7 of Schedule 3 of the Local Government (Rating) Act 2002, Hamilton City Council will set and assess a targeted rate on a differential basis to all rating units supplied with non-domestic water supply (as defined by Hamilton City Council's Water Supply Bylaw 2008) as follows:

  (i) a fixed amount on every separately used or inhabited parts of a rating unit supplied with non-domestic water in accordance with the following scale (GST inclusive):

  - $288 for commercial/industrial properties, non-rateable properties, or other properties with metered supply;
  - $240 for rural properties receiving a restricted flow supply.

(ii) a charge per unit of water consumed or supplied on every separately used or inhabited parts of a rating unit in accordance with the following scale (GST inclusive):

- commercial/industrial properties, non-rateable properties, or other properties with metered supply -

  $1.20 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;

- rural properties receiving a restricted flow supply -

  $1.00 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

Properties in the Waikato District Council and Waipa District Council supplied with water under contractual arrangements will be charged at equivalent rates per unit of water, but outside the rating system.

The Targeted Rate - Non-Domestic Water Supply is summarised in the table below.

Summary of Targeted Rate - Non-Domestic Water Supply

Category	Rate per Unit of Water (cost per kilolitre) (GST inclusive)	Minimum Charge (GST inclusive)
Non-Domestic Supply Rateable/Non-Rateable City (Commercial/Industrial Properties and Non-Rateable Properties)	$1.20 (after the first 240 kilolitres of consumption or supply)	$288
Non-Domestic Supply Rural - Restricted Flow Supply (Rural Large & Rural Small Properties which receive the service)	$1.00 (after the first 240 kilolitres of consumption or supply)	$240
Outside City - (Waipa District Council & Waikato District Council properties)	$1.20 (after the first 240 kilolitres of consumption or supply)	$288
Waikato District Council (supply agreement)	$1.00 after the first 240 kilolitres of consumption or supply)	$240

(b) General Information - Targeted Rate for Non-Domestic Water Supply:
Each rating unit, or part of a rating unit, assessed a targeted rate for non-domestic water supply will be charged a rate per unit of water supplied in accordance with the scale of charges above. Where the six monthly consumption is less than 50% of the annual minimum charge, a fixed amount of 50% of the annual minimum charge will be charged to every rating unit or every separately used or inhabited part of a rating unit supplied with non-domestic water.

The charge per unit of water consumed or supplied is on a scale that reflects the difference between City full pressure supply and rural restricted flow supply.

Non-Domestic Supply is defined in the Bylaw as any water supplied for all purposes other than domestic supply (domestic supply is generally limited to City based domestic use).

This funding mechanism covers the Water Supply service. The total revenue sought for 2009/10 is $7.127 million including GST ($6.335 million excluding GST).

Commercial properties without meters will be charged the minimum annual charge of $288 per property or separately used inhabited part of a property.

The total revenue sought for 2009/10 is estimated to be $170,000 including GST ($151,111 excluding GST).

The revenue from this targeted rate will be applied to fund the operation, and maintenance of capital works, depreciation and financing costs of the water supply service.

The meters on properties with a total annual consumption of less than 30,000 kilolitres are read twice during the year. The charges will be due and payable in two instalments per year, on receipt of an invoice from the Council.

Meters on properties with a total annual consumption of more than 30,000 kilolitres are read monthly. These charges will be due and payable in twelve instalments per year, on receipt of an invoice from the Council.

All amounts stated above include Goods and Services Tax and are for the period commencing 1 July 2009 and ending 30 June 2010.

7.3.5 Targeted Rate — Access Hamilton

A targeted rate relating to Access Hamilton set and assessed at a uniform rate per dollar of capital value (GST inclusive) on all categories of rateable property (excluding 100% non-rateable and 50% non-rateable properties).

The amount raised by this targeted rate with be transferred into a special reserve and these funds will be used to fund any of:

- Investigation or associated Access Hamilton capital costs
- Debt servicing of loan funded Access Hamilton capital projects
- Subsidies of transport initiatives, design and feasibility studies and other operational costs linked to the Access Hamilton strategy.

These targeted rates are assessed in accordance with Sections 16(3)(b) & 16(4)(a) and Schedule 2 Clause 1 of the Local Government (Rating) Act 2002.

The targeted rate will be $0.000155891 per dollar of capital value (GST inclusive). The total revenue sought for 2009/10 is $3,206,250 including GST ($2,850,000 excluding GST).

7.3.6 Targeted Rate — Business Improvement Districts (BID)

The defined area of the Business Improvement District is described in the Rating Policy of the 2009-19 LTCCP.

All rating units, or separately used or inhabited parts of a rating unit within the precinct, will be charged the following targeted rate for the Business Improvement

District. The total revenue sought for 2009/10 rating year is $225,000 (incl. GST) $200,000 (excl. GST).

(a) a fixed amount of $225 (incl. GST) per rating unit, or separately used or inhabited parts of a rating unit within the defined area; and

(b) a rate per dollar of capital value required to meet the total revenue (after allowing for the total revenue raised by the fixed amount of $225 per rating unit or separately used portion of a rating unit) is estimated to be $0.000030157.

The proposed targeted rate income will be transferred to the Business Association to fund the respective programmes for the 2009/10 financial year as outlined in their Business Plan.

7.3.7 Targeted Rate — 100% (fully) Non-Rateable Properties

Council rates a number of categories of non-rateable land assessed under the Local Government (Rating) Act 2002.

The properties which are 100% (fully) non-rateable (excluding water, refuse and wastewater rates) are:

- Educational Institutions
- Churches (Place of Worship)
- Community Organisations (Needs Based)
- any land which falls within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002, e.g. Health Services (public hospitals and related services).

Where the land is 100% (fully) non-rateable, three targeted rates will be set and assessed on a differential basis for water supply, waste collection (refuse), and sewerage disposal (wastewater), in accordance with Sections 8, 9 & 16(3)(b) and Schedules 2 & 3 (Clauses 3, 7 & 8) of the Local Government (Rating) Act 2002.

These funding mechanisms cover the Water, Refuse and Wastewater services. The total revenue sought for 2009/10 is $900,000 including GST ($800,000 excluding GST).

Category Definitions - 100% (fully) Non-Rateable Properties

<u>Educational Institutions</u>
Educational Institutions are defined in Clause 6 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002.

<u>Churches (Place of Worship)</u>
Land and buildings that are to be used as a place of religious worship (Part 1 of Schedule 1 of the Local Government (Rating) Act 2002) not including associated rooms, halls or buildings which are used for meetings, accommodation and preparation of food. These are classified under the Community Organisations' category.

<u>Community Organisations (Needs Based)</u>
Community Organisations (Needs Based) (as defined in Clause 21 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002) with a not-for-profit status,

existing to deliver social benefits to the community where neither government nor business is best or appropriately placed.

(Refer: A Good Practice Guide, LGNZ, January 2000, page 20).

Any land (other than Educational Institutions, Churches (Place of Worship), or Community Organisations (Needs Based)) defined within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 will be rated the same as a Community Organisation (Needs Based).

Details of Targeted Rates

To give effect to the foregoing policies on the rating of 100% (fully) non-rateable properties, the Council will set and assess the following targeted rates:

Non-Rateable Water Targeted Rate

A targeted rate for water on all 100% (fully) non-rateable properties as follows (GST inclusive):

(a) a fixed amount of $288 per rating unit, or separately used or inhabited part of a rating unit; and

(b) a rate per dollar of land value of the property:

- Educational Institutions
- Churches (Place of Worship)
- Community Organisations (Needs Based) (and any other land defined within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002)

The rate per dollar of land value required to meet the full cost of the service (after allowing for the total revenue raised by the fixed amount of $288 per property) is $0.002041 (GST inclusive).

Non-Rateable Refuse Targeted Rate

A targeted rate for refuse on all 100% (fully) non-rateable properties as follows (GST inclusive):

(a) a fixed amount of $118 per rating unit, or separately used or inhabited part of a rating unit; and

(b) a rate in cents in the dollar of land value of the property:

- Educational Institutions
- Churches (Place of Worship)
- Community Organisations (Needs Based) (and any other land defined within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002)

The rate per dollar of land value required to meet the full cost of the service (after allowing for the total revenue raised by the fixed amount of $118 per property) is $0.000828 (GST inclusive).





Non-Rateable Wastewater Targeted Rate

A targeted rate for wastewater on all 100% (fully) non-rateable properties as follows (GST inclusive):

(a) a fixed amount of $300 per rating unit, or separately used or inhabited part of a rating unit; and

(b) a rate per dollar of land value of the property:

- Educational Institutions
- Churches (Place of Worship)
- Community Organisations (Needs Based) (and any other land defined within Part 1 of Schedule 1 of the Local Government (Rating) Act 2002)

The rate per dollar of land value required to meet the full cost of the wastewater services (after allowing for the total revenue raised by the fixed amount of $300 per property) is $0.001908 (GST inclusive).

Note:
These targeted rates apply only to properties which are 100% (fully) non-rateable in terms of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 and only to those properties supplied with the relevant service.

To calculate each sector's proportion of the cost of each service, the total cost of the service for the relevant year is multiplied by the proportion that the total rateable value of the sector bears to the total rateable value of the City.

7.3.8 Targeted Rates and Activities

The targeted rate for non-domestic water supply funds the operating and depreciation costs of water supplies to Commercial/Industrial, Non-Rateable, Rural properties and other customers outside the City boundary.

The targeted rate for Access Hamilton funds the work programmes and/or financing costs relating to this project.

The targeted rate for Non-Rateable properties for water, refuse and wastewater, represents a charge for the operating, financing and depreciation costs for these activities.

7.3.9 Rating of 50% Non-Rateable Land

Council rates a number of categories of non-rateable land assessed under the Local Government (Rating) Act 2002.

The properties which are 50% non-rateable (excluding water, refuse and wastewater rates if applicable) are:

- Community Organisations (Arts Based)
- Sporting and Cultural Organisations
- any land which falls within Part 2 of Schedule 1 of the Local Government (Rating) Act 2002

Where the land is 50% non-rateable as defined under Part 2 of Schedule 1 of the Local Government (Rating) Act 2002, Council will rate these properties at 50% of the

residential general rate (mandatory rates) in accordance with Section 8(2) of the Local Government (Rating) Act 2002.

This funding mechanism covers all the services of Council. The total revenue sought for 2009/10 is $112,500 including GST ($100,000 excluding GST).

7.3.10 Targeted Rate - Rating of Community Organisations (Arts Based) - 50% Non-Rateable

Definition

Community Organisations (Arts Based) (as defined in Clause 3 of Part 2 of Schedule 1 of the Local Government (Rating) Act 2002) with a not-for-profit status, existing to deliver social benefits to the community where neither government nor business is best or appropriately placed.

(Ref: A Good Practice Guide, LGNZ, January 2000, page 20).

Land in the category of Community Organisations (Arts Based) - 50% non-rateable will be rated at the 50% general residential rates, which is a rate per dollar of land value of $0.004700 (GST inclusive).

Unless otherwise stated, any land:

- which is entitled to a 50% rates exemption under Part 2 of Schedule 1 of the Local Government (Rating) Act 2002; but
- to which the rating policy for Community Organisations (Arts Based); and Sporting and Cultural Organisations do not apply

will be rated in accordance with the rating policy for Community Organisations (Arts Based) - 50% non-rateable.

7.3.11 Targeted Rate - Rating of Sporting and Cultural Organisations - 50% Non-Rateable

Definition

An organisation whose principal object is to promote games, sports, recreation, arts or instructions, for the benefit of residents or any group or groups of residents of the district, not for private pecuniary profit in accordance with the definition provided in Part 2 of Schedule 1 of the Local Government (Rating) Act 2002. If applicable, no commercial rating apportionment will be applied to the liquor licence portion of the premises.

Land in the category of Sporting and Cultural Organisations - 50% non-rateable will be rated at the 50% general residential rates, which is a rate per dollar of land value of $0.004700 (GST inclusive).

7.3.12 Separately Used or Inhabited Part (SUIP) of a Rating Unit Definition

Any part of a rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, but excluding uses of a minor or incidental nature; for example, including, but not limited to, vending and ATM machines.

To avoid doubt, each use that involves a different activity that is conducted by a person, company, or organisation different to the ratepayer is considered to be a separate use. For example, if a photographic processing franchise operated within a store is operated by the store's staff, it is not a separate use. However if the same franchise is operated by a person, company, or organisation different to the store operator, it is considered a separate use.

7.3.13 Horsham Downs Hall Rate

Council invoices and collects the following rate on behalf of Waikato District Council. For further information refer to their 2009-19 LTCCP. The 2009/10 rate for the Horsham Downs Hall is $25 (GST inclusive) per property for properties within the Hamilton City boundary within a defined radius of the Hall.

7.3.14 Due Dates for Payment of Rates

The due dates for rates covering the financial period 1 July 2009 to 30 June 2010 are as follows:

INSTALMENTS

Area	1	2	3	4
North East	27 Aug 2009	19 Nov 2009	18 Feb 2010	13 May 2010
South East	03 Sep 2009	26 Nov 2009	25 Feb 2010	20 May 2010
North West	10 Sep 2009	03 Dec 2009	04 Mar 2010	27 May 2010
South West	17 Sep 2009	10 Dec 2009	11 Mar 2010	03 Jun 2010

7.3.15 Penalties

Pursuant to Section 57 and 58 of the Local Government (Rating) Act 2002:

(a) A penalty of 10% of the amount outstanding on each instalment to be added on the day after the due date.

(b) A penalty of 10% to be added under Section 58(1)(b) to the amount of any rates assessed in any previous year which remain outstanding on 1 September 2009.

(c) A penalty of 10% to be added under Section 58(1)(c) to the amount of any rates assessed in any previous year which remain outstanding on 1 March 2010.

(d) A penalty of 10% of the amount outstanding for water-by-meter rates charged under Section 19(2)(b) to be added on the day after the due date.

Note:
The amount of unpaid rates to which any penalty is added includes:

(i) Any additional charges previously added to the amount of unpaid rates under Section 132 of the Rating Powers Act 1988; and

(ii) Any penalties previously added to unpaid rates under Section 58 of the Local Government (Rating) Act 2002.

7.3.16 Payment Options

(a) By pre-arranged automatic payment, direct debit, telephone banking or internet desktop banking - (weekly, fortnightly, monthly or quarterly). Credit card payments via internet only - convenience fee applies - www.hamilton.co.nz

(b) By post, using the prepaid envelope enclosed with this account.

(c) At any branch of the Bank of New Zealand within the Waikato.

(d) In person at our Council Municipal Building, Garden Place, during the hours of 8.00am-4.45pm, Monday to Friday, or Branch Library drop-off boxes. (EFTPOS debit cards accepted, not credit cards).

7.3.17 Inspection of Rating Information Database

In accordance with Section 28 of the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, Garden Place, Hamilton, between the hours of 8.00am and 4.45pm on all business days of the week. The owners' names and postal addresses of the properties are available for inspection unless Council has received a request in writing withholding the owners' names or postal addresses (or both) from the database.

All requests for suppression of names and postal addresses must be sent in writing to the Revenue Manager, Hamilton City Council, Private Bag 3010, Hamilton.

7.3.18 Funding Rationale

In selecting the rate funding mechanisms outlined in Section 3.3, the Council applied the matters in Section 101 (3) of the Local Government Act 2002 and the funding of each service of Council is further explained in the Revenue and Financing Policy (Section 2) of Volume II of the 2009-19 LTCCP.





8.0 Significance Policy

8.1 Objective

To ensure that the community of Hamilton is fully consulted and able to actively participate in the consideration of issues, proposals, decisions or other matters which are significant, and/or which involve the community's strategic assets.

8.2 Policy Outline

This policy outlines the general approach of Hamilton City Council (Council) to determining the significance of issues, proposals, decisions, and other matters. It includes thresholds, criteria and procedures that Council will use in assessing which issues, proposals, decisions and other matters are deemed to be significant as required by Section 90 of the Local Government Act 2002.

It also provides a list of assets which Council considers to be strategic assets.

Council will normally consult on any matters of significance through the preparation, review, or amendment to its Long-Term Council Community Plan (LTCCP), or where appropriate through its Annual Plan. Notwithstanding this Council may consult at any time, using the Special Consultative Procedure, with its community, where a matter is deemed to be significant through the application of this policy.

8.2.1 Legislative Requirement

Council is required to have a policy on significance under Section 90 of the Local Government Act 2002 (LGA 2002).

8.2.2 Definitions

Section 5 of the LGA 2002 defines ‘significance’, ‘significant’ and 'strategic asset' as follows:

> **significance**, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for, -
>
> (a) the current and future social, economic, environmental, or cultural well-being of the district or region;
>
> (b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision or matter; and
>
> (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
>
> **significant**, in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.





strategic asset, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes:

(a) any asset or group of assets listed in accordance with Section 90(2) by the local authority;

(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.

8.3 Application of the Significance Policy

In determining the application of this policy Council will have regard to the definition of "Significance", "Significant", and "Strategic Asset" as defined in the LGA 2002, and contained in section 1.2 of this policy. It will further have regard to the general approach to determining which issues, proposals, decisions or other matters are significant (Section 90(1)(a) LGA 2002), the thresholds, criteria, and procedures for determining which issues, proposals, decisions or other matters are significant (Section 90(1)(b) LGA 2002), and those strategic assets and groups of strategic assets as a whole identified by the Hamilton City Council (Section 90(2) LGA 2002). (See Attachment One.)

8.3.1 General Approach

In considering whether any issue, proposal, decision or other matter is of significance under this policy Council will be guided by the following:

- the likely impact/consequences of the issue, proposal, decision or other matter, on the current and future social, economic, environmental, and cultural well-being of the community;
- the parties who are likely to be particularly affected by or interested in the issue, proposal, decision or other matter;
- the likely impact/consequences of the issue, proposal, decision or other matter from the perspective of those parties;
- the financial and non-financial costs and implications of the issue, proposal, decision or other matter having regard to Council's capacity to perform its role.

The more material the impact or consequences of the issue, proposal, decision or other matter is likely to be, the higher the standard of compliance required with Part 6 of the LGA 2002, and the more likely the matter will be 'significant'.

In determining whether any issue, proposal, decision or other matter is significant Council will consider the thresholds and apply the criteria and procedures set out below in this policy.

8.3.2 Thresholds

When undertaking a process to determine which issue, proposal, decision or other matter is significant, Council will recognise the following thresholds in determining significance:

- Issues, proposals, decisions, assets, or other matters for which Council will:
  - incur unbudgeted operational expenditure exceeding 7.5% of its annual budget for that year
  - incur unbudgeted capital expenditure exceeding 2.5% of the total value of Council's assets, or where spent on a strategic asset or strategic asset as a whole as defined in the LGA 2002, or in Attachment One of this policy, exceeds 25% of that asset's value

  (provided that emergency works which are required to protect life, property or level of service target as specified in an LTCCP shall be exempted);
- Any transfer of ownership or control, or the disposal or abandonment, of a strategic asset as a whole as defined by the LGA 2002 or listed in Attachment One of this policy;
- The sale of Council's shareholding in any council controlled trading organisation, or council controlled organisation;
- A decision that will, directly or indirectly, severely affect the capacity (including financial capacity) of Council to carry out any activity identified in the LTCCP;
- Entry into any partnership with the private sector to carry out a **significant activity**.

Where any issue, proposal, decision or other matter triggers one or more of the above thresholds, it shall be considered against the criteria spelt out in section 2.7 of this policy in determining whether it is significant.

8.3.3 Criteria

In considering whether any issue, proposal, decision or other matter is significant the following criteria will be used:

- the issue, proposal, decision or other matter affects all or a large portion of the community in a way that is not inconsequential;
- the impact or consequences of the issue, proposal, decision or other matter on the affected persons will be substantial;
- the financial implications of the issue, proposal, decision or other matter on Council's overall resources are substantial;
- the outcomes will dramatically impact on the level of service for any significant activity, and/or will affect the Council's capacity to continue to carry out an established significant activity; and
- a consultation process for the issue, proposal, decision, or other matter is not specifically provided for under the Local Government Act 2002, or any other specific legislation.





8.3.4 Procedures

In achieving this policy:

- Decisions on 'significance' shall be made by Council or a committee where specifically delegated in accordance with Council's Governance Statement, Standing Orders, and the Council Policy Manual.
- Where an issue, proposal, decision or other matter is considered to be significant in accordance with the Policy, any report to Council will also include a statement addressing the appropriate observance of such of Sections 77, 78, 80, 81 and 82 of the LGA 2002 as are applicable.
- Once an issue, proposal, decision or other matter is determined as significant in accordance with the application of this policy, the "Decision Making" provisions of the LGA 2002, shall be applied as outlined in Sections 76 to 82 of the LGA 2002.
- Council will determine the most appropriate means to conduct its consultation on any significant issue, decision or other matter. Generally Council will undertake this as part of the preparation, review or amendment to its LTCCP, or where appropriate through its Annual Plan.
- Council will report annually through its Annual Report on all issues, proposals, decisions or other matters determined to be significant, and subject to the procedure outlined in Sections 76 - 82 of the LGA 2002 as appropriate.

8.4 Strategic Assets of the Hamilton City Council

The LGA 2002 requires that this policy shall identify all the strategic assets, as defined in Section 5 of the LGA 2002, and outlined in Section 1.2 above.

The Strategic Assets register (Attachment One) is not an exhaustive list of Council assets but includes those that are considered to be significant in ensuring Council's capacity to achieve or promote any important outcome.

The strategic assets also include, pursuant to Section 90(2)(c)(ii) of the LGA 2002 the Hamilton City Council shareholding in the Waikato Regional Airport Limited.

Note: The Hamilton City Council owns a number of assets and assets managed "as a whole" that it considers to be strategic, however not all trading decisions made regarding these assets are regarded as significant nor do they affect the assets' strategic nature. For example the roading network is strategic, but the individual parcels of land that make it up may not be, and the purchase or sale of such parcels of land are unlikely to amount to a significant decision.

Attachment One

Register of Hamilton City Council's Strategic Assets

ASSET	NOTES
Hamilton City Libraries as a whole	Includes books and heritage collections
Waterworld, & Gallagher Pool	Includes all land, buildings and structures
Founders Memorial Theatre, & Westpac Trust Theatre	
Waikato Museum of Art and History	Includes buildings and collections
Pensioner Housing as a whole	
Hamilton Transport Centre	
Hamilton Zoo	Includes all buildings, structures, land, animals and animal enclosures
Hamilton Gardens	Includes all land, buildings and structures
Amenity Parks, Sports Parks and Facilities under the Reserves Act 1977	
Stadiums	Includes Waikato Stadium, Seddon Park, CaludelandsEvents Centre, and Porritt Stadium
Cemeteries	
Refuse Transfer Station	
Wastewater reticulation system as a whole	Includes pipes, pump stations, and sewer bridge
Stormwater reticulation system as a whole	
Roading system as a whole	Footpaths Off-street Parking Bridges
Reservoirs and water reticulation system as a whole	Includes the land and structures
Waste Water Treatment Plant	Includes all land, buildings and plant
Water Treatment Station	Includes all land, buildings, treatment plant and tanks

9.0 Partnerships with the Private Sector Policy

9.1 Objective

To enable Council to enter into partnerships with the private sector, where there is a potential benefit for the well-being of the community in Hamilton City.

9.2 Policy Outline

This policy outlines the circumstances in which Council will consider entering into public-private sector partnerships (PPPs), when consultation would be undertaken prior to such a partnership, what conditions might be imposed on such partnerships, their risk management, and reporting on the funding and outcomes of any such partnerships. For statutory requirements, refer to section 107 of the Local Government Act 2002 (LGA 2002).

9.3 Definition

A Public-Private Sector Partnership (PPP) includes any agreement or arrangement that is entered into between one or more councils and one or more persons engaged in business but does not include:

- A contract for the supply of goods or services to or on behalf of a council; or
- Arrangements where the only parties are local authorities, or local authority and local authority controlled organisations.

A partnership as defined in the LGA 2002 is any arrangement involving grants, loans, investments, commitments of resources or guarantees given to 1 or more persons engaged in business[1] by 1 or more local authorities. The nature of the entity's activities, rather than its legal form, is the relevant consideration, and can include charitable trusts.

Partnerships should have an identified shared interest, clear roles and responsibilities for both parties, and aim to build long-term relationships based on respect and trust.

This policy on PPPs sets out the processes that Council will adopt with respect to engaging in any PPPs. Once adopted, this Policy may only be amended as an amendment to Councils Long Term Council Community Plan (section 102, LGA 2002).

9.4 Circumstances

Hamilton City Council (Council) may consider entering into a partnership with a private sector partner, where an activity has been identified in Council's Long-Term Council Community Plan

[1] The term "engaged in business" is defined as "engaging in an activity for profit". The nature of the entity's activities, rather than its legal form, is the relevant consideration. (Opinion from Ann Webster, OAG) The focus is on commercial relationships with entities engaged in trading activities undertaken for the purpose of making a profit. (Opinion from Mike Reid, LGNZ)

(LTCCP) or Annual Plan (henceforth referred to generically in this section as LTCCP) as a community priority or desirable community outcome.

The circumstances where a PPP may be entered into shall be limited to one or more of the following:

- Where Council may be unwilling or unable to bear all of the risk (usually, though not always defined in terms of financial risks) of a particular project itself;
- Where Council may believe a particular project is of significant community benefit, but Council may have legal restrictions on its power to participate fully in that project;
- Where neither Council nor a private provider would otherwise provide the services or activity without the partnership;
- Where there are identifiable advantages in the project or activity being undertaken as a public private sector partnership rather than by either of the parties separately;
- Where the benefits to the community are greater than the costs of the PPP.

9.5 Conditions

Council will enter into a partnership only where it expects that the partnership will help achieve the community outcomes or objectives in the LTCCP, but nothing in this policy commits Council to entering into such a partnership even if it will help achieve community outcomes or objectives.

Before entering into a PPP, Council must be satisfied that:

- The partnership will help achieve the community outcomes or objectives identified in the LTCCP;
- The benefit from the partnership is greater than the costs and risks;
- Council is satisfied that the partner has demonstrated an ability to meet the terms of any agreement between Council and the private partner;
- All necessary consents, licenses, or other approvals have been obtained prior to any financial commitment by the Council;
- The partnership and its proposed business are lawful;
- A clear exit/termination strategy is agreed;
- Roles, responsibilities and liabilities of each partner are clearly defined.

Council will **not** enter into a PPP where:

- The activity is primarily speculative in nature;
- Insurance cover cannot be obtained that is considered adequate to meet foreseeable risks;
- The cost or risk of the PPP is judged to be greater to the community than the benefits that would accrue from the PPP.

Where appropriate, Council reserves the right to apply competitive tendering processes, in accordance with Council policy.

Other conditions may be imposed as considered appropriate by Council.

9.6 Types of PPP Involvement

Council will consider the following methods of implementing a PPP:

- **Grants**, where the assessed benefit to the community is justified, where the PPP is accorded priority by Council, and funds are available for the activity.
- **Loans**, where the benefit to the community is significant, but it is assessed that income or other funding can in time be accessed, and/or there will also be significant benefits to the private partner and/or it is otherwise unsuitable to provide other funding.
- **Investments**, where there are deemed to be significant public benefits, and the community has been consulted, either during an LTCCP consultation or separately using the special consultative procedure [2].
- Acting as a guarantor for assets being constructed on Council-owned land.
- **Acting as a guarantor in extraordinary circumstances** may be considered by Council following community consultation, and where there are appropriate safeguards in place to ensure budgets are not exceeded and where limitations are specified as to the total amount Council is guarantor for.

9.7 Consultation

Council will undertake consultation on any revision of this "Policy on Public-private sector partnerships" as part of the LTCCP.

Where Council decides to undertake a PPP in accordance with the policy, further consultation will not be required to be undertaken except in specific circumstances (below) where a separate consultative procedure may be undertaken

Council will consult on individual PPPs where:

- A PPP is assessed as being greatly beneficial, but falls outside the conditions or circumstances identified in the policy;
- An investment is proposed;
- It is proposed to act as guarantor in extraordinary circumstances;
- The partnership would result in significant positive or negative changes in service levels, as defined in Council's Significance Policy;
- The proposal would have a material impact on Council's projected budgets, performance measures, outcomes or other objectives;
- Ownership or control of a significant asset (as defined in Council's Significance Policy), is to be transferred to or from Council;
- There is expected to be considerable public interest in whether or not the PPP should proceed and/or it meets the test of significance as set out in Council's Significance Policy.

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[2] The Policy on Partnership with the Private Sector should be developed to be robust enough to cover most 'run of the mill' potential opportunities for public-private sector partnerships (PPPs) without the need for further public consultation. PPPs that are unusual, controversial, or of considerable public interest would be expected to be consulted on separately (either using the special consultative procedure, or in a form otherwise specified in the policy).

9.8 Formation of a PPP

Formation of a public private partnership that meets the conditions of this policy will be by ordinary council resolution, unless authority to form a partnership is delegated to a committee, subcommittee, or the Principal Administrative Officer, in which case the partnership must also meet the conditions of this policy.

Formation of a partnership that does not meet the conditions of this policy will be by ordinary council resolution only after appropriate and required consultation, and due consideration of any issues raised by that consultation.

9.9 Risk Management

When considering a public private partnership, the potential risks to Council will be outlined and where the risks are considered significant, in terms of probability and potential effect, Council will assess the level of the risks against their benefits and management strategies.

Risk will be assessed by calculating the probability of an adverse outcome multiplied by the cost/impact of that adverse outcome, while taking into account mitigating strategies and associated costs. Risks which may be considered are:

- Design and construction risk;
- Commissioning and operating risk;
- Service and under-performance risk;
- Maintenance risk;
- Risk of change to the legal or regulatory environment;
- Risk of legal challenge;
- Technology obsolescence risk;
- Planning risk;
- Price risk;
- Taxation risk;
- Residual value risk;
- Demand or valuation risk;
- Occupation safety and health risk;
- The relative investment of the private sector partner;
- The level of experience / track record of the partner, particularly in that activity;
- Risk to the reputation of Hamilton City Council and Hamilton city generally;
- Insurance coverage and limitations;
- Risk to the capacity of the council to carry out its activities, now and in the future;
- Risk to property;
- Protection of any intellectual property; and
- Any other risks identified.

Where risks exist and a partnership is to be agreed, a risk management strategy will be put in place to appropriately minimise or provide cover for that risk to the satisfaction of Council. Risk management in any or all of the above areas may be specified as being the responsibility of Council or the partner.

9.10 Monitoring and Reporting

A private sector partner will be expected to report using GAAP (generally accepted accounting principles) appropriate to their type of financial entity, and to allow auditing of financial and non-financial records as and when reasonably requested by Council or a representative appointed by Council.

Monitoring and reporting requirements will vary, depending on the level of resources Council is expending/investing/protecting, and the nature of the partnership.

The following points may be considered:

- Proposals for PPPs should state how they might contribute to outcomes or objectives in the LTCCP;
- Measurable and auditable performance standards should be included where appropriate in partnership documents;
- Progress on agreed outcomes and objectives should be reported on to Council's Finance and Audit Committee as required;
- Quarterly or annual financial reports may be required;
- Transparency in the conduct and reporting of PPP activities should be emphasised, acknowledging the need to protect commercial confidentiality where appropriate;
- The performance of PPPs will be reported on in Council's Annual Report.





10.0 Development and Financial Contributions Policy

10.1 Definitions

Commercial development

The use of premises (land and buildings) for the display and retail of goods and services, administration or professional activities, leisure and recreation activities for which a charge is applied, restaurants, bars and those residential activities excluded from the definition of a residential dwelling.

Community infrastructure

Land, or development assets on land, owned or controlled by the territorial authority to provide public amenities; and

Includes land that the territorial authority will acquire for that purpose. Examples of community infrastructure include, but are not limited to, facilities such as libraries, leisure centres and community centres.

Developer

The applicant for, or holder of, a subdivision or land use resource consent, a building consent or an authorisation for a service connection whether this is a person or some other legal or accounting entity. The individual/organisation undertaking the development will be assessed for development contributions regardless of whether the development is for commercial profit.

Granted

The date that an application for a consent or service connection is approved by the Council.

Greenfield catchment

The catchment containing the city's new urban growth areas that have been opened up for development, as shown in the maps on page 172 and 173. All types of development occurring within these areas, including additional buildings on, or further subdivisions of, existing sections, contribute to the demand for the infrastructure required in these areas, and so will be charged the Greenfield charge.

Gross floor area (GFA)

The sum of all floors of all buildings on a site measured from the exterior faces of the exterior walls or from the centrelines of walls separating two buildings. Gross floor area shall include car parking provided on a commercial basis, elevator shafts, stairwells and lobbies at each floor and mezzanine floors and balconies; but exclude car-parking provided to meet the operational needs of the principal activity, including loading and servicing areas and access thereto, and building





service rooms containing equipment such as lift machinery, tanks, air conditioning and heating plants.

Industrial development
The use of premises (land and buildings) for manufacturing, processing, bulk storage, warehousing, servicing and repair activities.

Infill catchment
The catchment containing the existing built up area of the city as shown in the map on page 172, including the Temple View township to the extent detailed in the map on page 173, and excluding the new urban growth areas in the Greenfield Catchment.

Issued
In relation to consents and authorisations, the date at which the consent or service connection granted is uplifted, i.e. picked up, from the Council by the applicant.

Mobile accommodation
Caravans or other forms of mobile accommodation, unless used as a sole residence for a period of more than six months in any one calendar year.

Non-permanent accommodation
Premises that provide visitor or other short-term accommodation on a commercial basis. This includes but is not limited to hotels, motels and short-term rental apartments.

Network Infrastructure
Water, stormwater, wastewater and transport projects

Producers Price Index
An index of capital goods prices produced by Statistics New Zealand. PPI adjustments will relate to the percentage change in the PPI for the 12 months to 31 March in the year that the adjustment is to be made.

Residential Dwellings
Buildings or parts of buildings designed to be used by persons living alone, or as a family or as a non-family group, that include but are not limited to apartments, semi-detached and detached houses, ancillary flats, units, town houses, units within retirement villages and all self-contained accommodation. This excludes buildings that provide for permanent accommodation (which include but are not limited to hospices, houses for the aged and infirm, residential centres and hostels), non-permanent accommodation and mobile accommodation.

Reserves contributions
A contribution towards the purchase and development of reserves.

Retail development — The use of lands or buildings where goods and services are offered or exposed to the general public for sale, hire or utilisation but excludes restaurants, licensed premises, offices or drive-through services.

10.2 What is a Development Contribution?

10.2.1 A development contribution is a contribution of cash and/or land made to Council by a developer towards the cost providing infrastructure to enable growth in the city. Development contributions may be charged by Council upon the submission by a developer of a resource consent, a building consent or a request for a service connection.

10.3 Policy Objective and Rationale

10.3.1 Hamilton is a growing city. As the city's population and numbers of businesses increase this places greater demands on Council provided infrastructure such as roads, water, wastewater and stormwater services and community facilities such as reserves and public libraries.

10.3.2 In-order to maintain the current levels of service for existing and future users of public infrastructure, Council will increase the provision of public infrastructure in line with the growth of the city. Council's programme of capital works to is detailed in the capital programme in the Long Term Council Community Plan (LTCCP) 2009-2019.

10.3.3 An issue for Council is how to fund the growth in infrastructure and ensure an equitable apportionment of costs between existing and future users. The Local Government Act (LGA) 2002 makes provision for territorial authorities such as Hamilton City Council to recover the cost of growth related infrastructure expenditure from developers through "Development Contributions".

10.3.4 In 2005, Council determined that from 1 July 2006 the costs associated with new or upgraded infrastructure and reserves required to meet city growth would be funded in this way.

10.3.5 The use of development contributions ensures that developers make a contribution to additional infrastructure required in the city, which helps to spread the costs between developers and existing ratepayers. This ensures that developers make a fair contribution to the demand on infrastructure their developments create, whilst balancing the benefits that existing ratepayers will receive.

10.3.6 Development contributions only cover the growth related cost component of Council's capital expenditure that would otherwise have had to be funded by ratepayers. Development contributions will not be taken to address service enhancements, historical capacity shortfalls or remedial action.

10.4 Statutory requirements

10.4.1 This policy outlines when Council will require a development contribution. This is a statutory requirement of the LGA. This policy also sets out the amounts that will be charged for different types of development, the methodology by which the development contributions have been calculated, the instances where special provisions will apply and Council's special assessment and remission processes.

10.4.2 The Local Government Act 2002 (LGA) enables Council to adopt a policy on development contributions and financial contributions. Once adopted, the policy can only be altered as part of annual amendments to Council's LTCCP or through a new LTCCP. Proposed amendments to the development contributions policy are subject to a special consultative procedure.[1]

10.4.3 This policy was adopted as part of Council's 2009-19 LTCCP and becomes operative on 1 July 2009. It will affect all resource consents, building consents and authorisations for service connection that:

- Are granted on or after that date, and
- meet the criteria set out in Section 10.10

10.4.4 Applications for consent or authorisations lodged with Council prior to July 1st 2009 but not granted until after July 1st 2009 will be considered to be within the scope of this version of the policy not the 2008/9 version.

10.4.5 In accordance with sections 209 and 210 of the LGA 2002, development contributions will be refunded to the consent holder in the following circumstances:

- If subdivision, resource or building consent lapses or is surrendered and development or building does not proceed.
- If Council does not provide the infrastructure for which the contribution was collected within 10 years of that contribution being received.

10.4.6 As the LTCCP is subject to periodic review, specific projects may be subject to alteration or deletion. For the avoidance of doubt a refund will only be made where the level of service that a project was intended to provide for is not provided.

[1] For further information on the statutory requirements affecting this Policy refer to Section 106 of the LGA.

10.5 Policy benefits

Community Outcomes

10.5.1 This policy will help Council deliver its seven Community Outcomes for Hamilton. Hamilton's Community Outcomes were developed in 2005 following consultation with community organisations, Iwi/Maori, residents and businesses. Council's Community Outcomes will be taken into consideration at all times when implementing this policy.[2]

Community Outcome 1 — Sustainable and Well-Planned - "An attractive city that is planned for the well-being of people and nature, now and in the future"

Community Outcome 2 — Vibrant and Creative — "A city that encourages creativity for a vibrant lifestyle"

Community Outcome 3 — Unique Identity — "A city with a strong identity that recognises the significance of its river and history"

Community Outcome 4 - Safety and Community Spirit — "A safe, friendly city where all people feel connected and valued"

Community Outcome 5- Healthy and Happy -"Active and healthy people with access to affordable facilities and services"

Community Outcome 6- Intelligent and Progressive City - "Business growth that is in harmony with the city's identity and community spirit"

Community Outcome 7- Working Together -"Collaborative decision-making and planning are common place"

An integrated approach

10.5.2 Growth-related capital works are often embedded in much larger projects that cater for a number of different users. The use of development contributions to fund the growth components of infrastructure projects not only improves efficiencies, but also transparency and accountability. It enables Council to allocate the shared costs of capital works between various project drivers and recover costs according to the relative pressure that each driver exerts.

10.5.3 Council's approach recognises the distinction between financial contributions under the Resource Management Act 1991 (RMA) and development contributions under the LGA and the direct link of the latter to projects that will provide capacity for growth. This relationship provides certainty that capacity will be provided to support

[2] For more information on Council's Community Outcomes please see http://hamilton.co.nz/page/pageid/2145842047/Community_Outcomes

continued development. This clarity will assist the market in pursuing development opportunities.

10.5.4 The collection of development contributions is responsive to development trends and will assist Council in its project planning and financial planning for growth. This will remove the cost burden from existing ratepayers, who have already paid for existing service capacity, and will ensure that Council is able to maintain consistent levels of service across the community as the city grows. As such it provides a more equitable basis for sharing the costs of growth.

10.5.5 Development contributions provide a reliable income stream to Council to support sustained growth in the city. They allow Council to provide network infrastructure such as water, wastewater and stormwater networks in advance of developments, reducing the need for developers to provide their own infrastructure or to rely on advance funding agreements to accelerate planned infrastructure provision.

10.5.6 In the absence of this policy, infrastructure provision would continue to be constrained by the availability of funding from rates and could become a disincentive to urban growth, or could result in an ad hoc approach to growth, which may lower service standards and undermine Council's Hamilton Urban Growth Strategy and Community Outcomes and the strategies in the city's Strategic Framework. [3]

10.5.7 Development contributions replace the majority of financial contributions that were taken by Council under the Resource Management Act to mitigate the impact of a development. Section 10.14 lists the financial contributions that will continue to be taken by Council under its Proposed District Plan. For developments where financial contributions were not previously taken, development contributions will be an additional cost.

10.5.8 Development contributions allow Council to provide infrastructure in a holistic and co-ordinated way and respond to development pressures. Council is therefore able to facilitate development on a wider scale than previously possible, thereby providing more opportunities for the development community.

10.5.9 The collection of development contributions at the subdivision stage, and at each subsequent stage of development will ensure that the cost of development is shared by all parties involved in the development process rather than just by the eventual occupiers who will themselves be proportionally funding infrastructure as ratepayers.

10.5.10 The benefits of the policy commence immediately from the date of its introduction. It provides predictability and certainty regarding urban growth throughout the LTCCP period and is capable of being reviewed and amended on an annual basis to ensure that it achieves the community's desired outcomes. For most infrastructure assets, benefits will extend well beyond the period of the LTCCP but will be funded over a maximum period of 20 years.

10.5.11 Projects funded over a 20 year period will have their costs shared across all development occurring within this period. Projects with a more limited capacity life will be funded by development occurring within the period that capacity is available. New infrastructure can be expected to have an asset life of up to 80 years. Both the

[3] For more information on Hamilton's city strategies please see http://hamilton.co.nz/page/pageid/2145826971/City_Strategies

costs and the benefits of the policy will therefore be intergenerational.

10.6 Significant Assumptions

10.6.1 The Development and Financial Contributions policy uses a range of forecasts and assumptions about city growth and the demands placed on infrastructure by different types of developments .These assumptions help Council to plan for growth and to determine how the costs of growth will be recovered from different types of development.

Growth projections

10.6.2 Hamilton is one of New Zealand's fastest growing cities. The city's population is expected to increase from 140,000 in 2008 to around 225,000 by 2044. To accommodate the estimated 85,000 extra people the city will need an additional 36,000 homes and significant numbers of new jobs.

10.6.3 In December 2008 Council approved the Hamilton Urban Growth Strategy (HUGS) in recognition of the need to plan for and manage growth in the city. One of eight strategies in Hamilton's Strategic Framework, HUGS outlines Council's preferred options for future spatial development in the city.

10.6.4 HUGS represents a new approach to growth in the city. Based on the concept of 'mend before you extend', HUGS proposes that around 50 per cent of new dwellings in the next 20 years will be provided through high quality infill development, focused around key intensification nodes.

10.6.5 Further phased Greenfield development is proposed at Rototuna, Rotokauri and Peacockes, enabling the city to provide a range of residential choices from larger sections to townhouses and apartments and enabling the city to meet its long term industrial and commercial land needs. The 2009-19 LTCCP represents the first phase in the implementation of HUGS. [4]

Table 1 Growth projections

	Forecasted growth (2009 to 2019)
Population	+22,600
Households	+9,000
Commercial gfa (m^2)	+204,950
Industrial gfa (m^2)	+478,930
Commercial site area (m^2)	+1,091,860
Industrial site area (m^2)	+1,413,600
Residential - Greenfield/Infill (%)	50/50
Commercial - Greenfield/Infill (%)	20/80
Industrial — Greenfield/Infill (%)	30/70
Average household size	2.7 to 2.62

[4] For more information about HUGS please see http://hamilton.co.nz/page/pageid/2145841632/Urban_Growth_City_Strategy

Units of Demand

10.6.6 Council uses units of demand to allocate the costs of providing growth related infrastructure between industrial, commercial and residential developments. Units of demand are expressed in terms of Housing Unit Equivalents or HUEs.

10.6.7 Council has calculated different HUEs for residential and non-residential development for each type of infrastructure. The total cost of providing each type of infrastructure is allocated according to the proportion of total HUEs that each type of development generates.

Community Infrastructure

10.6.8 HUEs for community infrastructure are calculated on a simple one HUE per household unit for residential development. The HUEs for industrial and commercial developments are calculated on the assumed proportion of the workforce that are likely to be non-residents.

10.6.9 It is assumed that employees of the businesses that locate on these sites will use Council owned community infrastructure in their lunchtimes and after work. Employees who are residents of Hamilton City will already have paid Development Contributions on new residential developments. Statistics are used from across the industrial and commercial sectors to arrive at an average figure.

Table 2 Units of demand for Community Infrastructure

Type of development	Number of HUEs
Residential (per household unit)	1
Commercial (per 100m^2 of gross floor area)	0.27
Industrial (per 100m^2 of gross floor area)	0.15

Reserves

10.6.10 For the purposes of calculating the HUE for reserves it is assumed that Council owned reserves will only be used by residents. The cost of purchasing land for new reserves is therefore only recovered from residential and not industrial or commercial developments. HUEs for reserves are calculated on a simple one HUE per household unit.





Table 3 Units of demand for Reserves

Type of development	Number of HUEs
Residential (per household unit)	1
Commercial	-
Industrial	-

10.6.11 Council is to consider modifying the methodology it uses for calculating the unit of demand for reserves. Consideration to be given to a revised methodology based on local land prices or a combined methodology based on a uniform charge for citywide projects and a catchment charge based on the value of land.

Stormwater

10.6.12 Council calculates stormwater HUEs on the basis of the expected runoff from impermeable surfaces. A typical residential development on a 600m^2 section is assumed to have a runoff coefficient of 55%.

10.6.13 For non-residential developments, development contributions are assessed on site area with the exception of buildings on vacant sites or extensions to existing buildings (See Special Provision 5). The HUEs for commercial and industrial developments are calculated on the expected run-off from an average site, relative to the run-off from a residential site.

Table 4 Units of demand for Stormwater

Type of development	Run-off (co-efficient)	Number of HUEs
Residential (per household unit)	55%	1
Commercial (per 100m^2 of site area)	75%	0.23
Industrial (per 100m^2 of site area)	75%	0.23

Water

10.6.14 Council calculates HUEs for water on the basis of the expected usage. A typical household is assumed to use 702 litres of water a day. The HUEs for commercial and industrial developments are calculated on the expected water usage per 100m^2 of gross floor area, relative to the usage of an average household.

Table 5 Units of demand for Water

Type of development	Water usage (litres)	Number of HUEs
Residential (per household unit)	702	1
Commercial (per 100m^2 of gfa)	84	0.12
Industrial (per 100m^2 of gfa)	49	0.07

Wastewater

10.6.15 Council calculates HUEs for wastewater on the basis of the expected amount generated by a development. A typical household is assumed to generate 491 litres of wastewater a day. HUEs for commercial and industrial developments are calculated on the expected wastewater generated per 100m^2 of gross floor area, relative to an average household.

Table 6 Units of demand for Water

Type of development	Wastewater (litres)	Number of HUEs
Residential (per household unit)	491	1
Commercial (per 100m^2 of gfa)	84	0.18
Industrial (per 100m^2 of gfa)	49	0.09

Transport

10.6.16 Council calculates HUEs for transport on the basis of the expected number of vehicle trips generated by a development. A typical household is assumed to generate 10 vehicle trips a day. HUEs for commercial and industrial developments are calculated on the number of average number vehicle trips in relation to a household.

10.6.17 Commercial retail developments are assumed to generate different numbers of trips depending on the size. The HUEs for commercial retail are therefore calculated on a sliding scale ranging from 3.5 HUEs to 1.2 HUEs.

Table 7 Units of demand for Transport

Type of development	Vehicle trips	Number of HUEs
Residential (per household unit)	10	1
Commercial (non-retail) [5]	20	2
Commercial (retail) ≤ 1,000	35	3.5
Commercial (retail) 1,001 to ≤ 3,000	35 to 20	3.5 to 2
Commercial (retail) 3,001 to ≤ 6,000	20 to 15	2 to 1.5
Commercial (retail) 6,001 to ≤ 10,000	15 to 12	1.5 to 1.2
Commercial (retail) > 10,000	12	1.2
Industrial (per 100m^2 of gfa)	9	0.9

[5] All commercial and industrial figures are per 100m^2 of gfa

Mixed-use developments

10.6.18 In assessing units of demand for mixed-use development such as a retirement village, a separate assessment will be made for the residential and commercial or industrial components of the development.

10.7 Methodology

General points

10.7.1 The Local Government Act 2002 (LGA) requires Council to explain why it has chosen to use development contributions to fund the costs of growth-related capital expenditures.

10.7.2 Infrastructure assets typically have long useful lives. In order to match the timing of benefits provided by new assets with the costs of their provision, a long-life funding mechanism has been adopted. For the purposes of calculating the development contribution levy for each project, the period over which the project provides growth capacity (and hence costs are allocated) is determined as the lesser of when capacity is actually reached or 20 years.

10.7.3 Development contribution charges are calculated on the basis of best available knowledge at the time of the policy. The assumptions will be revisited at in each Annual Plan (yearly) and in each review of the LTCCP (every three years), Charges will only be adjusted between the draft and final LTCCP/Annual Plan if there is a material change associated with project costings, underlying assumptions, growth predictions and/or the actual amount of development contributions collected.

10.7.4 Development contribution charges are expressed as 2009 dollar values. They include inflationary movement calculated by an annual weighted average increase. In addition, all development contribution charges take account of loan charges at the annual rate used for budgeting in the Annual Plan and LTCCP. Development contributions are calculated exclusive of Goods and Services Tax (GST). GST will be added after the calculation of any contributions required under this policy.

10.7.5 All growth-related projects are loan funded for the term of the capacity they provide. Council raises a loan for each project with a term based on the years of capacity provided. Development contributions recover the growth related capital expenditure that will be made in the LTCCP period 2009-19.

10.7.6 For some projects this will be the entirety of the costs, however for many projects the loan period extends beyond the timeframe of the LTCCP. Development contribution for these projects will relate solely to the growth-related capacity consumed within the 2009-19 LTCCP.

10.7.7 Development contribution charges also recover the cost of growth projects implemented in previous LTCCPs that will provide capacity for growth in the 2009-19 LTCCP. Council recovers the costs of repaying the financing costs for the period for which capacity is provided.

10.7.8 Council uses a maximum cost recovery period of 20 years. This assumes that the maximum period over which a project will provide growth capacity (and hence costs are allocated) will be 20 years.

10.7.9 Development contribution rates are the maximum amounts that will be required and are calculated on the basis of a unit of demand (or multiplier thereof). Where a special assessment is made, a unit of demand relating to the particular development is calculated and a development contribution is calculated based on those unique circumstances.[6]

Council's policy on development contributions for reserves

10.7.10 Council's preference is to take land rather than a cash. Rule 6.5 of the Hamilton City Proposed District Plan (November 2001, References Version) provides a resource management context for requiring land for reserve purposes to mitigate the effects of development.[7] This rule will continue to operate to the extent that it will determine the need for land in preference to cash.

10.7.11 Where land is needed, the extent will be determined through the resource consent process but the developer's financial liability will be determined through the Development and Financial Contributions Policy. Any shortfall between the development contribution paid and the current market value of the land will be met by Council. The requirement to provide esplanade reserves under Rule 6.6 of the Proposed District Plan is unaffected by this policy.

Cost determination and cost allocation methodology

10.7.12 Some projects cater exclusively for growth, however many of the projects in Council's capital programme serve both growth and the existing population. It is more cost effective to Council, developers and existing ratepayers for Council to achieve "economies of scope" through undertaking one project that serves several purposes than to undertake a series of smaller stand alone projects.

Cost determination methodology — Does a project cater for growth?

10.7.13 Council assesses whether a infrastructure project caters for growth by determining first, whether city growth has influenced the scope or scale of this project and second, whether growth will use, or benefit from, this project. If the answer to either question is "yes" then the project caters for growth (See diagram below).

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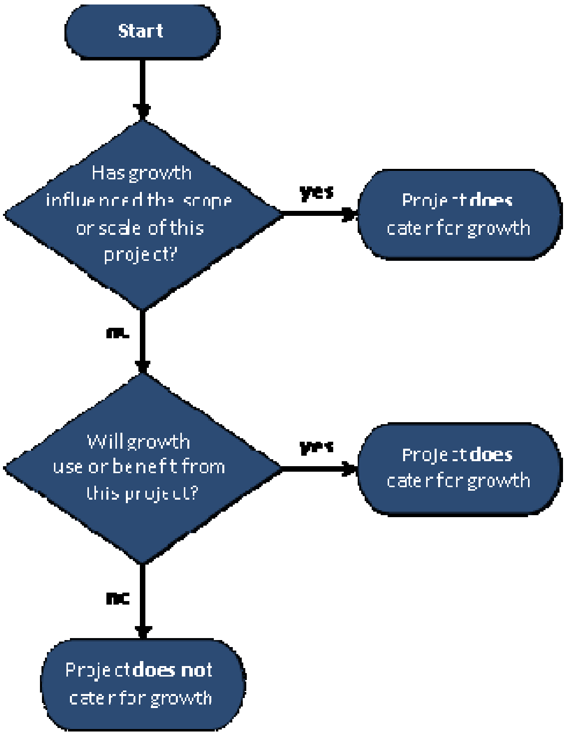
[6] See Special Assessment Procedure on p216.

[7] Proposed District Plan, November 2001, References Version



10.7.14 Having determined that a project caters for growth Council's next step is to calculate the net capital cost to Council, which is then allocated to the different project drivers. The net capital cost to Council is calculated as follows:

1. Council estimates the size and timing of costs
2. Council deducts any third party funding for the project
3. Council deducts any operations and maintenance costs
4. Council estimates the revised size and timing of costs to be recovered through development contributions

. **Cost allocation methodology**

10.7.15 The Local Government Act 2002 requires Council to give regard to a number of issues when determining its development contribution policy. These include the distribution of benefits, the extent of any cost causation, and the impacts on community outcomes and policy transparency. The LGA also requires Council to consider the likely impacts on the four well-beings, both current and future.

10.7.16 Having established that a project contains elements of growth Council uses a four stage cost allocation process to determine how to allocate the costs to be recovered through development contributions. .

Stage 1 — Identify the appropriate catchment for the project

10.7.17 Council uses catchments to allocate the cost of capital expenditure to the growth that has driven the need for the project. Three catchments will be used in 2009/10 — Greenfield, Infill and Citywide (see Table 7 and map on p172). For clarification, development in the existing Temple View township will be considered as Infill,

whereas development occurring outside of this will be considered Greenfield (see map on p173).

10.7.18 Council sets "levels of service" for its infrastructure. Its aim is to provide the same levels of service to users from across the city, regardless of location. In Greenfield areas where there is no or little existing infrastructure this requires greater expenditure than in infill areas where there may be spare capacity or where existing infrastructure can be augmented.

10.7.19 Where project serves a specific area, for example a new wastewater pipe, then the cost of this project is allocated to either the Greenfield or Infill catchment. However some infrastructure projects, for example new arterial roads, are driven by growth from across the city. In these instances the growth component of the project is allocated to the citywide catchment and recovered from new developments across the city.

Table 8 Catchments

	Citywide	Greenfield	Infill
Community Infrastructure	√	√	-
Reserves	√	√	√
Transport	√	√	-
Stormwater	-	√	√
Wastewater	√	√	√
Water	√	√	√

Stage 2 - Deduct the stand alone cost of renewal (if any)

10.7.20 Many projects will feature elements of both renewal and capacity expansion. Since the renewal portion of each project relates only to the existing community, Council deducts the costs of providing a hypothetical stand-alone project that caters just for renewal. The cost of the stand-alone project is subtracted from the net capital cost.

Stage 3 - Allocate the cost of the non-renewal component

10.7.21 Council then allocates the non-renewal costs between growth and the existing community. This is done by allocating costs through a capacity measure and modifying the costs (where necessary) to take account of benefits.

10.7.22 Council first determines the capacity provided by the project (over and above renewal). The amount of capacity required to rectify any shortfalls in existing levels of service is then determined, which is then deducted from the total capacity created by the project.

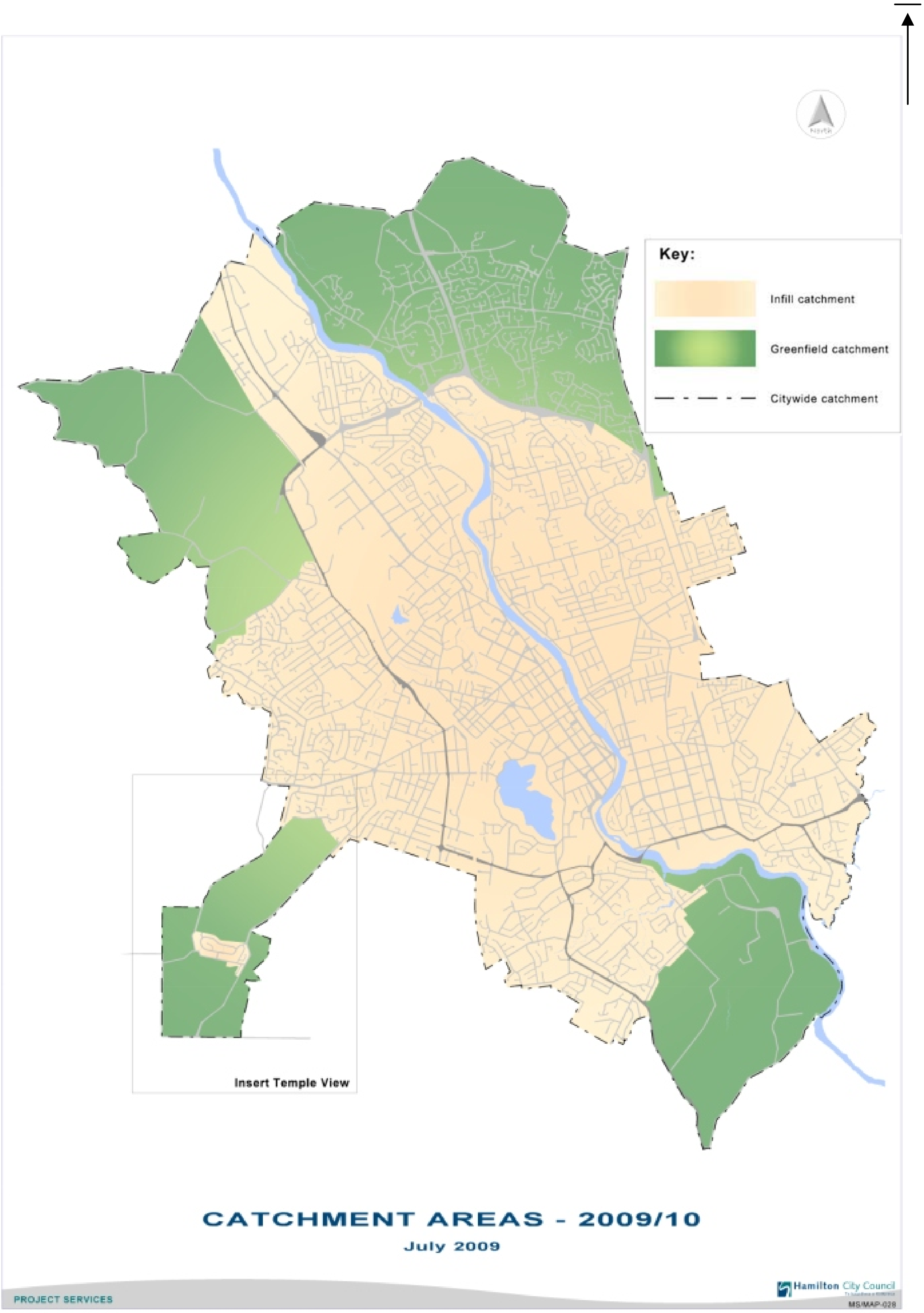
10.7.23 Council then assesses the benefits provided by the project to consider whether the additional capacity created may also provide benefits to existing residents, through an increased level of service. For example, a minor arterial road developed to service

a new subdivision may be used by both new and existing residents.

10.7.24 Finally, Council ensures that the allocation given to growth takes into account of the Council's four well-beings — economic, social, cultural and environmental. Council considers whether the growth community's well-being will be affected by the costs allocated under the previous steps of this process.

Stage 4 - Check that the final cost allocation is 'reasonable'

10.7.25 In this final stage Council considers whether that the cost allocated to growth is reasonable. This is established by comparing the cost allocated to growth to the cost of a stand-alone growth project. If the allocated growth cost is less than or equal to this amount then it is considered reasonable.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Greenfield catchment
Citywide catchment
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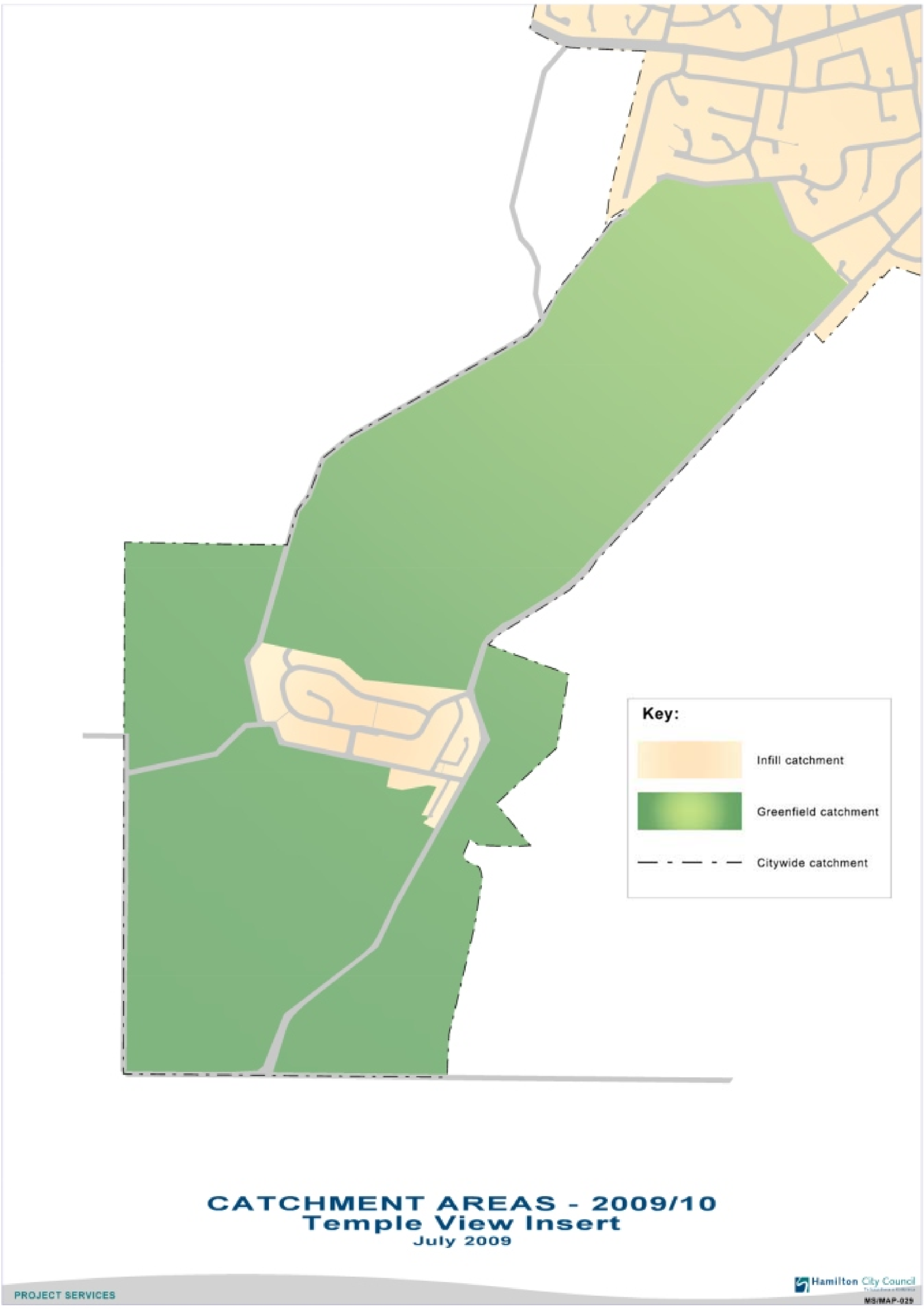
July 2009
PROJECT SERVICES
Hamilton City Council
MS/MAP-028


Key:
Infill catchment
Greenfield catchment
Citywide catchment
CATCHMENT AREAS - 2009/10
Temple View Insert
July 2009
PROJECT SERVICES
Hamilton City Council
MS/MAP-029

10.8 LTCCP Capital Expenditure Programme (2009-19)

10.8.1 Table 9 shows the cost of Council's growth related capital programme in the 2009-19 LTCCP. The figures include the cost of financing this expenditure over the period that each project provides capacity for growth. The total cost is split to show the capital project cost and the financing charges.

10.8.2 Table 9 also shows the forecasted revenue to Council from development contributions over the period that the programme provides capacity for growth and the proportions of total expenditure attributed to government subsidies, Council reserves and loan funding.

10.8.3 The cost of projects implemented prior to this LTCCP which provide capacity for current growth are shown in Table 10. This table summarises the costs that will be recovered through development contributions in the current LTCCP.

10.8.4 Table 11 shows Council's debt forecasts in relation to growth related capital expenditure and development contribution revenues.

Table 9 — 2009-19 LTCCP Capital Programme

	Funding source					
	Development contributions	**Financial contributions**	**Subsidies**	**Other funding (e.g. reserves, rates)**	**Total**	**% from Development Contributions**
Community Infrastructure	78,850	-	-	65,557	144,407	54.60%
Reserves	39,923	-	-	11,757	51,680	77.25%
Stormwater	121,986	-	-	68	122,054	99.94%
Transport	241,032	-	42,320	112,041	395,393	60.96%
Wastewater	65,263	-	-	14,491	79,754	81.83%
Water	110,040	-	-	8,294	118,334	92.99%
Total	**657,093**	**-**	**42,320**	**212,208**	**911,621**	**72.08%**
Project costs	312,335	-	42,320	212,208	566,863	55.09%
Financing costs	344,758	-	-	-	344,758	100.00%





Table 10 — Breakdown of Development Contributions budget

	Cost of growth projects implemented prior to LTCCP	DC component of 2009-19 LTCCP	Total
Community Infrastructure	7,112	78,850	85,962
Reserves	47,944	39,923	87,866
Stormwater	23,823	121,986	145,809
Transport	69,336	241,032	310,367
Wastewater	83,181	65,263	148,444
Water	50,586	110,040	160,626
Total	**281,981**	**657,093**	**939,074**

Table 11 - Council's forecasted debt 2009/10 to 2053/54

Financial Year	Opening debt ($ 000s)	Development Contribution Revenue ($ 000s)	Growth related capital expenditure ($ 000s)	Closing debt ($ 000s)
2009/10	102,240	9,462	22,334	122,088
2010/11	122,088	13,841	28,215	144,717
2011/12	144,717	22,686	31,989	164,268
2012/13	164,268	24,443	36,978	188,927
2013/14	188,927	25,931	63,041	241,897
2014/15	241,897	27,282	38,378	270,866
2015/16	270,866	27,199	36,872	300,385
2016/17	300,385	29,465	22,838	314,689
2017/18	314,689	31,384	35,048	341,142
2018/19	341,142	34,167	32,427	363,894
2019/20	363,894	35,053	0	352,517
2020/21	352,517	30,723	0	344,963
2021/22	344,963	31,787	0	335,725
2022/23	335,725	32,998	0	324,524
2023/24	324,524	33,869	0	311,581
2024/25	311,581	33,462	0	298,144
2025/26	298,144	32,663	0	284,595
2026/27	284,595	32,729	0	270,001
2027/28	270,001	31,399	0	255,781
2028/29	255,781	32,390	0	239,475
2029/30	239,475	28,498	0	226,168
2030/31	226,168	27,798	0	212,653
2031/32	212,653	27,416	0	198,574
2032/33	198,574	27,418	0	183,479
2033/34	183,479	27,249	0	167,478
2034/35	167,478	27,022	0	150,569
2035/36	150,569	24,861	0	134,759
2036/37	134,759	23,163	0	119,631
2037/38	119,631	22,627	0	103,988
2038/39	103,988	20,654	0	89,334





Financial Year	Opening debt ($ 000s)	Development Contribution Revenue ($ 000s)	Growth related capital expenditure ($ 000s)	Closing debt ($ 000s)
2039/40	89,334	18,899	0	75,506
2040/41	75,506	17,907	0	61,746
2041/42	61,746	16,436	0	48,572
2042/43	48,572	14,896	0	36,101
2043/44	36,101	13,062	0	24,698
2044/45	24,698	8,904	0	16,931
2045/46	16,931	7,524	0	10,084
2046/47	10,084	4,761	0	5,706
2047/48	5,706	3,076	0	2,820
2048/49	2,820	1,068	0	1,878
2049/50	1,878	837	0	1,116
2050/51	1,116	862	0	272
2051/52	272	478	0	0

10.9 Schedule of Development Contributions — 2009/10

10.9.1 The schedule of development contributions charges for 2009/10 are shown in the tables below. The amounts relate directly to the cost of infrastructure projects to be undertaken in the LTCCP period (2009-2019) across each area of service. All figures include the recovery of costs incurred on projects in anticipation of development occurring after 1 July 2005 (see Section 10.8).

10.9.2 Council has adopted units of demand to compare and cost the relative demands that different types of developments place on Council-provided infrastructure. Units of demand are expressed in housing unit equivalents or HUEs. A single HUE calculates the demand of an average residential household. Commercial and industrial activities are expressed in terms of HUEs and are calculated at a rate per $100m^2$ of gross floor area. In relation to stormwater this is expressed as a rate per $100m^2$ of site area. Cost identification and its attribution are explained in more detail in Sections 10.6 and 10.7 of this policy.

10.9.3 With the exception of commercial developments of permanent accommodation (see Special Provision 6), industrial and commercial developments not charged for reserves as these developments will not require growth in the Council's reserve infrastructure.

10.9.4 Community infrastructure, transport, wastewater and water development contributions for industrial and commercial developments will be calculated on a pro-rata basis for each 100m^2 of gross floor area. Stormwater development contributions assessed at resource consent stage will be assessed on a per 100m^2 of site area, with the exception of stormwater contributions assessed on developments on vacant sites and additional buildings or extensions to existing buildings (see Special Provisions 4 and 5).

Table 12 Residential Development Contributions 2009/10

	\$ [8] (Per dwelling)	
Expenditure category	**Greenfield**	**Infill**
Community Infrastructure	3,093	843
Reserves Contributions	4,994	224
Stormwater	5,292	188
Transport	4,041	2,467
Wastewater	8,533	3,986
Water	5,675	2,912
Total	**31,629**	**10,619**

Table 13 Commercial Development Contributions 2009/10

	\$ (Per 100m^2 of gross floor area)	
Expenditure category	**Greenfield**	**Infill**
Community Infrastructure	835	228
Reserves Contributions	-	-
Stormwater (Per 100m^2 of site area)	1,196	42
Transport	8,083 (14,145 to 4,850)[9]	4,934 (8,364 to 2,960)
Wastewater	1,536	717
Water	681	349
Total	**12,331 (18,393 to 9098)**	**6,270 (9700 to 4296)**

[8] All figures are exclusive of GST. GST will be added at the time of payment.
[9] See Table 7 for details of HUEs used to calculate Commercial Transport development contributions. The amount for one HUE is given in the table for Residential development contributions above (Table 12).





Table 14 Industrial Development Contributions 2009/10

	$ (Per 100m^2 of gross floor area)	
Expenditure category	**Greenfield**	**Infill**
Community Infrastructure	464	126
Reserves Contributions	-	-
Stormwater (Per 100m^2 of site area)	1,196	42
Transport	3,637	2,220
Wastewater	768	359
Water	397	204
Total	**6,462**	**2,952**

10.10 Method of assessment

10.10.1 Council will follow a number of steps when assessing and requesting payment of a development contribution and considering requests for remissions.

Step 1 — Making an application
Step 2 — Does the development meet the qualifying criteria?
Step 3 — Assessment of development contribution payable
Step 4 — Issuing a decision
Step 5 — Making a payment
Step 6 — Postponement and enforcement
Step 7 — Remission process

Step 1 — Making an application

10.10.2 All applications for a resource or building consent or a request for a service connection will be assessed for development contribution charges. Information contained in the application will be used to calculate whether development contributions will be charged. Council records will be used to assess whether any credits or special provisions are applicable to the development (see Section 10.11 on special provisions). If necessary, additional information will be requested to enable the calculation to be made.

Step 2 — Does the development meet the qualifying criteria?

10.10.3 A development will only attract development contributions under this policy if the following four criteria are met:

I. The activity generates demands for Council-provided reserves, network infrastructure or community infrastructure; and
II. The development, either alone or cumulatively with another development, requires new or additional assets, or assets of increased capacity and to provide for these assets will cause or has already caused Council to incur capital expenditure; and
III. The cost of these assets is not fully met by third party funding; and
IV. The assets will not be directly provided by the developer

10.10.4 Any project by Council that has been funded in whole or in part by development contributions will not itself be liable to pay development contributions.

Step 3 — Assessment of development contributions payable

10.10.5 Subject to the development meeting the four assessment criteria, each development will be assessed on a holistic basis to reflect the increased demand placed on Hamilton City Council infrastructure. Development contributions will be applied at the “first opportunity”. This may be at the granting of a resource consent, a building consent or upon a request for a service connection. Consideration will also be given to whether any credits or special provisions apply (see Section 10.9).

Assessment at Resource Consent stage — Residential

10.10.6 Development contributions will be assessed at resource consent stage for new land use or subdivision requests. For subdivision resource consents, where specific details about the development are not yet known by the developer, an assessment of the development contributions will be made on the basis that one newly created lot creates one residential unit of demand.

10.10.7 Where consent is granted for a subdivision resource consent an advisory note will be included specifying that a 224(c) certificate will not be issued if a development contribution is unpaid. The exception to this is where a staged approach to payment of development contributions has been agreed for a multi-stage development (refer to Special Provision 9) or bonded development contributions (refer to clause 10.10.28).

10.10.8 Developments assessed at resource consent stage will have their contributions reassessed at the building consent stage, when the specifics of the proposed activity on the site are confirmed. Any additional demand above that anticipated at subdivision stage will be subject to further assessment and charged as appropriate. Should a land use resource consent (if required) and building consent be granted prior to an application for a 224(c) certificate all relevant demand charges will be paid during the building consent process or 224(c) process, whichever is sooner.

10.10.9 On occasion a land-use resource consent may be granted for a development that will not require the developer to submit an application for building consent. In these instances notice of any development contribution charges will be provided to the developer, also stating that the resource consent must not be commenced until the development contributions owed to Council have been paid in full.

10.10.10 Land use resource consents associated with developments that do require building consents will not have development contributions charged against them (although an estimate will be provided). Development contributions for these developments (if required) will be charged at the building consent stage

10.10.11 Where a resource consent has been granted for a multi-stage development (refer to Special Provision 9) or bonded development contributions (refer to clause 10.10.28), consent holders must advise Council in writing of their intention to commence development. The required development contributions (if any) will be calculated and invoiced on the basis of the policy and rates applicable at the time the land use consent was originally granted (subject to a Producer Price Index for Construction adjustment if applicable — See Step 5).

Assessment at Resource Consent stage - Industrial/Commercial

10.10.12 Development contributions will be assessed at resource consent stage for new land use or subdivision requests. For subdivision resource consents, where specific details about the development are not yet known by the developer, an assessment of the development contributions will be made on the basis of the District Plan zone that the development will take place (commercial or industrial) and calculated on an average size of a development in this zone.

10.10.13 The assessment will be calculated on the assumption that in an Industrial zone the gross floor area of a development will on average be 35 per cent of site area and in a commercial zone developments will on average have a gross floor area 20 per cent of site area.

10.10.14 Developments assessed at resource consent stage will have their contributions reassessed at the building consent stage. Developments that create a demand above the resource consent assumptions will be assessed for additional contributions.

10.10.15 Where consent is granted for a subdivision resource consent an advisory note will be included stating the assessed amount of development contributions (if any) and specifying that a 224(c) certificate will not be issued if a development contribution is unpaid. The exception to this is where a staged approach to payment of development contributions has been agreed for a multi-stage development (refer to Special Provision 9) or bonded development contributions (refer to clause 10.10.28).

10.10.16 On occasion a land-use resource consent may be granted for a development that will not require the developer to submit a building consent. In these instances notice of the development contribution charge will be provided to the developer stating that the resource consent must not be commenced until the development contributions owing to Council (if any) have been paid in full.

10.10.17 Land use resource consents associated with developments that do require building consents will not have development contributions charged against them (although an estimate will be provided). Development contributions for these developments





(if required) will be charged at the building consent stage.

10.10.18 Where a resource consent has been granted for a multi-stage development or bonded development contributions, consent holders will need to advise Council in writing of their intention to commence development. The required development contributions (if any) will be calculated and invoiced on the basis of the policy and rates applicable at the time the land use consent was originally granted.

Assessment at Building Consent stage - Residential/Industrial/Commercial

10.10.19 Development contributions, if applicable, will be assessed and advised at the time of granting a building consent with the exception of development contributions associated with future stages of a multi-stage development (refer to Special Provision 9) or bonded development contributions (refer to clause 10.10.28).

10.10.20 Development contributions must be paid upon the granting of a service connection, prior to the issuing of a code of compliance certificate or 180 days from the date the building consent was granted (invoiced at 150 days), whichever is sooner. The service connection or code of compliance certificate will be withheld until development contributions assessed against a building consent are paid in full.

10.10.21 Development contributions that were previously assessed at resource consent stage will have their contributions re-assessed. Any additional demand, above that created at subdivision stage will be subject to further assessment and charged as appropriate. Should a land use resource consent (if required) and building consent be granted prior to the payment of development contributions as required on the subdivision consent then all relevant charges will be paid in accordance with 10.10.20.

Assessment upon a request for a service connection

10.10.22 In addition to Clause 10.10.20, development contributions for developments requiring a service connection, for which a development contribution has not been assessed and paid, will be assessed and advised at the time of the application for service connection. If a development contribution is payable, the authorisation for service connection will be withheld until payment is received with the exception of development contributions associated with future stages of a multi-stage development (refer to Special Provision 9) or bonded development contributions (refer to clause 10.10.28)

Step 4 — Issuing a decision

10.10.23 Prior to the grant of a building consent or authorisation for a service connection applicants will be notified of Council's decision in an advisory note. The advisory note will detail the development contribution required (if any), the various payment options and relevant payment dates (see Table 15).

Table 15 Requirements for payment by stage in development

Stage	Requirements
Subdivision resource consent	A 224(c) certificate will not be issued until payment is received
Land use resource consents (for developments that do not require a building consent)	Payment must be received prior to resource consent being commenced
Building consent	Payment must be received at the earliest of; 1) Granting of a service connection 2) The uplift of a code of compliance certificate 3) 180 days from the date the building consent was granted.
Service connection	Service connection will not be authorised until payment is received.

10.10.24 Where multiple consents apply to a site, the first trigger point reached will create the requirement to pay. For example, where a subdivision consent runs concurrently with a building consent should a service connection be granted development contributions shall be paid before the service connection is actioned. An advisory note on the subdivision resource consent will be issued stating that a 224(c) certificate will be withheld pending payment of development contributions.

Step 5 — Making a payment

10.10.25 Invoices relating to subdivision applications will be sent on request at any time or otherwise at the time of request for a 224c certificate. Invoices related to land use resource consents that are not linked to building consents will be raised at the time of granting the consent or at an earlier time upon request by the developer.

10.10.26 Development contributions for land use resource consents that are linked to building consents will be assessed and estimated at the resource consent stage. However, such development contributions will only be formally charged at building consent stage. Invoices relating to building consents and service connections will be raised in accordance with Clause 10.10.20 or prior to this by request from the developer.

10.10.27 All invoices will be raised at the rates applicable at the time the `consent is granted. Development contributions assessed against subdivision resource consents will be adjusted annually (at 1 July) using the Producers Price Index (Outputs) — Construction (see Table 16 below).

Bank bonds

10.10.28 At its sole discretion Council, may accept a bank bond to secure future payment of a development contribution of more than $50,000 (excl. GST). If Council exercises its discretion to accept a bond, the bond:

- Will only be accepted from a registered trading bank;
- Shall be for a fixed term no longer than two years from the time the development contribution was assessed;
- Will have an interest component added at an interest rate of two per cent above the Reserve Bank official cash rate on the day the development contribution was invoiced; and
- Shall be based on the GST inclusive amount of the contribution.

10.10.29 At the end of the term of the bond, the development contribution (together with interest) is payable immediately to Council. If Council agrees to enter into a bond agreement, all costs associated with the preparation of the bond documents (including Council's legal fees) will be met by the applicant.

Step 6 — Postponement and enforcement

10.10.30 With the exception of the bonding arrangement described in clause 10.10.28 this policy does not provide an opportunity to postpone the payment of development contributions.

10.10.31 Where payment is not received, Council will in accordance with section 208 of the Local Government Act 2002, as relevant:

- withhold a certificate under Section 224(c) of RMA 1991
- prevent commencement of a resource consent under RMA 1991
- withhold a code of compliance certificate under Section 95 Building Act 2004
- withhold a service connection to the development
- and in each case may register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the affected land In addition to the development contribution charge Council will require all costs associated with registering or removing the charge upon the title. These costs must be paid prior to the charge being removed.

10.10.32 Development contributions assessed on subdivision resource consents prior to 1 July but unpaid at 1 July will be adjusted annually on 1 July by the percentage change in the Producers Price Index for Construction (PPI), beginning with development contributions assessed between 1 July 2006 and 30 June 2009 but unpaid at 1 July 2009. Development contributions assessed prior to 1 July 2006 are exempt from PPI adjustments.

10.10.33 Where contributions are paid, the units of demand that they provide for will be recorded and will be credited against any subsequent consent applications. Accordingly, whilst subsequent applications will enable a reassessment and recalculation to be made, additional contributions will only be required where there will be an increase in units of demand arising from the development

Producer Price Index Adjustment Multipliers

10.10.34 The following table contains the multipliers that will be used when making PPI adjustments. The multipliers represent the percentage change in the PPI for the year to the end of the March quarter. The "multiplier" column represents a one-year increase. The "cumulative multiplier" column represents the cumulative increase to 30 June 2009.

Table 16 PPI adjustment multipliers

Adjustment Date	Multiplier	Cumulative Multiplier
1 July 2007	1.053	-
1 July 2008	1.052	1.107
1 July 2009	1.030	1.141

Step 7 — Remission process

10.10.35 In accordance with section 198(3)(a) of the LGA 2002, development contributions are not imposed as a condition of a resource consent and are not subject to the objection or appeal processes set out in the Resource Management Act. However a process is available to consider appeals of development contributions assessed by Council.

10.10.36 Should you seek a remission or reduction to a development contribution a request must be made to Council in writing within 15 working days of the date of granting the resource consent, building consent or application for service connection or the date the charge is imposed if not included and advised on the date of granting the consent. The applicant must set out the grounds for the appeal and supply all supporting documents.

10.10.37 As soon as reasonably practicable, Council's Statutory Management Committee will hold a hearing for the purposes of reviewing the appeal. If a hearing is to be held, Council will give at least 10 working days notice to the applicant of the date, time and place of that hearing. In addition, any relevant documentation will be disclosed to the applicant for remission at least ten working days prior to the date of hearing. In making its decision, issues the Council may consider include:

- the funding and financial policies

- the extent to which any works proposed by the applicant reduce or obviate the need for works proposed by Council in its LTCCP or significantly reduce the level of demand arising from the development
- contributions previously paid or works undertaken as a result of agreements with Council
- the impact on accepted levels of service as adopted in Council's Activity/Asset Management Plans.

10.10.38 The Statutory Management Committee may, at its discretion, uphold reduce or cancel the original development contribution charge. A formal decision will be notified to the applicant within 10 working days of the close of the hearing.

10.10.39 Information to this effect will be attached to any consent and details of any outstanding development contributions will be recorded on Land Information Memoranda.

10.10.40 Decisions on individual requests will not alter the basis of the policy itself.

10.11 Credits and Special Provisions

Credits

10.11.1 Development contributions are payable for increased units of demand. In calculating and invoicing development contributions Council will recognise and provide a credit for any pre-existing units of demand arising from:

- An existing building retained on the site. Existing buildings will be removed from the calculation of the units of demand . This prevents double dipping, as the retained development will be treated as an existing, and not additional, unit of demand.
- A building on a site that was either demolished, removed or destroyed by fire or any other cause. Buildings of this type will remain attached to the site for a period of three years from the date of removal after which time the credit will cease to apply. The applicant shall provide evidence to support the date of removal.
- A resource or building consent capable for implementation for a building on the site, granted prior to 1 July 2005 which has not lapsed, been surrendered or cancelled. Credits will be given for all activities except for the community infrastructure.
- A resource or building consent for a building on the site granted between 1 July 2005 and 30 June 2009 for which a development contribution has been calculated and paid in full prior to 1 July 2009.

10.11.2 Calculation of the units of demand to determine a credit will follow the method set out in Section 10.7. Development contributions will only be payable for increased units of demand. No refund will be given for any decrease in units of demand arising from new development as infrastructure provision and expenditure will be

planned and committed on the basis of the higher level of demand.

10.11.3 Credits for units of demand will attach to the parent lot and are not transferable between sites.

10.11.4 Credits for units of demand provided for commercial and industrial activities will be assessed on a gross floor area basis, except in the case of stormwater contributions, which shall be on the basis of site area. Credits for units of demand will not be provided for commercial or industrial activities undertaken in an area of a site that is not included within the definition of gross floor area. An example of this would be an outdoor area used for retail purposes.

Special Provisions

10.11.5 A number of special provisions apply when determining the development contributions payable:

Special Provision 1	Discounted residential rate
Special Provision 2	Discounted commercial and industrial rates
Special Provision 3	Exemptions for the first residential dwelling
Special Provision 4	Exemptions for vacant industrial and commercial sites with title or consent pre-June 30 2005
Special Provision 5	Stormwater contributions for additional buildings on industrial and commercial sites with title or consent pre-June 30 2005
Special Provision 6	Developments providing permanent accommodation
Special Provision 7	Developments providing non-permanent accommodation
Special Provision 8	Developments not connecting to Council wastewater network
Special Provision 9	Multi-stage developments

Special Provision 1 — Discounted residential rate

10.11.6 A discounted residential rate per dwelling applies to proposed development by subdivision of a site for residential purposes where previous levies were paid under the District Plan, in accordance with the mitigating principles of the Resource Management Act 1991.

10.11.7 The discounted residential rate has been calculated by excluding projects from the development contribution model that were previously recovered through Resource Management Act levies.

Table 17 Discounted residential rate

	Discounted residential rate ($) [10]	
Expenditure category	**Greenfield**	**Infill**
Community Infrastructure	3,093	843
Reserves Contributions	4,994	224
Stormwater	4,682	188
Transport	1,819	1,382
Wastewater	6,428	3,986
Water	4,423	2,912
Total	**25,439**	**9,534**

Special Provision 2 - Discounted commercial and industrial rate

10.11.8 Discounted commercial and industrial rates apply to development by subdivision of a site for commercial and/or industrial purposes where previous levies were paid under the District Plan. The discounted commercial and industrial rates have been calculated by excluding projects from the development contribution model that were previously recovered through Resource Management Act levies.

10.11.9 Special provision 2 will only apply to the first subdivision consent on a vacant site that had a previous subdivision consent where financial contributions were paid. Any subsequent subdivision consents granted on the site will be subject to a full assessment for development contributions.

[10] All figures are exclusive of GST. GST will be added at the time of payment.





Table 18 Discounted commercial rate

	Discounted commercial rate ($) [11]	
Expenditure category	**Greenfield**	**Infill**
Community Infrastructure	835	228
Reserves Contributions	-	-
Stormwater	1,058	42
Transport	3,638	2,763
Wastewater	1,157	717
Water	531	349
Total	**7,219**	**4,100**

Table 19 Discounted industrial rate

	Discounted industrial rate ($) [12]	
Expenditure category	**Greenfield**	**Infill**
Community Infrastructure	464	126
Reserves Contributions	-	-
Stormwater	1,058	42
Transport	1,637	1,243
Wastewater	578	359
Water	310	204
Total	**4,047**	**1,975**

Special Provision 3 — Exemptions for first residential dwelling on a vacant site

10.11.10 Where a building consent was granted for a site that had title or was consented on or before 30 June 2005 and which meets the minimum size requirements of the District Plan, the developer shall be exempt from water, reserve, stormwater, wastewater and transport development contributions for the first dwelling developed, i.e. shall only pay community infrastructure contributions.

10.11.11 Sites below the minimum size required for development that are combined with larger adjacent sites will not be eligible for separate exemptions other than that granted to the larger site.

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[11] All figures are exclusive of GST. GST will be added at the time of payment.
[12] All figures are exclusive of GST. GST will be added at the time of payment.





For example a lot with a site area of 150m² that is merged with a neighbouring lot of 400m² will not attract a full unit of demand credit, the resulting site of 550m² will still attract a charge for community infrastructure for the first dwelling and a full charge for development contributions for each additional unit of demand.

10.11.12 Full development contribution levies will apply to consents and authorisations for additional residential dwellings or any other units of demand on the site. This special provision will only apply to consents or authorisations granted before 1 July 2013 after which time additional charges may be payable the projects towards which financial contributions were previously paid on a site will be removed from the development contribution model.

Special Provision 4 — Exemptions for vacant industrial and commercial sites with title or consent pre-June 30 2005

10.11.13 A building consent granted for the first commercial or industrial gross floor area on a vacant site that had title or was consented on or before 30 June 2005 and where no previous levies have been paid will attract development contributions for stormwater, water, transport and wastewater on the GFA in excess of 35 per cent of industrial site area and 20 per cent of commercial site area.

For example if a development on a 1,000m² site will have a GFA of 500m², development contributions for stormwater, water, wastewater and transport will be charged on 150m² of GFA (35 per cent of 1,000m² equals 350m²). Stormwater will be charged on a footprint gross floor area basis.

10.11.14 The exemptions reflect the fact that the developer would not have had an expectation that development contributions would be levied so contributions are only assessed on developments above an average size for industrial and commercial developments.

10.11.15 No discount will be given for the community infrastructure contribution and this will be charged on the total gross floor area. This special provision will only apply to consents or authorisations granted before 1 July 2013 after which time full levies will be payable.

Special Provision 5 — Stormwater contributions for additional buildings on industrial and commercial sites with title or consent pre-June 30 2005

10.11.16 Where a building consent is granted for additional gross floor area, stormwater contributions will be assessed on the increased site coverage of the gross floor area. This special provision will apply to additional buildings on industrial and commercial sites with title or consent on or before 30 June 2005 and where no previous stormwater levies have been paid.

10.11.17 Additional gross floor area that does not increase site coverage, for example an additional storey on an existing building, will not be included in the assessment as it will not increase the site coverage of the building and thus the amount of stormwater generated.





For example if 100m² of gross floor area was to be added to an existing building of 400m² gross floor area and this increased the footprint of the building by 100m², stormwater contributions would be charged on 100m².

Special Provision 6 — Developments providing permanent accommodation

10.11.18 Some developments that provide for permanent accommodation require special provision as they are not covered by the definition of residential dwellings in this policy (see Section 10.1). These developments include but are not limited to hospices, houses for the aged and infirm, residential centres and hostels.

10.11.19 Developments of this type are treated as commercial developments for the purposes of this policy except in relation to reserves contributions where they will be assessed on a residential dwelling basis.

10.11.20 The equivalent number of residential dwellings that a development is deemed to provide is determined by dividing the gross floor area of the development (or the estimated gross floor area) by the average size of new residential dwellings built in the city (170m²).

Special Provision 7 — Developments providing non-permanent accommodation

10.11.21 Developments providing for non-permanent accommodation (i.e. short-term accommodation) shall be treated commercial and shall be exempt from reserves contributions. This includes but is not limited to hotels, motels and short-term rental apartments.

Special Provision 8 — Developments not connecting to Council wastewater network

10.11.22 The wastewater portion of the development contributions charge will be removed from the amount of development contributions payable if a development does not immediately connect to the Council's wastewater network. However, if in future the development does connect to this network, the amount of the wastewater portion of the development contributions will be payable.

10.11.23 This amount will be calculated in accordance with the Development and Financial Contributions Policy that applies at the time of connection. Existing buildings at 1 July 2005 not connected to Council's wastewater network will not be charged a wastewater development contribution upon connection.

Special Provision 9 — Multi-stage developments

10.11.24 If a consent authorises a multi-staged development, development contributions, if applicable, are assessed at the time the consent or authorisation is granted but they do not have to be paid in full on the first stage of development. Development contributions may be paid on the units of demand associated with each stage except for stormwater development contributions in relation to building consents granted for commercial or industrial development.

10.11.25 These stormwater development contributions must be paid in full at the first stage of development as they relate to site area not gross floor area. For a development to be considered a multi-staged development, each stage should be able to be staged on a 'stand-alone' basis. In other words, each stage, if submitted as a sole application would meet the requirements of the District Plan and would comply with the prescribed manner and form of the statute applicable to the consent application.

10.12 Special Assessment Procedure

10.12.1 In accordance with the requirements set down in Sections 10.6 and 10.7, development contributions are set within the context of an averaging approach that enables Council to assess the impact of residential, industrial and commercial development within greenfield and infill catchment areas upon each component of Council infrastructure.

10.12.2 Council has applied an 'averaging approach' when estimating units of demand (UOD) that will apply to the majority of applications for resource consent, building consent or application for a service connection. However, a special assessment of the development contribution may be conducted by Council (on application by the applicant or Council) when:

(i) The development can be shown to rest outside the standard categories of residential, commercial and industrial (for example schools and hospitals) or;

(ii) The development's impact upon the relevant development contribution component must be reduced by a substantial amount compared to those amounts contained within tables 2 to 6 of this policy. This includes developments incorporating features of low impact design that can demonstrate a long term reduction in demand on Council infrastructure.

(iii) The applicant must supply to Council all relevant evidence, relating to each applicable component, that supports the applicant's submission and;

(iv) The applicant shall comply with Council's reasonable requests for disclosure of documents to allow Council to assess the applicant's submission(s);

(v) Upon reasonable request from Council to the applicant for disclosure of relevant documents the applicant's request for special assessment will be suspended until such time that the requested matter has been disclosed;

(vi) Should the applicant fail, without reasonable excuse, to disclose any material requested in accordance with 10.12.2 (iv) within 20 working days of that request the application for special assessment will be declined in accordance with 10.12.4 of this policy.





10.12.3 Should the applicant fail to disclose any document reasonably requested in accordance with 10.12.2 (iv) and (v) the application for special assessment will be declined on the grounds that Council are unable to assess the applicant's application.

10.12.4 Council may uphold the application for special assessment in whole or in part or may decline the application.

10.12.5 Nothing in Section 10.12 impinges upon the applicant's right to apply for a remission in accordance with Clause 10.10.35 of this policy.

10.13 Worked Examples

10.13.1 **Greenfield residential subdivision** - One existing lot with dwelling further subdivided to a total of four residential lots. **No** previous RMA levies or development contributions have been paid.

Methodology:

(i) This development results in a total of four residential lots post subdivision.
(ii) The existing dwelling is removed from the calculation being deemed as 'existing' demand. The remaining three lots are deemed 'additional' Units of Demand.
(iii) Calculation = 3 x Greenfield Residential full rate = $94,887 (+ GST).

10.13.2 **Infill residential development** on an existing lot with title granted on or before 30 June 2005. It is proposed to place six unit apartments on a single lot. No application for unit title is intended at this stage. No previous RMA levies or development contributions have been paid on the site.

Methodology:

(i) In accordance with this Policy the development will create six units of residential demand.

(ii) The first Unit of demand will attract development contributions for the community infrastructure component only, no charge will be made for transport, water, wastewater, stormwater or reserve.

(iii) The five remaining Units of Demand will be charged at the full residential Infill rate.

(iv) Calculation = 1 x Community Infrastructure $843 (+ GST). 5 x Full DC Rate $53,095 (+ GST).

(v) After the build is completed and the above charges have been paid an application is received to create six unit titles. This application will fail the test of initial assessment in that this new application will not create any

additional demand, therefore no development contributions will be charged on the Unit Title application.

10.13.3 **An Industrial Infill Zone** where it is proposed to add an additional 300m^2 Gross Floor Area (GFA) to an **existing** GFA of 750m^2. The site area being 3000m^2. No previous RMA levies or development contributions have been paid.

Methodology:

(i) Development Contributions are charged on the additional demand created by the proposed development, in this case the additional 300m^2. Stormwater is separated from the first phase of the calculation.

(ii) The existing GFA of 750m^2 is removed from the calculation model as this is deemed 'existing' demand. Development contributions are assessed on the remaining additional GFA of 300m^2 (with the exception of stormwater) = $18,684 (+ GST).

(iii) Stormwater will be assessed upon the additional footprint gross floor area of 300m^2 =$126 (+ GST).

(iv) Calculation at (iii) is added to calculation at (ii) for a total development contribution charge of $18,810 (+ GST).

10.13.4 **A Commercial Greenfield Zone** where it is proposed to build the **first** development (1200m^2 total GFA) onto a site (site area 4500m^2). RMA levies **have** been paid upon subdivision as part of an original twenty lot commercial subdivision in 2004.

Methodology:

(i) As previous RMA levies have been paid, 20% of the site area (900m^2) is removed from the total GFA used for calculation (with the exception of community infrastructure that is charged on the entire GFA). Thus complying with s. 200 LGA 2002.

(ii) Community Infrastructure is calculated on the total GFA (1200m^2) as $10,020(+ GST).

(iii) Water, wastewater and transport is calculated on the GFA outside the 20% site coverage given as credit being 300m^2 as $32,437 (+ GST).

(iv) As previous RMA levies have been deemed paid on a site area basis no further charge for stormwater can be made.

(v) Community Infrastructure (ii), transport, water and wastewater (III) are added together to calculate the total charge of $42,457 (+ GST).

N.B For an Industrial Zone use 35% site coverage discount on total Gross Floor Area.

10.13.5 **A new Industrial or Commercial Subdivision in the Greenfield area.** The proposed development is to create four additional lots each lot being 5000m^2 site area, a total of five lots including the parent lot. On the parent lot (with title pre July 2005) no previous levies have been paid.

Methodology:

(i) On subdivision a presumption is made based upon average site area coverage, for industrial this is 35% and commercial 20%.

(ii) Each additional lot being 5000m^2 for industrial the average site coverage is 1750m^2 and for commercial 1000m^2 (per Lot).

(iii) All development contribution components (Water, Wastewater, transport and community infrastructure) are calculated on this averaging basis.

(iv) Stormwater is calculated upon a site area basis using 35% (Industrial) and 20% (commercial) site coverage, this calculation is populated from the footprint gross floor area.

(iv) Charge for Industrial based upon 35% site coverage = $113,071.5 (+ GST).

(v) Charge for Commercial based upon 20% site coverage = $123,310 (+ GST).

(vi) On the remaining parent lot only the community infrastructure component is charged for the first 20% or 35% site coverage depending upon the activity status.

(vii) Should the subsequent development on the site be less that the average site coverage paid on subdivision, in accordance with this Policy, no refunds are available.

10.14 Financial contributions required by the Proposed District Plan

10.14.1 The following levies will continue to be charged under the Hamilton City Council Proposed District Plan 2001 in certain circumstances.

Table 20 — Remaining Financial Contributions under the Proposed District Plan

Levy	Reference in Proposed District Plan
Existing road supply levy	Rule 6.4.1
Berm upgrading levy	Rule 6.8.1d





11.0 Appointment and Remuneration of Directors of Council Organisations Policy

This policy should be read in conjunction with the Council - Controlled Organisations (CCOs) and Council Organisations (COs) pages in the Financial Section of the 2009-19 LTCCP (Volume I).

11.1 Introduction

Council is required by Section 57 of the Local Government Act 2002 to adopt a policy that sets out an objective and transparent process for:

- the identification and consideration of the skills, knowledge and experience required of directors of a council organisation;
- the appointment of directors to a council organisation;
- the remuneration of directors of a council organisation.

11.2 Definitions

The term "council organisation" ("CO") is used in the context of the definitions provided in Section 6 of the Act.

The Act also creates two sub-categories of COs - "council-controlled organisations" ("CCOs") and "council-controlled trading organisations" ("CCTOs").

The Council has interests that fall in each of these categories. Attached is an appendix which provides a list of such organisations.

The following definitions are provided for guidance purposes only. Fuller definitions are provided in Section 6 of the Act.

Meaning of "Council Organisation"

In broad terms, a CO is an organisation in which the Council has a voting interest or the right to appoint a director, trustee or manager (however described). This is a wide-ranging definition, covering a large number of bodies.

Meaning of Council-Controlled Organisation

A CCO is a CO in which one or more local authorities control, directly or indirectly, 50% or more of the votes or have the right, directly or indirectly, to appoint 50% or more of the directors, trustees or managers (however described).

Meaning of Council-Controlled Trading Organisation

A CCTO is a CCO that operates a trading undertaking for the purpose of making a profit.

11.3 Council Controlled Organisations

Council owns a shareholding in the following organisations that are defined as CCOs by the Local Government Act 2002. These are:

- Waikato Regional Airport Ltd (Council owns 50% of the shareholding). This company manages and operates the Hamilton International Airport. Other shareholders of this company are:
  - Waikato District Council 15.625%
  - Matamata-Piako District Council 15.625%
  - Waipa District Council 15.625%
  - Otorohanga District Council 3.125%

Council must co-operate with the other shareholders for the appointment of directors. The Finance & Audit Committee of Council monitors the performance of Waikato Regional Airport Limited. The Council's shareholder representative is His Worship the Mayor or in his absence, the Deputy Mayor.

- Hamilton Properties Ltd (Council owns 100% of the shareholding). This company is retained as a dormant company to protect the tax losses that the company holds.
- Local Authority Shared Services Limited (Council owns 7.69% of the shareholding). This Company provides local authorities within the Waikato Region with shared services, particularly in respect of information collection and management with the purpose of reducing the cost of these services.

11.3.1 Skills Required

Council considers that persons to be considered for directorship must have the skills, knowledge and experience to:

- guide the organisation given the nature and scope of its activities;
- contribute to the achievement of the objectives of the organisation.

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

- intellectual ability;
- an understanding of governance issues;
- either business experience or other experience that is relevant to the activities of the organisation (or both);
- sound judgement;
- a high standard of personal integrity;
- the ability to work as a member of a team.





11.3.2 Appointment of Directors

When vacancies arise in the CCO the Council will undertake the following process:

Waikato Regional Airport Ltd

The appointment of directors will be undertaken jointly with the other four shareholding councils. Nominations will be received from elected representatives from all current shareholders. The shareholders representatives will shortlist the nominations taking into account the skills required for the positions. The shareholder representatives will interview short listed nominations and a joint decision made for recommendation to the company AGM. The mix of skills and experience on the board will be taken into account, and consideration given to complementing and reinforcing existing skills and reducing known weaknesses where necessary.

Hamilton Properties Ltd (HPL)

Whilst HPL remains a dormant company, the directors will be His Worship the Mayor, the Chief Executive Officer and Messrs Walters and Brackenfrom Swarbrick Dixon (City Solicitors).

Local Authority Shared Services Limited

The constitution of the Company provides that six directors will be appointed from the shareholding local authorities with each director being the Chief Executive of Officer of that local authority. Hamilton City Council is entitled to appoint one director being the Chief Executive Officer. In addition, the Company may appoint up to three independent professional directors. The Chief Executive Officer or, in his absence, the Acting Chief Executive Officer is appointed proxy to vote on behalf of Hamilton City Council at the meetings of the Local Authority Shared Services Limited.

11.3.3 Final Appointment

The final appointment for directors for any CCO will be made in committee thus protecting the privacy and protecting the privacy of natural persons. Public announcements of the appointments will be made as soon as practicable after the Council and/or shareholding councils have made a decision.

11.3.4 Conflicts of Interest

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

11.3.5 Remuneration

Remuneration of directors of CCOs is a matter of public interest. The Council, in conjunction with other shareholders, will set the director's remuneration by resolution at the Annual





General Meeting. On reaching a view on the appropriate level of remuneration for directors the shareholders representative will consider the following factors:

- the need to attract and retain appropriately qualified people to be directors;
- the level and movement of salaries in comparable organisations;
- the past performance of the organisation;
- the financial position of the organisation.

11.4 Council Organisations

11.4.1 Hamilton Riverview Hotel Limited (HRHL)

Council owns 42% of Hamilton Riverview Hotel Limited and in accordance with the joint venture agreement with the other owners, is entitled to appoint up to two of the directors. The Council's shareholder representative is His Worship the Mayor or in his absence, the Deputy Mayor.

11.4.1.1 Skills Required

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

- intellectual ability;
- an understanding of governance issues;
- either business experience or other experience that is relevant to the activities of the organisation (or both);
- sound judgement;
- a high standard of personal integrity;
- the ability to work as a member of a team.

11.4.1.2 Appointment of Directors

Council considers that persons to be considered for directorship must have the skills, knowledge and experience to:

- guide the organisation given the nature and scope of its activities;
- contribute to the achievement of the objectives of the organisation.

The directors will be Michael Redman, whilst he is employed as Chief Executive Officer of Hamilton City Council, and one other appointed by Council at the triennial Council appointment meeting (or by notice of motion). Council will make the decision taking into account the skills required for the position at the triennial meeting or at a meeting following receipt of a notice of motion.

11.4.1.3 Conflicts of Interest

The Council expects that directors of HRHL will avoid situations where their actions could give rise to a conflict of interest. To minimise these situations the Council requires directors to follow the provisions of the New Zealand Institute of Directors' Code of Ethics. All directors are appointed "at the pleasure of the Council" subject to the terms of the Chief Executive Officer's Individual Employment Contract and may be dismissed for breaches of this code.

11.4.1.4 Remuneration

The Council, in conjunction with other shareholders, will set the director's remuneration by resolution at the Annual General Meeting. On reaching a view on the appropriate level of remuneration for directors the shareholders representative will consider the following factors:

- the need to attract and retain appropriately qualified people to be directors;
- the level and movement of salaries in comparable organisations;
- the past performance of the organisation;
- the financial position of the organisation.

Effective from the 3 November 2004, the elected representative who is appointed by Council as a director of HRHL shall receive 50% of the directors fee payable, with the other 50% retained by Council. Effective from 23 May 2007, the Chief Executive Officer will receive no additional compensation for the position of director, and any director's fees received are 100% retained by Council.

11.4.2 Hamilton Fibre Network Ltd (HFN)

Hamilton City Council is a shareholder in Hamilton Fibre Network Ltd (HFN), along with Environment Waikato, University of Waikato, Waikato Institute of Technology and Telco Infrastructure Investments (the investment arm of Velocity Networks Ltd).

The Hamilton City Council appointed Director of the Hamilton Fibre Network is the Deputy Chief Executive, a position currently held by Mr Blair Bowcott. The Deputy Chief Executive receives no fees for this position.

11.4.3 SODA Inc Limited

Hamilton City Council and Wintec have jointly established SODA Inc Limited, the City's new creative industries incubator, aimed at encouraging and enabling economically successful businesses within the creative industries sector, to thrive in Hamilton.

The Hamilton City Council appointed Director of SODA Inc Limited is General Manager Community Services, a position currently held by Ms Sue Duignan. The General Manager Community Services receives no fees for this position.

11.4.4 Other Council Organisations

11.4.4.1 Introduction

The Council has non-controlling interests in numerous COs. These are not-for-profit bodies.

Appointments to COs are made for a number of reasons. These include:

- to provide a means of monitoring where the Council has made a grant to that body;
- to enable Council involvement where the CO's activity is relevant to the Council;
- to satisfy a request from the CO that the Council appoint a representative;
- statutory requirements.

Appointments to a CO are generally for a three year term, and are made after the triennial Council elections at the triennial Council appointments meeting or at a meeting following receipt of a notice of motion.

Appointments will not extend beyond the Council's triennial term.

The Council will endeavour to minimise the number of appointments where the benefit to the Council of such an appointment is minimal.

All appointments will be at the pleasure of Council.

11.4.4.2 Identification of required skills, knowledge and experience of CO Directors, and Appointment

The range of reasons for the appointment of Council representatives to COs results in a wider range of desired attributes for appointees to these bodies.

Council will determine the required skills, knowledge and experience for each appointment. Candidates are not restricted to Councillors — in some cases, it may be more appropriate to appoint Council staff or external people with affiliations to the Council.

11.4.4.3 Remuneration of CO Directors

CO directors appointed by the Council will receive the remuneration (if any) offered by that body.

12.0 Freeholding of Council Domain and Municipal Endowment Leases Policy

12.1 Objective

To freehold Council Domain and Municipal Endowment Perpetual Leases.

Hamilton City Council owns land originally acquired by endowment from the Crown to be held by Council on the terms of the original endowment.

The land is held for the purposes of endowment funds:

a) Domain Endowment

b) Municipal Endowment

The Domain land (as listed in Attachment One) is held by Council for the purposes of the Domain Endowment Fund which include the maintenance or improvement of reserves, purchase of land in the name of the Crown as Recreation Reserve, or purchase of land in the name of Council for the purposes of the Hamilton Domain Endowment Act 1979.

The Municipal land (as listed in Attachment Two) is held by Council for purposes of the Municipal Endowment Fund, which is to generate income which is used to reduce the rates requirement of the City.

12.2 Policy

Upon application from the lessee, Council will freehold Council Domain and Municipal Endowment Leases as follows:

12.2.1 Domain Endowment Leases

Freeholding of Domain Endowment Leases shall proceed at 100% of the Current Market Value of the land based on independent valuation. The value may be contestable by arbitration.

The applicant lessee will pay all Council's reasonable costs in the matter, including arbitration costs.

12.2.2 Municipal Endowment Leases

Freeholding of Municipal Endowment Leases shall proceed at 100% of the Current Market Value of the land based on independent valuation OR the Lessors Interest Value based on independent valuation, whichever is the greater. The value may be contestable by arbitration.

The applicant lessee will pay all Council's reasonable costs in the matter.

The proceeds shall be immediately credited to the relevant Domain Endowment Fund or the Municipal Endowment Fund, and those proceeds shall be used for (in the case of Domain Endowment Land) the maintenance or improvement of reserves, purchase of land in name of Crown as Recreation Reserve, or purchase of land in name of Council for purposes of the Act; and (in the case of Municipal Endowment Land) for the purchase of commercial properties, the income from which is used to reduce the rates requirement of the City.

Attachment One

Domain Endowment Leasehold Land

Property Reference	Property Address	Legal Description	Land Area
10002	297 Ulster Street	Lot 1 DPS 12212	2157.5m²
10005	92 Bryce Street	Lot 1 DPS 28891	1.2228 ha
10010	225 Dey Street	Lot 10 DP 35144	812m²
10017	189 Fox Street	Lot 7 DPS 1200	675m²
10020	5 Henry Street	Lot 8 DPS 2099	759m²
10026	5 Cotter Place	Lot 8 DPS 4051	679m²
10027	126 Fox Street	Lot 4 DPS 5647	718m²
10029	103 Dey Street } merged	Lots 7 & 8 DP 34426	1457m²
10030	101 Naylor & Dey Streets	and Lot 1 DPS 82950	
10033	13 Graham Street	Lot 2 DPS 9966	3407m²
10036	37 Sillary Street	Lot 1 DP 33843	2023m²

Attachment Two

Municipal Endowment Leasehold Land

Property Reference	Property Address	Legal Description	Land Area
20017.001	145-149 Ward Street	Lots 14 & 15 DP 17135	791m^2
20017.002	145-149 Ward Street		
20017	151-155 Ward Street	Lots 16 & 17 DP 17135	971m^2
20019	179 Ward Street	Lots 23 & 24 DP 17135	592m^2
20021.001	109 Ward Street	Lots 1 & 2 DP 17135	590m^2
20021.002	109 Ward Street	Lots 3 & 4 DP 17135	788m^2
20021.003	109 Ward Street	Lots 5 & 6 DP 17135	788m^2
20003	58 Willoughby Street	Lot 11 DP 33796	586m^2
20007	92 Clyde Street	Lot 6 DP 35296	559m^2
20012	205 Clyde Street	Lot 13 DPS 6250	696m^2
20015	258 Fox Street	Lot 13 DP 35611	558m^2
20016	12 Wiremu Street	Lot 9 DPS 5418	830m^2
20023.001	77 Norton Road	Lots 3, 4 & 6 DPS 8955	1668m^2
20023.002	79 Norton Road	Lot 5 DPS 8955	614m^2

13.0 Business Improvement District (BID) Policy

13.1 Introduction

13.1.1 Definitions

BID	Business Improvement District
Council	Hamilton City Council
Elected committee	The body elected by businesses in the BID area to govern the operations of the BID
BID Manager	The person recruited or contracted by the BID to manage its day to day activities

13.1.2 Overview

A Business Improvement District Programme is a partnership between a local authority and the local business community to develop projects and services that will benefit the trading environment within the boundary of a clearly defined commercial area. A BID is financially supported by the levying of a targeted rate and collected from all non-residential properties within the defined boundary.

Place based problems and issues demand place based responses. BIDS offer long term solutions. They are based on incremental success and local business involvement. Key objectives of BIDs are business creation and development, increased employment and local business investment, and an enhanced physical environment. BIDs are also intended to promote the profile of a particular commercial district or business centre.

BID's are an important element in delivering Hamilton's Economic Development Strategy. They build on Hamilton's value proposition of as a young, dynamic, agile city able to capitalise on opportunities by capturing the energy and skills of the city's businesses.

13.1.3 Purpose of this Policy

This Policy provides guidance for prospective BIDs and as well as Hamilton City Council (referred to in this document as the "Council") who administers BID programme and their associated targeted rates.

The Policy addresses:

- The establishment of new BID programmes;
- The operations of existing BID programmes; and
- Managing the performance of BID programmes.

The strategic goals of the Policy are:

- to support business creation, attraction, retention and expansion within commercial districts and business centres
- to promote encourage the development of locations where businesses want to be based, through marketing, events and promotion
- to promote urban design and heritage through enhancements to the public realm
- to help contribute to the vibrancy of the BID area

Each objective must be given full consideration and developed and promoted in partnership. The BID's programme of work should reflect the short, medium and long term priorities of the area

a) BID Objectives

Business development:

BID objective 1: To strengthen the district's existing economic base while finding ways to expand it to meet new opportunities and changes in the retail and economic climate of the region and country.

A BID must consider ways in which an area's assets and commercial offer can be improved and maximised.

Core principles of business creation, attraction, retention and expansion should be applied. These may include but are not limited to promotion and marketing, networking, advice on best practice, business-to-business development and developing a business centre prospectus for potential investors and tenants.

Promotion, events and marketing:

BID objective 2: To market the commercial district and business centre's assets to customers, potential investors, new business, local citizens and visitors.

A BID should attract new businesses and increase pedestrian rates through marketing, special events and promotions.

Each BID should develop a series of key messages about the activities and benefits of the programme so that members are fully informed of the returns on their targeted rate. All media about the BID should also emphasise the initiatives of the BID and acknowledgement of the contribution to the programme by the local businesses beyond the committee members. This is essential to ensure full engagement by all businesses.

Urban design and heritage environment:

BID Objective 3: To coordinate physical improvements to enhance the image of the business centre, promoting what it has to offer and providing a secure and clean environment.

This includes encouraging high quality new development and long term planning that delivers on 'Vista', Hamitlon's Urban Design Guide and Hamilton's Creativity and Identity Strategy.

Vista outlines Hamilton's expectations for better designed environments — describing how a well-designed places and spaces should look, feel and function. How a city looks and feels is a crucial part of its identity. Hamilton is a collection of places, each with their own opportunities and challenges that need to be considered as a design concept

evolves. The city has identified the following significant places that require particular care and consideration:

- The River — Initiatives and development near the river should acknowledge its importance, incorporating the rivers imagery and identity, reflecting both it's past and present.
- CityHeart — the central city is the city's heart and its "shopfront" — a focal point for both commerce and culture. Initiatives and development within the centre should provide particularly memorable experiences, creating vibrant streets and imaginative architecture.
- Lakes — Initiatives and development around lakes needs to be particularly sensitive to the natural environment and to public amenity.
- Gateways — gateways for many are the first impression of the city. Future developments at the edge of the city need to be high quality and provide a sense of arrival.
- Neighbourhoods — Hamilton is a collection of neighbourhoods that reinforce the sense of local community. They each have their own character. Future initiatives and developments need to understand and respect that character.
- Natural features — Hamilton's urban environment is enhanced by the natural setting; the gullies and ecologically significant areas. Initiatives and development in and around significant natural features will need to recognise those features and contribute to their enhancement.

CPTED (crime prevention through environmental design) principles and work towards achieving a safe and clean business environment are also critically important. Maintenance and security will contribute to the achievement of this aspect of the programme application.

A BID Association developments and activities should support the strategic aspirations of the Creativity and Identity Strategy, particularly the proposition that our city is a 'living work of art' where everyone is engaged in creating spaces, interactions, and an aesthetic that inspires and delights

Relevant guiding documents:

- Creativity and Identity Strategy
- Vista guidelines
- Hamitlon City Public Places Bylaw and Policy
- Art in Public Places Policy

b) Approach

BID's should have recourse to the following approaches when undertaking activities:

Comprehensive: A single project cannot revitalise a commercial district or business centre. An ongoing series of initiatives are needed to build community support and create lasting progress.

Continuous improvement: As technology and methods of business operation change constantly, there is a need to ensure that the BID Executive Committee and manager are consistently looking at how they can improve the output and operation of the BID





programme in their area. Keeping up to date with international and national trends will inform this improvement.

Capacity building: Activities which strengthen the knowledge, abilities, skills and behaviour of the businesses in the area as well as the committee and the BID manager will assist the organisation to achieve its core objectives. This may include organisational development, the elaboration of management structures, processes and procedures, skills and access to information, knowledge and training that enables them to perform effectively.

Professional development: Encouraging the continued professional development of the BID manager in the areas of skills and knowledge acquisition. This should include attendance at industry-related conferences, keeping up to date with industry standards and international best practice and attending management courses and workshops where relevant, including those facilitated by Hamilton City Council.

Measurement of progress: Accountability for use of public funds to ratepayers and the Council must be in tangible and measurable forms. Developing Key Performance Indicators against the strategic plan goals and measuring the BID manager's performance against these is essential best practice for all BIDs.

Incremental: A step-by-step approach should be used to achieve improvements over time and most BID programmes are viewed as being long-term commitments where benefits will be gained over a number of years.

Grass-roots commitment and community buy-in: Local leadership can initiate long-term success by fostering and demonstrating community involvement and commitment to the revitalisation effort. Communication is an essential tool to ensure that the stakeholders and specifically the business community are fully aware of the initiatives which are being undertaken in the commercial district and business centre through the BID programme.

Public/private partnership: Every local BID programme needs the support and expertise of both the public and private sectors. For an effective partnership, each must recognise the others' roles, strengths and weaknesses.

Identifying and capitalising on existing assets: Business communities should be encouraged to recognise and make the best use of their unique assets. Local assets provide the solid foundation for a successful BID initiative. Every area has a distinct character or specialised function and these should be harnessed and built on.

Quality: With the emphasis on improving all elements of a Business Improvement District, all projects should be undertaken with a view to highest quality, particularly from a sustainability and legacy aspect. It is essential that all investments be made with a knowledge of maintenance and whole of life cost is taken into consideration for budgeting and resource purposes; and this may require liaison with Council on key projects.

Change: Changing community attitudes and habits are essential to bring about a commercial district and business centre renewal. A carefully planned BID programme will help shift public perceptions and practices to support and sustain the revitalisation process. Communication as mentioned above is a critical factor in gaining support for changes.

Action-oriented: Frequent visible changes in the look and activities of the commercial district and business centre will reinforce the perception of positive change. Small, but

dramatic improvements early in the process will remind the stakeholders that the revitalisation and development effort is under way.

13.1.4 Background

Business Improvement District (BID) programmes have been operating in New Zealand since the early 1990's and their numbers continue to grow. Examples include mainstreet, business district and business development projects.

The "Mainstreet" initiative, which originated in the USA, was taken in response to the realisation that traditional commercial centres and neighbourhood shopping centres were in decline as a result of the growth of and competition from new developments. Since then the programme has proven an ongoing success in commercial centre revitalisation and employment creation.

13.1.5 Strategic Fit

This policy helps deliver on one of the key elements of Council's 'Vibrant Hamilton' vision - Creating Prosperity and Identity:

- Attracting and growing talent
- Making small effective
- Enhancing the aesthetic experience
- Re-connecting to the Waikato River

It also aligns with the strategic aspirations and agreed set of priorities for action in the Hamilton Economic Development Strategy;

Leadership for Hamilton
- A thriving business environment
- Building on economic strengths
- Attracting and growing talent
- Developing an enterprise culture

13.2 ESTABLISHING AND MODIFYING A BUSINESS IMPROVEMENT DISTRICT

13.2.1 Considering a Business Improvement District

Discussions to explore the possibility of establishing a BID may be initiated at any time by any interested party. Evidence must be sought that there is sufficient support among BID proponents to sustain the prolonged and comparatively demanding challenge of establishing a BID.

13.2.2 Initial Consultation

The Council will supply a map of the business area, with the proposed BID boundary indicated. BID proponents will discuss the proposed boundaries with key stakeholders within (and

potentially outside) the proposed area. These stakeholders might include, for example, owners of businesses, local or central government agencies within the proposed BID, or interested community groups. A public meeting should be held to communicate the proposal to establish a BID.

Following this initial consultation, the BID proponents will give feedback to Council whether they wish to proceed with the establishment of a BID.

13.2.3 Incorporated Society

Before a BID can be set up, a Business Association must be established and registered as an Incorporated Society (refer to www.societies.govt.nz). Council will not strike a rate without evidence that the BID Association is an Incorporated Society as at the 30 June of the given year.

As part of the incorporation process, a constitution must be developed. It is a requirement of this policy that the BID Association's constitution must be agreed upon by Council prior to registration.

13.2.4 Private Residents

Private (non-business) residents are not covered under this policy, and as such will not become liable for the targeted rate. The Council will determine whether a particular property qualifies as a private residence or business premises for the purpose of this policy.

13.2.5 BID boundaries

Primarily, the Council will allow BID proponents to determine the prospective boundaries. However, should the Council and BID proponents disagree; the Council's decision is final, as it is the Council who takes responsibility for the targeted rate.

13.2.6 Developing a List of Owners and Occupiers

The BID proponents will compile a list of occupiers within the agreed boundaries of the BID.

Businesses occupying, but not owning property, will be identified by the BID proponents through the use of a survey, or other appropriate means.

The Council will prepare a list of property owners.

The two lists will be combined and filtered to avoid duplication and will form the basis of the voter register.

13.2.7 Creating the Voter Register — Eligible Voters

BID proponents must next make contact with every owner and occupier, in order to determine who will be registered as a voter on the final voter register.

If the owner and/or occupier is an individual, that person should be registered as the voter unless they nominate someone else to act on their behalf. All future communication from the BID proponents or the eventual BID association must be addressed to that nominated

individual, unless the owner or occupier subsequently communicates a desire to nominate a different representative to the BID association.

If the owner and/or occupier is not an individual, the BID proponents must communicate with the senior management of that body (typically a company or trust) and request the name of a nominated representative to register as a voter.

This policy is based on the principle of 'one person, one vote'.

Where an individual or organisation appears multiple times on the owner and occupier list (perhaps because they own a number of properties or businesses in the BID) that person or organisation may nominate one name per property for the voter register, noting each person must be different and not already on the register.

Voter information should include:

- Name of owner or occupier
- Name of representative (if applicable)
- Contact details:
  - Mailing address
  - Physical address
  - Email address
  - Telephone / fax numbers
- The voter's preferred method of communication

All registered voters automatically qualify to become members of the BID.

Once established, it is the responsibility of the BID to maintain and update the membership register. These should be updated no less than six monthly.

The BID association shall not use any personal information for any purpose other than administration of the BID.

13.2.8 Non-Eigible Business Owners

The following business owners are not eligible to register on the BID voter register:

- Business owners who operate their businesses from residentially rated property within the BID
- Business owners who give a business address which is a commercial property within the BID, but who do not physically run their businesses from that address (for example businesses who use their accountant's address, or businesses who have mail delivered to a relative or friend running a business within the BID).

The BID proponents have the final decision over eligibility, in consultation with Council.

13.2.9 Setting the Targeted Rate

The Local Government (Rating) Act 2002 gives the Council authority to set a targeted rate for an activity such as a BID.

BID targeted rates will be calculated on a combination of a uniform basis flat charge together with a targeted rate on a capital value basis for each rating unit or separately used or inhabited part of a rating unit within the area defined for the BID.

New properties, within the BID area, coming into that area during any financial year shall not be rated until the following financial year.

13.2.10 Polling in a Business Improvement District

BID polls must be run in the following circumstances:

- **Establishing a BID programme.** The Council will pay for the BID establishment poll.
- **Increasing or decreasing the boundary.** The expansion of a BID may be sought to include neighbouring businesses such as an adjoining street originally left out of the BID.

  Where the BID is to be expanded, the BID must apply to the Council for a list of property owners and occupiers in the new area, and arrange for a poll to be conducted in the expansion area only. In the event of a BID boundary being reduced, a poll is conducted for the whole BID area because this change implies a reduction in budget for the whole programme.

  For the purposes of financial planning, a boundary extension or reduction poll must be completed by the end of November at the latest in any given year and ratified by Council.
- **Dissolving a BID programme.** This may be called by the BID association however, the Council does not need a disestablishment poll to stop setting a targeted rate.

All BID polls are run as postal ballots. The period between the mail out of the ballot papers and close off for return of ballots will be not less than 14 calendar days.

a) Informing voters

BID proponents must inform all registered voters of the upcoming poll and ensure voters are aware of the key issues to be decided. Such issues include, but are not limited to:

- The boundaries of the proposed BID;
- The total budget and approximate targeted rate to be assessed;
- The objectives of the BID strategic and business plans;
- The principal BID proponents for contact purposes.

To achieve these aims, the BID proponents must:

- Advise and hold at least one information meeting, open to all interested parties, no less than 10 days prior to the poll closing.
- Place at least two advertisements about the upcoming poll in local newspapers, at least seven days apart, with the last advertisement a minimum of three days prior to the poll closing.

BID proponents may use additional methods to inform eligible voters of the upcoming vote, such as face-to-face meetings, email, fax or newsletters.

b) Sending out the ballots

The Council will provide the services of it’s Returning Officer or recommend one to BID proponents. They will contact the Returning Officer as soon as the voter register has been

finalised to enable the election service to begin preparing for the Poll. Material prepared for the Poll by Council will include:

- A copy of the register of voters;
- A copy of an easy to understand information sheet outlining the BID proposal;
- A copy of a ballot form approved by the independent election service;
- A copy of a contact update form which includes the name of the nominated representative of the business;
- Boundary information if the poll includes an increase or decrease of the BID boundary area.

Council's Returning Officer will send out an envelope including the information sheet, the ballot form, the contact update form and a prepaid return envelope. Any requests for replacement ballots should be directed to the independent election service.

c) The goals of the Poll

It is a goal of the BID Poll to achieve a voting return of at least 35% of the eligible voters for that poll; and for the majority of those votes being in favour of the proposition.

All eligible voters in the boundary area are polled, with the exception of a boundary extension in which only the property owners and occupiers in the proposed extension area are polled.

d) Proxy and absentee voting

Proxy voting is not permitted for BID polls. Registered voters who will be absent from their registered addresses during the period of the Poll but who wish to vote, should provide a forwarding address to the BID proponents.

e) Non-registered eligible voters

BID proponents should attempt to ensure all eligible voters in a BID area are registered. In the event that an individual believes he or she is entitled to vote, but does not appear on the register of voters used by Councils returning officer, the returning officer shall determine the status of the individual and whether a ballot should be issued to that individual.

f) Confirming the result

The independent election service will receive, count and verify all returned ballot papers. It will then report the result of the poll to the BID proponents and the Council.

g) Final Decision on BID changes to be made by the Council

The final decision about whether to establish, extend, reduce or disestablish a BID shall be made by the Council because, under the Local Government (Rating) Act 2002, it is the Council alone who can set the targeted rate. **In making that decision, the Council will take into account, but will not be bound by, the poll result.**

13.2.11 Holding the Initial AGM

a) Notification

Following a successful establishment poll, the BID proponents must promptly notify registered voters of:

- The date and place of the initial AGM of the BID association;
- Their opportunity to nominate individuals to the BID Executive Committee, and how to do this;
- Their opportunity to study the proposed changes to BID association constitution;
- Their opportunity to study the proposed BID association budget, strategic and business plans.

The Council will provide assistance (such as advice, templates, consultant contacts and visioning methods) with the creation of a long term strategic plan and an annual business plan for the BID

b) Timing

The AGM should be held at least two weeks after the poll, to allow for nominations for the election of officers, and consideration of the draft constitution and draft strategic and business plans.

13.2.12 Subsequent AGMs

A). Notification

The same procedure should be followed as outlined above in Section A Notification.

b) Timing

The AGM should be held annually and within four months of the start of the new financial year.

13.2.13 AGM Process

a) Nominations for election of officers to the BID association Executive committee

Nominations can be made for positions on the BID Executive Committee. Nominations must be made in writing, signed by two registered BID members, and the nominee themselves. These should be mailed, faxed or handed to the specified receiving office identified in the publicity about the AGM. Nominations will close seven days before the scheduled date of the annual general meeting.

b) Election of officers

The founding AGM will be chaired initially by the council officer assigned to the BID or a facilitator as agreed by the Council. The interim chair will begin by reading out nominations and calling for a vote in favour in each case.





In subsequent years, the AGM is chaired by the outgoing chair up to the election process, at which point the BID Manager will chair the election procedure.

There must be a minimum of five voting members elected to the BID Association Executive Committee and a maximum of eleven voting members. The BID Association Executive Committee must meet at least six times per year.

All elected members have full voting rights on the Executive Committee.

It is a requirement of this policy that an Elected Representative of Hamilton City Council be appointed annually to the Executive Committee. While the Council will nominate the Elected Representative for appointment to the BID Executive Committee, this nomination will be made following consultation with the BID Executive Committee Chairperson.

The Elected Representative should attend not less than four meetings per year. Their position is primarily an advisory or liaison role. They have voting rights within the Executive Committee and at AGMs but are not, however, eligible to hold the positions of Secretary, Chairperson or Treasurer.

The positions of Chairperson and Treasurer may be decided either by a general member vote at the AGM or by the Executive Committee at its first meeting following the AGM. The decision whether an election is made at the AGM, or by the Executive Committee, is made at an AGM, with that decision taking effect for the purposes of the following year's election.

No remuneration shall be associated with this governance role.

The BID Manager is eligible to be the Secretary of the Executive Committee but does not have any voting rights.

c) Ratification of key documents and decisions

Having elected the Executive Committee members, the AGM should move to a discussion and ratification of the documents and decisions made by the BID proponents or the standing BID Executive Committee, in particular:

- the draft BID association constitution
- the strategic and business plans (including KPI's)
- the draft budget

Formal acceptance of these documents and any amendments are subject to the majority vote of the assembled BID association members.

The draft BID Association constitution must be approved by Council. Once this approval has been sought and following the initial AGM, the BID secretary should, as soon as possible, register the approved BID Association constitution with the Registrar of Incorporated Societies. This process can take some time, which is why it is important for the BID proponents to do as much of the preliminary work before the Poll as possible.

Incorporation or evidence of application to incorporate is required by the 30 June of the given year, so long as confirmation is forwarded to the Council Officer responsible for the BID as soon as it is available.

d) Changes to the committee and constitution

Following the AGM, the BID secretary must register the approved BID association constitution or changes with the Registrar of Incorporated Societies. Changes to constitutions must also be advised to Council.

Council must be informed who elected officers and committee members are, with their full contact details.

13.2.14 Application for the Targeted Rate

Once confirmation of incorporation has been received from the Registrar, the BID association can move to apply to the Council for a targeted rate in its area. To be successful in its application, the BID association must present the following information to the Council:

- Evidence of a mandate (report from the independent election service).
- Evidence of incorporation (Registrar of Incorporated Societies).
- The agreed BID boundaries
- The ratified budget (AGM Minutes).
- The ratified business plan (AGM Minutes).

13.2.15 BID Manager

Once the Council has released funds to the BID association, a BID Manager should be hired. This position may be full or part-time as determined by the BID Executive Committee.

13.3 OPERATING A BID

13.3.1 Membership Rights and Responsibilities

Membership of the BID association is automatic for any eligible voting business within the boundary area and entitles the individual member to:

- Attend and vote at all annual and special general meetings;
- Attend all meetings of the BID Executive Committee (but not vote);
- Stand for election to the BID Executive Committee;
- Receive regular communications about BID activities;
- Receive notification of upcoming meetings and agenda items.

Membership of a BID requires agreement to abide by the association's constitution and follow all rules.

Members must ensure that their contact details are kept current on the register.

Contact detail forms should be readily available from the BID proponents.

13.3.2 Associate Membership

Organisations outside of the boundary area or non-related members of the community are eligible to apply for associate membership. Associate members may join the committee if accepted by a majority vote of the Executive Committee. Their position is a purely advisory or liaison role, and they have no voting rights within the committee or at AGMs. Where

appropriate, an annual membership subscription can be determined by the committee, and associate members are required to pay this subscription.

13.3.3 Managing a BID

a) Executive Committee

The Executive Committee will be responsible to the BID association for running the Business Improvement District Programme in accordance with the approved strategic plan and budget. The roles of the Executive Committee include: recommending projects and priorities; managing staff and contractors; overseeing the spending of approved budgets; and monitoring work progress against budgets and performance measures.

The BID Association Executive Committee must meet at least six times per year. A quorum for the transaction of business shall be any three voting members of the Executive Committee.

A financial summary shall be supplied at each Executive Committee meeting.

The Hamilton City Council Elected Representative appointed to the BID Executive Committee should sight and approve financial and management reports at least quarterly.

The Executive Committee may appoint sub-committees to address specific programme issues.

b) Employment responsibilities

The BID Executive Committee will develop a set of operational, project-related and strategic key performance indicators for the programme that the manager implements, where appropriate with the assistance of the committee.

The Executive Committee will ensure that a report is received monthly on progress against the BID's plan and quarterly on KPIs.

It is the BID Executive Committee's responsibility to ensure that the BID Manager and any other staff (full or part-time) have an agreed Contract of Employment, position description and performance measures.

A performance review should be held at least six monthly and a salary review annually.

The BID Executive Committee will ensure that responsible employer practices and workplace conditions are provided as prescribed under the Employment Relations Act 2004 and Health and Safety in Employment Act 1992.

c) BID Manager's activities

The BID Manager should liaise with BID Executive Committee members, BID association members, and council staff as appropriate.

The BID Manager reports on an operation basis to the chairperson and one other executive member assigned by the committee.

Monthly reports by the BID Manager will be made on progress against the BID association's business plan and quarterly on KPIs.

13.3.4 Council — Executive Committee Relationship

The BID association and Council will at all times communicate with each other in such a way as to most effectively further the strategic objectives of the stakeholders and to protect and enhance the partnership relationship between the BID association and the Council.

The roles of the Councillor HCC Elected Representative on the BID Executive Committee are to:

- Provide Council strategic input to and overview the BID programme development
- Provide Council input into decisions about financial planning and budget expenditure
- Monitor programme implementation against budget
- Provide information about Council as well as its processes and structures
- Provide a link between BIDs and the Council.

The council officer assigned to the BID may attend Executive Committee meetings in an advisory role but does not have voting rights.

The Executive Committee will act as the BID association's interface with the Council.

13.3.5 Budgets

The BID Executive Committee is responsible for preparing annual budgets. The annual budget may be increased as required and is subject to final approval by the Council. Any increase over 10% or $10,000 (whichever is the greater) must be approved by Special Resolution at a General Meeting. A draft budget breakdown and indicative rate in the dollar increase must be circulated with meeting notification prior to the AGM or Special General Meeting.

In addition to the targeted rate, Executive Committees may raise funds through other mechanisms, including sponsorship, advertising and grants.

Any payment to the BID association from the targeted rate will be by way of a conditional BID Funding Grant under the Local Government Act 2002. Consistent with the Local Government Act 2002, the grant must be separately accounted for in the BID association's financial records.

13.3.6 Financial Management

The financial year of any BID shall be 1 July to 30 June.

Any additional grants from Council will be paid in advance annually to the BID Association

The funding generated from any BID targeted rate will be paid to the BID Association after the end of each financial quarter

13.3.7 Quality Management

a) Management education

The BID manager or staff and one executive member should as a requirement of their positions attend a minimum of six hours of training or operational sessions per year, held or recommended by Council.





b) Strategic and business plans

The strategic and business plans are the guiding documents for the proposed BID. These documents should reflect a representative view of the needs of the BID members. The BID association will need to work effectively with the Council; therefore the strategic and business plans should be aligned with Council's City Strategies and relevant policies.

The strategic plan should be updated every three years and the business plan annually. The process of strategic planning is a continuous one and activities within a BID programme should be evaluated against the business association's strategic and business plans on an ongoing basis.

The strategic and business plans will include effective measures for the performance of the BID association (its committee and management) and the performance of the BID.

One of the outcomes of the planning process is the preparation of a detailed budget that translates the BID objectives into a financial budget. The budget will be used to determine the overall level of the targeted rate. The partnership between Council and the BID association includes ensuring prudent use of any BID funding.

c) Programme benchmarks and key performance indicators (KPIs)

To enable objective evaluation of BID projects, each BID association will be expected to establish a number of benchmarks related to their strategic and business plan objectives. Performance measurement for the BID programme is essential to identify success and to provide opportunities for learning, rewarding success, correcting failure and winning support.

These benchmarks will provide baseline measures against which progress can be objectively measured. Benchmarks include, but are not limited to:

- Total retail sales;
- Business turnover increase;
- Pedestrian activity;
- Visitor numbers (local, regional and overseas);
- Local employment rates;
- Type and number of businesses;
- Commercial rents;
- Vacancy rates;
- Perceptions of safety;
- Street cleanliness surveys;
- Shopper/visitor satisfaction surveys.

The BID association or Council may hold or collect information that can be used to establish effective benchmarks. Benchmark information must be collected annually and must include a minimum of three measures. Benchmarks should be monitored, reported on and communicated to members.





In addition to establishing programme benchmarks, BID associations should develop key performance indicators for BID Executive Committee processes. Examples of such management KPIs include, but are not limited to:

- Production of financial information, strategic and annual plans;
- Frequency and quality of communication with members;
- Attendance at meetings and minutes; and,
- Number of business development initiatives.

All benchmarks and performance measures should be based on best practice management techniques and must be agreed upon by Council.

d) Annual Review and Performance Measurement

The Council's Annual Plan and budget process provides a mechanism for reviewing BID budgets and existing programme boundaries.

Each year, eligible voters must be given an opportunity to review and comment on the business plan, budget and any proposed boundary change. At a minimum this means that the BID Association must:

- Post a copy (physically or electronically) of the business plan, budget and boundary change to all eligible voters within the BID, and
- Provide an opportunity for written and/or verbal feedback.

In order for the Council to change the targeted rate, the BID Executive Committee must submit a detailed programme and budget. This must include performance reporting against KPIs and the business plan.

By the end of November each year, the BID Executive Committee must provide the Council with the following information:

- A copy of the audited accounts and annual report for the previous financial year (including statements that the association has acted in compliance with its constitution and all other relevant laws and regulations); and
- Any proposed changes to the boundaries.

In January each year, the BID Executive Committee must provide the Council with:

- A detailed programme and budget for the period 1 July to 30 June (the next financial year).

Eligible voters have a further opportunity to raise issues and concerns or to express support for the BID programme and budget through the Council's Annual Plan consultation process.

13.3.8 Council Review

Council will review the performance of the BID against the stated strategic and business plans, KPIs, audited accounts and annual report.

Where the Council has concerns with the progress or success of a BID, the targeted rate may be withheld until specific improvements or alterations have been made to business, communication or strategic plans, or implementation processes.

In accordance with the provisions of the Local Government Act 2002 and the Local Government (Rating) Act 2002, the Council will make the final decisions on what targeted rate, if any, to set in any particular year (in terms of the amount and the geographic area to be rated).

The BID Funding Grant targeted rate may only be applied to the BID programme and for no other purpose.

The Council may initiate a review of all or any particular BID programme outside the annual and three yearly reviews. Such a review will be funded via general rates.

13.3.9 Resolving disputes between the Council and the BID association

Any decisions about whether or not to set a targeted rate, the amount of that rate, to provide for an additional rate or alter the boundaries of the area subject to the rate, and whether or not to establish, disestablish, reduce or extend the BID, are within the discretion of the Council to make as part of its annual funding and rating decision-making process.

Any other disputes between the BID association and the Council will be settled in accordance with the following procedure:

- Having exhausted normal means of resolving a dispute or difference (by engaging in a process of good faith negotiation and information exchange), either party may give written notice specifying the nature of the dispute and its intention to refer such dispute or difference to mediation.
- If a request to mediate is made then the party making the request will invite the chairperson of the New Zealand Chapter of Lawyers Engaged in Alternative Dispute Resolution ('LEADR') to appoint a mediator to enable the parties to settle the dispute.
- All discussions in the mediation will be without prejudice and will not be referred to in any later proceedings. The parties will bear their own costs in the mediation and will equally share the mediator's costs.
- If the dispute is not resolved within 30 days after appointment of a mediator by LEADR, any party may then invoke the following provisions:
- The dispute will be referred to arbitration by a sole arbitrator in accordance with the Arbitration Act 1996.
- The award in the arbitration will be final and binding on the parties.

13.3.10 Resolving disputes between owners or their nominated representatives and BID associations

Disputes between owners or their nominated representatives (ONR) and the BID associations will be settled in accordance with the following procedure:

- Unless matters can be resolved quickly and informally, ONR are obliged to bring their concerns to the attention of the BID association's Executive Committee in writing. An initial written response is required within seven working days, outlining the manner and the time frame in which the concerns will be addressed. Council as major fund provider should be made aware of any such issues.

- Having exhausted reasonable means of resolving the dispute, the BID association may approach the New Zealand Chapter of Lawyers Engaged in Alternative Dispute Resolution ('LEADR') to appoint a mediator to enable the parties to settle the dispute. All discussions in the mediation will be without prejudice and will not be referred to in any later proceedings. The parties will bear their own costs in the mediation and will equally share the mediator's costs.
- If the dispute is not resolved within a further 30 days after appointment of a mediator by LEADR, any party may then invoke the following provisions:
- The dispute will be referred to arbitration by a sole arbitrator in accordance with the Arbitration Act 1996.
- The award in the arbitration will be final and binding on the parties.

13.3.11 Three Yearly Performance Survey

Every three years, the Council will commission a citywide BID performance survey. The results of the survey will analyse individual BIDs as well as the BID programme on a citywide basis.

The survey process and delivery will be formulated in collaboration with all of the BID programmes to ensure a high rate of return and clarity of objectives. An approach of continuous improvement will be used for the survey to ensure that latest technology and best practice methods are considered and utilised where possible.

The cost of the survey will be funded proportionally (based on BID programme budgets) by the city's BIDs via the targeted rate.

The primary focus of the survey will be on the business community's perception of the effectiveness of the BID programme in that commercial district and business centre. The survey will cover such aspects of the BID programme as: overall satisfaction; the ability of eligible voters to influence the programme; the results achieved; the communication processes used; and other such matters agreed between the Council and the associations administering BID programmes.

13.4 FRAMEWORK FOR PARTNERSHIP BETWEEN HAMILTON CITY COUNCIL AND BUSINESS IMPROVEMENT DISTRICT BUSINESS ASSOCIATIONS

13.4.1 Council Responsibilities

The Council will:

13.4.1.1 Consider whether to set a targeted rate for the purpose of BID Association Programmes.

13.4.1.2 Set a targeted rate, providing the BID association has complied with the terms of this Policy

13.4.1.3 Consider the amount of any additional grant, its payable schedule, and any conditions that may attach to that grant.





13.4.2 BID Association Responsibilities

The BID Association will:

13.4.2.1 Comply with its own constitution and the BID policy.

13.4.2.2 Comply with all conditions attached to any BID grant.

13.4.2.3 Comply with all other relevant laws and regulations.

13.4.2.4 Maintain proper meeting and accounting records demonstrating how the targeted rate and grant money is used, and make such records available to the Council on request.

13.4.3 General terms

13.4.3.1 The BID association acknowledges that the targeted rate is set for BID Programme purposes only.

13.4.3.2 Accordingly, the BID association agrees that any BID related grant must be applied towards BID Programme purposes, and for no other purposes.

13.4.3.3 The BID association will not use any ratepayer's personal information provided by the Council for any purpose other than the administration of the BID Programme.

14.0 Appendices

Appendix 14.1 Special and Capital Projects - Funded

Capital projects are deemed to be capital rather than operating when accounting convention determines that a Council owned asset will be created or added to. All capital projects for the next 10 years are included in this appendix as well as the additional operating costs resulting from the completion of the capital project. Special projects are those operating (not capital) projects deemed by Council to be of a one off nature, including grants, rather than a normal cost of ongoing operation. All projects of an operating nature listed in this appendix (identified as Expenditure Type M) are included in the total operating costs for the relevant service as shown in the Financial Statements.

The total cost of projects is shown and also the rates funding required after deduction of funding from other sources such as loans by reserves, loans by DCL, loans by rates, reserves, subsidies and other revenue.

The Special and Capital Projects - Funded table represents projects that are funded and included in this Long-Term Plan.

Appendix 14.2 Special and Capital Projects - Unfunded

The Special and Capital Projects - Unfunded table refers to projects that have merit but Council's financial resources do not allow these projects to proceed. Some unfunded projects will be considered for funding in subsequent years whilst for others, Council will endeavour to find alternative sources of funding.

Appendix 14.3 General Rate Allocation ($) by Property Sector

This appendix shows how much each property sector contributes to the amount of rates required to fund each service. The table shows the differential factor expressed in dollars. The rates required to fund each service is calculated as the total net cost of that service after adjustment for the allocation of those costs in accordance with Section 101(3) of the Local Government Act 2002 and outlined in the detail in the Revenue and Financing Policy.

Appendix 14.4 General Rate Allocation (%) by Property Sector

This appendix shows how much each property sector contributes on the basis of the differential yield (expressed in percentages) to fund each service.

Appendix 14.5 2009/10 Indicative Rate Impact

Appendix 14.6 2009/10 Selected Sample of Indicative Rates

APPENDIX 14.1 SPECIAL AND CAPITALPROJECTS - FUNDED

Page	SPECIAL AND CAPITAL PROJECTS IN 000's Funded	SAP No	Expenditure Type	Total Cost 2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
	City Profile													
	City promotion													
	Promotional DVD	79.0	M	33.7				39.5			42.8			116.0
	Christmas decorations programme	85.0	C	21.9	22.2	23.0	23.7	24.4	25.2	26.0	26.9	27.8	28.7	249.7
	Event sponsorship fund	614.0	M	2,628.0	2,923.2	2,740.7	3,003.0	3,001.5	3,000.0	2,998.7	3,000.0	3,001.2	3,000.2	29,296.5
	Event leverage fund	629.0	M	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	1,500.0
	CBD entertainment fund	788.0	M	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	500.0
	Visit Hamilton funding	809.0	M	21.9	22.2	22.9	23.5	24.1	24.7	25.4	26.1	26.8	27.6	245.2
	Earth hour Hamilton	952.0	M	10.0	10.2	10.4	10.7	11.0	11.3	11.6	11.9	12.3	12.6	112.0
	Economic development													
	Economic development promotion	398.0	M	50.0	49.7	49.1	49.3	49.5	49.7	48.7	48.9	49.0	49.1	493.0
	Economic Development Agency funding	630.0	M	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	5,000.0
	CityHeart Garden Place & civic square	917.0	C	1,300.0	2,486.8									3,786.8
	BID funding payment to organisation	1025.0	M	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	3,000.0
	City Safety													
	Central city safety													
	Maintaining City Safe technology	987.0	R	20.0	20.3	21.0	21.6	22.3	23.0	23.7	24.5	25.4	26.2	228.1
	Environmental health													
	Noise contour mapping of Hamilton City	892.0	M	28.0										28.0
	Community Development and Amenities													
	Cemeteries and crematorium													
	Hamilton Park Cemetery Rd renewal programme	53.0	R	96.0										96.0
	Cremator maintenance programme	613.0	M	41.1	31.0	29.2	62.2	72.6	128.1	153.0	34.6	106.7	18.9	677.3
	Hamilton Park cemetery ash burial extensions	660.0	C	30.0	19.3					22.6				71.8
	Hamilton Park cemetery ash burial extensions O&M impact	660.1	M		1.4	3.5	3.6	3.7	3.8	3.9	6.9	7.1	7.3	41.5
	Hamilton Park cemetery chapel furniture renewal	661.0	R				34.6							34.6
	Hamilton Park cemetery burial lawn extension	844.0	C		50.8	419.6	313.8							784.1
	Community assistance													
	Northern Lifeguard annual grant	67.0	M	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	250.0
	Bay of Plenty Lifeguard annual grant	68.0	M	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	250.0
	Recurring grants	71.0	M	304.0	304.0	304.0	304.0	304.0	304.0	304.0	304.0	304.0	304.0	3,040.0
	Non-recurring grants	72.0	M	209.0	209.0	209.0	209.0	209.0	209.0	209.0	209.0	209.0	209.0	2,090.0
	Community centre operating grants	76.0	M	408.0	408.0	408.0	408.0	408.0	408.0	408.0	408.0	408.0	408.0	4,080.0
	Waikato Abbeyfield housing	406.0	M	4.4	4.5									8.9
	Arts & cultural grants	703.0	M	128.5	128.5	128.5	128.5	128.5	128.5	128.5	128.5	128.5	128.5	1,285.0
	Housing services PMU													
	Pensioner housing upgrade programme	654.0	C	50.0	2,943.5									2,993.5
	Pensioner housing upgrade programme O&M impact	654.1	M		85.3	47.0	48.2	49.5	50.8	52.2	53.6	55.2	56.7	498.4
	Libraries													
	Library collection purchases	106.0	R	1,508.0	1,555.6	1,635.0	1,715.2	1,772.9	1,915.3	2,146.0	2,256.0	2,371.0	2,489.3	19,364.3
	Libraries asset renewal	698.0	R	61.0	91.4	94.4	98.5	89.3	92.1	95.0	92.0	95.1	103.4	912.1
	Libraries minor development programme	699.0	C	24.0	41.6	42.0	30.3	31.2	32.2	33.2	36.8	35.5		306.9
	Libraries minor development programme O&M impact	699.1	M		21.0	21.6	22.5	23.1	23.7	24.3	25.0	25.7	26.4	213.5
	North east library construction	783.0	C			681.9	703.3	7,254.0	5,755.0					14,394.2
	North east library construction O&M impact	783.1	M						824.7	1,693.3	1,741.5	1,791.2	1,839.4	7,890.1
	Aotearoa Peoples Network equipment renewal	874.0	R				82.2			90.2			99.5	271.9
	Aotearoa Peoples Network equipment renewal O&M impact	874.1	M				24.7	25.3	26.0	26.7	27.4	28.2	29.0	187.2
	Hillcrest library expansion	932.0	C			42.0	559.5							601.5
	Hillcrest library expansion O&M impact	932.1	M					9.9	10.2	10.4	10.7	11.0	11.3	63.6
	Library collection purchases for new north-east library	1027.0	C				1,255.4	1,339.5	1,428.8					4,023.6
	Social development													
	Social well-being strategy vibrant youth	839.0	M	40.0	35.5	36.5	37.5	38.5	39.5	40.6	41.7	42.9	44.1	396.9
	Community facility assets renewal	882.0	R	13.0	17.3	11.5	92.0	11.2	11.5	112.8	12.3	12.7	124.4	418.5
	Poets corner renewal	964.0	M	20.0	5.1	5.2	5.4	5.5						41.2
	Enderley hardcourt surface	1034.0	C	25.0										25.0
	Toilets													
	Public toilets programme	221.0	C	144.0	152.3	160.3	171.5	162.8	186.0	195.1	214.4	87.5	96.9	1,570.7
	Public toilets programme O&M impact	221.1	M		10.9	22.3	45.9	58.9	72.5	86.8	102.0	131.2	148.2	678.6
	Democracy													
	Partnership with Maori													
	Partnership with Maori grants	108.0	M	265.0	265.0	265.0	265.0	265.0	265.0	265.0	265.0	265.0	265.0	2,650.0

Page	SPECIAL AND CAPITAL PROJECTS													
	IN 000's			Total Cost										
Page	**Funded**	SAP No	Expenditure Type	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
	Event and Cultural Venues													
	Hamilton city theatres													
	Academy of Performing Arts operating grant	217.0	M	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0	1,800.0
	Theatres equipment & asset renewals	220.0	R	207.2	210.3	217.4	224.2	231.2	238.5	245.9	254.2	262.7	271.2	2,362.9
	Replacement feasibility study	934.0	M					381.7						381.7
	Performing arts contestable fund	1035.0	M			100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	800.0
	Claudelands events centre													
	Claudelands development programme-arena	524.0	C	22,857.8	23,139.9									45,997.7
	Claudelands development programme-arena O&M impact	524.1	M		1,635.2	6,995.0	7,245.9	7,500.0	7,764.4	7,970.7	8,197.6	8,431.4	8,658.4	64,398.6
	Claudelands equipment purchase programme	667.0	C	98.4	99.9	103.2		207.0	71.7		176.8	72.3		829.3
	Claudelands equipment & asset renewals programme	671.0	R	60.7	44.7	75.0	127.7	122.5	152.6	155.5	220.9	161.5	252.1	1,373.2
	Waikato museum of art and history													
	Museum development fund	708.0	C	40.0	40.6	42.0	43.3	44.6	46.0	47.5	49.1	50.7	52.4	456.2
	Museum equipment renewal	710.0	R	65.0	105.6	27.3	137.4	155.1	104.7	110.4	88.3	67.2	133.5	994.6
	Public art funding	935.0	C	50.0	50.8	52.5	54.1	55.8	57.6	59.4	61.4	63.4	65.5	570.2
	Waikato stadium													
	Waikato Stadium grounds renewals programme	488.0	R	947.0		27.2		28.9		30.7		12.7		1,046.5
	Waikato Stadium equipment & asset renewals programme	531.0	R	109.6	308.4	110.8	56.0	57.8	59.6	61.5	63.6	65.7	67.8	960.7
	Seddon park													
	Seddon Park equipment & asset renewals programme	532.0	R	108.8	52.6	54.3	56.0	57.8	59.6	61.5	63.6	65.7	67.8	647.7
	Seddon Park grounds renewals programme	650.0	R	25.9	63.1	27.2	56.0	28.9		30.7		32.8		264.7
	Seddon Park renewal & upgrade of path surrounding oval	692.0	R			335.4								335.4
	Recreation													
	City beautification													
	City beautification asset renewals programme	65.0	R	11.4	13.2	14.5	16.2	17.6	18.0	20.7	22.0	23.1	25.7	182.2
	Fountain asset renewal programme	876.0	R	4.0	4.6	8.4	8.7	8.9	9.2	4.7	5.5	10.1	10.5	74.6
	Hamilton city leisure centre													
	YMCA grant	98.0	M	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	900.0
	Hamilton gardens													
	Hamilton Gardens grounds development programme	99.0	C		292.6	231.7	214.9	78.1	199.7	237.4	238.0			1,492.5
	Hamilton Gardens grounds development programme O&M impact	99.1	M		99.6	113.8	125.4	49.5	62.1	75.3				525.7
	Hamilton Gardens infrastructure development programme	559.0	C				175.7	91.3	78.6	58.2	295.6			699.4
	Hamilton Gardens infrastructure development programme O&M impact	559.1	M					5.5	6.8	9.3	10.7	17.2	17.6	67.1
	Hamilton Gardens asset renewals	754.0	R	26.0	65.8	180.2	226.2	161.8	203.5	160.7	168.5	207.2	186.4	1,586.3
	Hamilton Gardens Te Parapara garden development	1013.0	C	383.0										383.0
	Hamilton Gardens Te Parapara garden development O&M impact	1013.1	M	19.8	20.1	20.7	21.2	21.8	22.4	22.9	23.6	24.3	24.9	221.7
	Parks and gardens													
	Land purchase for future reserves	118.0	C			6,868.9	1,839.4	2,678.4	2,129.4				3,403.4	16,919.4
	Land purchase for future reserves O&M impact	118.1	M			10.4	31.1	31.9	48.5	82.3	84.6	87.0	89.4	465.3
	Esplanade reserves acquisition & development	120.0	C	470.0	63.9	66.1	68.2	70.3	72.5	74.8	77.3	79.9	82.5	1,125.5
	Esplanade reserves acquisition & development O&M impact	120.1	M		1.0	3.1	4.3	5.5	6.8	9.3	10.7	12.3	13.8	66.8
	Gully Park development programme	122.0	C	124.0	106.6	126.9	119.0	127.2	115.1	146.0	143.6	158.5	145.3	1,312.2
	Gully Park development programme O&M impact	122.1	M	24.0	40.6	72.0	80.4	91.3	103.9	111.3	116.8	131.2	144.8	916.3
	Passive park programme development	124.0	C			102.8	155.8	323.6	480.0					1,062.2
	Passive park programme development O&M impact	124.1	M				5.6	11.4	28.0	56.7	58.3	60.0	61.6	281.5
	Hamilton Lake Domain renewal programme	125.0	R		124.8	48.3	90.9	93.7						357.7
	Amenity parks asset renewals	129.0	R	40.5	42.1	44.6	47.0	49.4	51.9	54.4	57.3	60.4	63.5	511.0
	Riverbank stability programme	130.0	R	85.0	76.1	125.9	48.7	27.9	69.1	89.0	92.0	95.1	78.5	787.3
	Pedestrian linkages on parks programme	136.0	C	95.0	44.7	93.7	96.6	99.7	102.8	61.7	24.5	64.7	110.0	793.3
	Pedestrian linkages on parks programme O&M impact	136.1	M		3.6	6.8	12.8	19.5	20.0	24.0	33.1	38.5	46.2	204.4
	Recreation equipment programme	137.0	C	201.1	204.3	213.2	221.4	253.4	230.2	248.1	236.8	286.9	328.4	2,423.9
	Recreation equipment programme O&M impact	137.1	M										15.7	15.7
	Municipal nursery asset renewal programme	138.0	R	8.0		9.2	67.1	5.0			5.5			94.9
	Carpark maintenance programme	139.0	R	140.1	303.3	303.1	349.9	208.0	237.3	188.4	296.4	196.2	341.1	2,563.8
	Natural area parks asset renewals	143.0	R	45.0	45.7	47.2	48.7	50.2	51.8	53.4	55.2	57.1	58.9	513.2
	Active recreation research	144.0	M		25.4	14.5			17.8			19.4		77.1
	Park signposting programme	146.0	C			5.9					36.8			42.7
	Park signposting programme O&M impact	146.1	M				0.6	0.7	0.7	0.7	0.7	2.6	2.6	8.6
	Park seats programme	483.0	C	10.6	11.1	11.7	12.4	13.1	13.8	14.5	15.2	15.9	17.3	135.5
	Park seats programme O&M impact	483.1	M		1.2	2.4	3.8	5.1	6.6	8.1	9.8	11.5	13.3	61.8
	Rotokauri passive parks development programme	603.0	C			132.2			145.0					277.2
	Rotokauri passive parks development programme O&M impact	603.1	M				5.6	5.7	5.9	12.0	12.4	12.7	13.1	67.4
	Rototuna passive park development programme	605.0	C		127.9				145.0					272.9
	Rototuna passive park development programme O&M impact	605.1	M			5.4	5.6	5.7	5.9	12.1	12.4	12.8	13.1	72.9
	Kowhai planting programme	758.0	M	8.2	8.5	9.0	9.4	9.9	10.4	10.8	11.3	11.8	12.3	101.6
	Kowhai planting programme O&M impact	758.1	M	2.1	4.3	6.6	9.0	11.6	14.3	17.2	20.1	23.3	26.4	134.9

Page	SPECIAL AND CAPITAL PROJECTS IN 000's **Funded**	SAP No	Expenditure Type	Total Cost 2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
	Rotokauri central green corridor	770.0	C			900.0	132.0	1,518.9		840.4		1,384.7		4,776.0
	Rotokauri central green corridor O&M impact	770.1	M					49.5	50.8	52.2	53.6	55.2	56.7	317.9
	Lake Rotokauri Lake Management Committee grant	791.0	M	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	50.0
	Land acquisition for reserves in infill areas	800.0	C	820.0	1,116.5	209.8	1,828.6	111.6	287.8	985.2	306.8	101.4	1,086.5	6,854.1
	Land acquisition for reserves in infill areas O&M impact	800.1	M		2.0	4.2	7.5	8.8	9.0	12.7	13.1	15.9	18.9	92.2
	Active communities strategy implementation	920.0	M	30.0	30.5	31.5								91.9
	No 2 field on Beetham & Willoughby Parks	1033.0	C	1,813.0										1,813.0
	No 2 field on Beetham & Willoughby Parks O&M impact	1033.1	M	45.0	45.7	47.0	48.2	49.5	50.8	52.2	53.6	55.2	56.7	503.8
	Waiwhakareke Natural Heritage Park development programme a	1038.0	C	5.0	20.3	21.0	21.6	22.3	275.1	225.5	353.4	582.0	437.2	1,963.5
	Waiwhakareke Natural Heritage Park development programme O&M impac	1038.1	M	15.0	15.2	15.7	16.1	16.5	33.4	78.8	138.6	216.5	291.2	837.0
	Sports areas													
	Minogue Park netball court resurfacing programme	158.0	R				211.0						608.7	819.7
	Changing rooms on sports park programme	162.0	C			222.4		859.3						1,081.7
	Changing rooms on sports park programme O&M impact	162.1	M				31.1	31.9	63.8	65.5	67.3	69.3	71.1	400.0
	Sports Areas asset renewals programme	163.0	R	70.0	96.4	99.7	84.4	72.5	94.4	89.0	96.9	105.2	113.9	922.5
	Porritt Stadium athletic track resurfacing	485.0	R	196.0					713.6					909.6
	Rotokauri sports parks development programme	604.0	C								3,067.5			3,067.5
	Rotokauri sports parks development programme O&M impact	604.1	M									72.4	74.3	146.7
	Rototuna Sports Areas development programme	606.0	C			2,202.9	536.7		3,809.8	2,474.9	3,230.7			12,255.0
	Rototuna Sports Areas development programme O&M impact	606.1	M				59.7	72.3	74.2	218.9	296.7	382.6	392.9	1,497.3
	Indoor recreation centre	921.0	C					2,232.0		14,244.0	6,135.0			22,611.0
	Indoor recreation centre O&M impact	921.1	M								635.6	671.8	708.6	2,016.0
	Changing rooms on Elliot Park	1014.0	C	456.0										456.0
	Changing rooms on Elliot Park O&M impact	1014.1	M	36.3										36.3
	Roller skating facility grant	1040.0	M	75.0										75.0
	Swimming facilities													
	Waterworld asset renewals	212.0	R	120.3	284.7	132.6	139.7	334.0	154.2	161.8	376.0	174.0	182.9	2,060.1
	Gallagher Aquatic Centre asset renewals	213.0	R	87.5	45.6	48.3	101.6	53.5	56.1	117.6	60.1	63.1	132.7	766.1
	Partner pool grants	214.0	M	165.2	165.2	165.2	165.2	165.2	165.2	165.2	165.2	165.2	165.2	1,652.0
	North east sector pool	351.0	C					12,521.5	3,174.0					15,695.5
	North east sector pool O&M impact	351.1	M						773.4	950.4	977.4	1,005.3	1,032.4	4,738.9
	Gallagher Aquatic Centre carpark extension	712.0	C			117.2								117.2
	Hydrotherapy pool	714.0	C		1,430.0									1,430.0
	Hydrotherapy pool O&M impact	714.1	M			276.7	284.1	291.5	299.2	307.1	315.9	324.9	333.6	2,433.0
	Gallagher Aquatic Centre plant renewals	715.0	R		56.9	60.3	63.5							180.8
	Waterworld plant renewals	716.0	R					267.2	280.4	294.1				841.7
	Gallagher Aquatic Centre new UV water treatment system	720.0	C			60.3								60.3
	Gallagher Aquatic Centre new UV water treatment system O&M impact	720.1	M				(5.4)	(5.5)	(5.6)	(5.8)	(6.0)	(6.1)	(6.3)	(40.7)
	Waterworld extension of existing UV water treatment system	721.0	C		227.8									227.8
	Waterworld extension of existing UV water treatment system O&M impact	721.1	M			(15.7)	(16.1)	(16.5)	(16.9)	(17.4)	(17.9)	(18.4)	(18.9)	(137.7)
	Zoo													
	Zoo exhibit programme (minor)	310.0	C			415.8			402.9			443.8		1,262.5
	Zoo exhibit programme (minor) O&M impact	310.1	M				5.4	5.5	11.3	11.6	11.9	18.4	18.9	82.9
	Zoo electrical reticulation	493.0	C	87.5										87.5
	Zoo renewal animal enclosures	718.0	R	87.5	102.5	96.4	101.6	106.9	126.1	117.6	124.4	131.1	154.9	1,149.1
	Zoo renewal buildings structures etc	719.0	R	98.5	108.2	108.5	114.4	120.2	133.2	132.4	140.0	148.1	156.6	1,259.9
	Zoo visitor shelters	725.0	C		68.3		72.8		77.5					218.6
	Zoo security perimeter fencing	768.0	C	312.3										312.3
	Zoo purchase of land	955.0	C			419.6								419.6
	Support Services													
	City parks													
	Additional repeaters for RTs for City Parks	897.0	C	17.6										17.6
	Additional repeaters for RTs for City Parks O&M impact	897.1	M	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	6.2
	Communication and marketing													
	CityHeart I-site establishment	945.0	R	130.0	30.5	31.5	32.5	33.5	34.5	35.6	36.8	38.0	39.3	442.1
	Information services													
	Data capture	102.0	M	100.0	101.5	104.4	107.2	110.0	112.9	115.9	119.2	122.6	125.9	1,119.6
	IT system maintenance	444.0	M	200.0	203.0	208.8	214.4	220.0						1,046.2
	Disaster recovery ICT site	902.0	M	50.0	50.8	52.2	53.6	55.0	56.5	58.0	59.6	61.3	63.0	559.8
	Project Phoenix-IT systems upgrade	904.0	C	3,112.0	2,977.0	3,267.6	2,385.4	704.3	90.5	78.9	86.4	99.3	86.7	12,888.0
	Project Phoenix-IT systems upgrade O&M impact	904.1	M	311.0	367.4	293.4	191.9	154.0	85.8	102.0	100.1	93.2	110.8	1,809.6
	Microsoft Office upgrade	905.0	C				108.2			237.4			130.9	476.5
	Microsoft Office exchange server upgrade	906.0	C	150.0			54.1		115.1	59.4			65.5	444.0
	Cisco Callmanager telephony upgrade	908.0	C		101.5			55.8			61.4			218.7
	Cisco Callmanager telephony upgrade O&M impact	908.1	M		10.2	10.4	10.7	11.0	11.3	11.6	11.9	12.3	12.6	102.0
	Zeacom VoiceMail system upgrade	909.0	C		30.5			33.5			36.8			100.7

Page	SPECIAL AND CAPITAL PROJECTS													
	IN 000's			Total Cost										
Page	**Funded**	SAP No	Expenditure Type	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
	Zeacom VoiceMail system upgrade O&M impact	909.1	M		5.1	5.2	5.4	5.5	5.6	5.8	6.0	6.1	6.3	51.0
	VMWare Enterprise licence renewal	911.0	M		45.7			49.5			53.6			148.8
	Network equipment renewal & growth	912.0	R	55.0	45.7	42.0	37.9	167.4	92.1	71.2	67.5	44.4	307.6	930.7
	IS additional data storage	913.0	C	20.0	203.0	21.0	21.6	228.8	28.8	29.7	251.5	44.4	45.8	894.6
	Microsoft SQL database server	914.0	C	15.0	10.2			11.2					13.1	49.4
	Property (support)													
	Fleet renewals programme	149.0	R	1,051.0	1,076.9	1,031.2	1,082.0	1,116.0	1,151.0	1,187.0	1,227.0	1,268.0	1,309.0	11,499.1
	Facilities renewals programme	150.0	R	2,801.5	2,514.2	2,526.0	2,508.1	2,812.3	2,930.4	3,109.9	3,460.1	3,702.6	3,953.2	30,318.3
	Pensioner housing health & safety building programme	580.0	C			99.7	102.8	106.0	109.3	112.8	116.6	120.5	124.4	892.0
	Waterworld retiling of pools renewal	646.0	R	50.0						1,187.0	736.2	380.4		2,353.6
	Pensioner housing renewals programme	647.0	R	788.2	540.8	606.2	589.1	733.4	743.5	716.1	743.4	760.7	863.5	7,085.1
	Public toilet renewal programme	773.0	R	122.2	106.8	138.0	122.2	134.1	142.5	148.8	145.5	162.2	166.8	1,389.1
	Rehabilitation of municipal pools	872.0	C						115.1	2,371.6				2,486.7
	Staff facilities upgrade programme	901.0	C		142.1	251.8	454.4	463.1	322.3					1,633.7
	Building & site security improvements	915.0	C	50.0	50.8	52.5	54.1	55.8	57.6	59.4	61.4	63.4	65.5	570.2
	New vehicle & plant	916.0	C	150.0										150.0
	New vehicle & plant O&M impact	916.1	M	45.0	45.7	47.0	48.2	49.5	50.8	52.2	53.6	55.2	56.7	503.8
	Strategic													
	Quality of life	523.0	M	5.0	30.5	5.2	53.6	5.5	33.9	5.8	35.8	24.5	37.8	237.5
	Bylaws review	810.0	M			20.9	53.6	55.0						129.5
	Strategy review & relationship maintenance	813.0	M	30.0	30.5	31.3	32.2	66.0	45.2					235.1
	Creativity & identity strategy forum	845.0	M	40.0	40.6	41.8								122.4
	Utilities													
	Tools of trade renewals	642.0	R	50.0	49.7	44.1	29.8	38.5	30.5	61.7	41.7	45.6	37.3	428.9
	Works and services management													
	Development manual review	873.0	M	50.0	50.8									100.8
	Transportation													
	Transport: Access Hamilton													
	E1 East Hamilton arterial design & construction	375.0	C				12,823.9	14,731.2	6,100.3					33,655.4
	Shared walking, cycling route development programme	481.0	C	210.0	527.8	778.4	205.1	236.0	848.3	137.7	327.6	481.8		3,752.8
	Shared walking, cycling route development programme O&M impact	481.1	M		0.8	5.2	7.8	11.1	13.9	28.2	31.9	34.7	40.0	173.7
	Peachgrove, Hukanui Intersection upgrades and minor improvements	528.0	C		101.5	104.9	2,122.6	2,189.3						4,518.2
	E1-Peachgrove East St, Te Aroha-Peachgrove intersections	529.0	C		88.3	553.9	2,164.0							2,806.2
	Ruakura Rd upgrade	530.0	C	21.8	126.9	268.5	1,220.5	1,258.8						2,896.6
	Wairere Dr (designation, land, intersections, 4 laning etc)	544.0	C			6,909.8	9,094.2	9,452.5	177.3		189.0			25,822.7
	Cycleway construction (Access Hamilton)	545.0	C	2,093.1	1,308.3	2,425.6	1,346.8	1,534.7	824.7	623.1	110.4	114.1	117.8	10,498.6
	Access Hamilton strategy implementation	727.0	M	10.0	10.2	10.4	10.7	246.8	11.3	11.6	11.9	12.3	282.5	617.7
	Bus infrastructure priority & operational subsidies	729.0	M	100.0	101.5	104.4	107.2	110.0	112.9	115.9	119.2	122.6	125.9	1,119.6
	Claudelands Grey St intersection	735.0	C	150.0	507.5									657.5
	Marketing & promotion for awareness of Access Hamilton	738.0	M	50.0	50.8	52.2	53.6	55.0	56.5	58.0	59.6	61.3	63.0	559.8
	Neighbourhood accessibility plans	740.0	M	75.0	76.1	78.3	80.4	82.5	84.7	86.9	89.4	92.0	94.4	839.7
	School business travel plans	741.0	M	240.0	324.8	417.6	428.8	440.0	451.6	463.6	476.8	490.4	503.6	4,237.2
	School speed zones (signage & education)	827.0	C	150.0	152.3	157.4	162.3	167.4	201.4					990.7
	Northern growth corridor	861.0	C			2,729.5	6,434.7	5,154.8						14,319.0
	Minogue Park traffic precinct improvements	1024.0	C			150.0		1,270.0	2,296.2					3,716.3
	Pedestrian cycling improvement investigations	1036.0	M	200.0										200.0
	Pedestrian cycling improvement works	1037.0	C		2,030.0	2,098.0	2,164.0							6,292.0
	Carriageways management													
	Subdivision associated works	17.0	C	125.0	126.9	131.1	135.3	139.5	143.9	148.4	153.4	158.5	163.6	1,425.5
	Miscellaneous land purchases	30.0	C	50.0	50.8	52.5	54.1	55.8	57.6	59.4	61.4	63.4	65.5	570.2
	Kerb & channel replacement	40.0	R	1,215.0	1,233.2	1,521.1	1,352.5	1,534.5	1,582.6	1,780.5	1,993.9	2,219.0	2,454.4	16,886.7
	Area wide treatment	41.0	R	1,110.0	1,094.2	1,970.0	1,375.2	1,707.5	1,441.6	1,486.7	1,595.1	1,648.4	1,701.7	15,130.4
	Carriageways resurfacing	44.0	R	2,076.0	2,381.2	3,484.8	4,192.8	3,782.1	2,444.7	3,566.9	5,111.7	3,320.9	2,218.8	32,579.8
	Bridge refurbishment	45.0	M	250.0				88.0	56.5					394.5
	Ruakura Rd (E1 to Silverdale)	552.0	C										197.0	197.0
	Peacockes roading future growth	553.0	C	154.0	758.5	1,115.4	1,700.7	2,634.6	100.1	676.2	699.0	722.3	519.0	9,079.9
	Rotokauri roading future growth	554.0	C				12,134.6	17,712.0	7,452.6	8,876.6	15,879.3	8,334.7	12,975.4	83,365.2
	Rototuna roading growth	555.0	C	1,438.5	705.0	3,167.8	8,286.6	22,042.6	13,495.2	4,837.6	7,999.7	6,846.8	14,086.8	82,906.6
	Ruakura growth cell	1001.0	C								262.4	3,509.2	5,038.3	8,809.8
	CityHeart Claudelands Bridge clip-on	1004.0	C			1,993.1								1,993.1
	CityHeart Claudelands, Bryce, Victoria St intersection	1005.0	C	500.0										500.0
	CityHeart O'Neil St revitalisation	1026.0	C	1,500.0										1,500.0
	Central area off-street parking													
	Off street carpark resurfacing	236.0	R			10.5	17.3	11.8						39.6
	Footpaths, cycleways and verges													
	Footpath replacement	92.0	R	1,429.2	1,794.6	1,923.8	2,052.6	2,695.1	3,337.9	3,976.8	4,110.8	4,248.2	4,385.5	29,954.5

Page	SPECIAL AND CAPITAL PROJECTS													
	IN 000's			Total Cost										
Page	**Funded**	SAP No	Expenditure Type	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
	Footpath construction & improvements	97.0	C	40.0	30.5	29.4	32.5	33.5	34.5	35.6	36.8	38.0	39.3	350.0
	Hamilton Transport Centre													
	Transport Centre capacity improvement	899.0	C	70.0	162.4	52.5		55.8						340.7
	Transport Centre precinct improvements	1012.0	C	90.0	507.5									597.5
	Public transport super stop	1028.0	C	50.0	304.5									354.5
	Public transport super stop operating funded from Access Hamilton Reserve	1030.0	M	50.0	50.8	52.2	53.6	55.0	56.5	58.0	59.6	61.3	63.0	559.8
	Parking enforcement													
	Parking meter renewal	117.0	R	20.0	20.3	21.0	21.6	22.3	23.0	23.7	24.5	25.4	26.2	228.1
	Electronic handheld ticket machines renewal	620.0	R	20.0	20.3	21.0	21.6	22.3	23.0	23.7	24.5	25.4	26.2	228.1
	RT renewals for Parking Enforcement	621.0	R							15.4				15.4
	Traffic services/street lighting													
	Safety improvements	223.0	C	550.0	558.3	577.0	595.1	613.8	633.1	652.9	674.9	697.4	720.0	6,272.2
	Traffic calming	224.0	C	200.0	203.0	209.8	108.2	111.6	115.1	118.7	122.7	126.8	130.9	1,446.8
	Installation of new street lights	227.0	C	150.0	152.3	157.4	162.3	167.4	172.7	178.1	184.1	190.2	196.4	1,710.6
	Replacement of existing street lights	231.0	R	350.0	355.3	367.2	378.7	390.6	402.9	415.5	429.5	443.8	458.2	3,991.4
	Traffic signal renewal	232.0	R	150.0	152.3	209.8	216.4	223.2	230.2	237.4	245.4	253.6	261.8	2,180.1
	Street signs renewal	233.0	R	50.0	50.8	52.5	54.1	55.8	57.6	59.4	61.4	63.4	65.5	570.2
	Safety barriers renewal	235.0	R	30.0	30.5	31.5	32.5	33.5	34.5	35.6	36.8	38.0	39.3	342.1
	Urban Development													
	City planning													
	CityScope strategy implementation	632.0	M	30.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	930.0
	District plan work programme (ongoing & emerging issues)	850.0	M	350.0	101.5	52.2								503.7
	District Plan review (includes consultations, hearings & appeals)	871.0	M	650.0	659.8	522.0	268.0	275.0	112.9					2,487.7
	Ruakura structure plan	887.0	M			135.7	139.4	55.0						330.1
	Future proof implementation	888.0	M	100.0	50.8									150.8
	Boundary changes	990.0	M	200.0										200.0
	Sustainable environment													
	Gully restoration programme	208.0	M	15.0	32.5	33.4	34.3	35.2						150.4
	Back to earth	989.0	M	20.0	15.2									35.2
	Breathe easy	991.0	M	40.0	40.6	41.8								122.4
	Communities for climate protection action plan implementation	992.0	M	5.0	10.2	20.9								36.0
	Waste Minimisation													
	Refuse collection/recycling													
	Refuse transfer station renewals	152.0	R	200.0										200.0
	Closed landfills-renewals (resource)	583.0	R	91.8	71.3	71.1	70.7	78.8	86.9	100.1	84.9	95.1	109.6	860.2
	Closed landfills-capital (resource)	868.0	C	123.5	341.6									465.1
	Waste minimisation & management plan	869.0	M	165.0	132.0	114.8	139.4	66.0	124.2	150.7	71.5	134.9	163.7	1,262.1
	Stormwater control for refuse transfer station	870.0	M	25.0										25.0
	Water Management													
	Stormwater reticulation													
	Stormwater customer connections to the network	165.0	C	274.0	284.2	301.1	318.1	333.7	349.9	368.0	386.5	407.0	425.4	3,447.9
	Stormwater impact mitigation	167.0	C	80.0	56.8	59.8	63.8	67.0	70.2	73.6	77.3	81.2	70.7	700.4
	Stormwater contributions for increasing pipe sizes in subdivisions	168.0	C		60.9		64.9		69.1		73.6		78.5	347.0
	Rototuna stormwater trunks	170.0	C							2,738.4		2,433.3		5,171.7
	Waitawhiriwhiri Stream channel lining	173.0	R				270.5	279.0	287.8	296.8	306.8			1,440.8
	Stormwater river outfall improvements	178.0	M	60.0	142.1	150.3	157.6	165.0	171.6	179.6	188.3	196.2	205.2	1,616.0
	Stormwater Project Watershed emergency works	388.0	C	93.0	96.4	102.8	108.2	113.8	119.7	124.6	131.3	138.2	144.0	1,172.1
	Stormwater Rotokauri catchment management plan	502.0	M	90.0			21.4			23.2			25.2	159.8
	Rotokauri stormwater pipe network	548.0	C		3,599.2	6,217.4	6,537.4	8,486.1	4,671.9	7,126.7	1,483.4	8,321.9		46,444.1
	Stormwater secondary flowpath citywide assessment	570.0	M	140.0										140.0
	Peacocke stormwater trunks	573.0	C			426.9								426.9
	Peacocke stormwater wetlands	574.0	C				570.2	33.5	1,126.8					1,730.5
	Peacocke stormwater catchment management plan	575.0	M	30.0	10.2							92.0	94.4	226.5
	Stormwater renewals	587.0	R	538.0	559.3	590.6	624.3	656.2	338.4	353.7	372.5	391.3	411.2	4,835.5
	Stormwater catchment assessments, plan infill existing	886.0	M			52.2	53.6							105.8
	Stormwater capacity upgrades enabling infill development	889.0	C	147.0	322.8	52.5	318.1	55.8	332.6	59.4	61.4	63.4	65.5	1,478.3
	Ruakura stormwater	1007.0	C										654.5	654.5
	Stormwater Project Watershed renewals Hamilton Parade	1010.0	C		50.8	262.3								313.0
	Stormwater Project Watershed renewals Kirikiriroa	1011.0	C		662.8									662.8
	Wastewater reticulation													
	Wastewater customer connections to the network	239.0	C	295.4	307.5	325.4	343.0	360.7	378.5	397.1	417.4	438.7	460.6	3,724.3
	Wastewater contributions for increasing pipe sizes in subdivisions	241.0	C	50.0		52.5		55.8		59.4		63.4		281.0
	Rototuna wastewater trunk	242.0	C					609.3	241.7	1,063.6	323.9	152.2	515.7	2,906.4
	Wastewater capacity upgrades for infill development	244.0	C			734.3		347.1						1,081.4
	Wastwater pump station storage	253.0	C				428.5	225.4	605.7	278.7	440.6	463.3	486.6	2,928.8

Page	SPECIAL AND CAPITAL PROJECTS													
	IN 000's			Total Cost										
Page	**Funded**	SAP No	Expenditure Type	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
	Wastewater corrosion venting of interceptors	255.0	C	76.6	79.7	84.4								240.7
	Wastewater structure plan-growth	258.0	M	50.0			32.2			34.8			37.8	154.7
	Septic tank cleaning	259.0	M	120.0			128.6			139.1			151.1	538.8
	Rotokauri trunk wastewater	547.0	C		1,693.0	1,344.8	814.7	3,921.6		728.8	488.3	1,451.9	451.6	10,894.8
	Peacocke wastewater trunk	581.0	C			161.5								161.5
	Wastewater pump station renewals	597.0	R	757.8	737.2	1,006.8	1,062.7	1,067.9	947.3	835.9	1,044.3	943.5	1,004.1	9,407.6
	Peacocke wastewater stage 1	797.0	C	3,200.0										3,200.0
	Temple View wastewater pump station upgrade	857.0	C	565.5										565.5
	Wastewater renewals	877.0	R	1,312.8	1,548.8	2,181.6	2,616.7	3,682.9	3,724.9	3,906.2	4,106.4	4,315.8	4,531.1	31,927.1
	Trade waste sampling equipment	891.0	M	30.0	20.3	20.9	21.4							92.6
	Ruakura trunk wastewater	1008.0	C			2,517.6								2,517.6
	Peacocke interceptor feasibility	1017.0	M					440.0						440.0
	Wastewater treatment plant													
	Telemetry & SCADA upgrade	26.0	C	350.0	355.3	157.4	162.3	390.6	402.9	178.1	184.1	443.8	458.2	3,082.4
	Telemetry & SCADA upgrade O&M impact	26.1	M	90.0	91.4	94.0	96.5	99.0	101.6	104.3	107.3	110.3	113.3	1,007.6
	Wastewater treatment plant upgrade	238.0	C	7,220.4	6,470.8	5,561.3								19,252.5
	Wastewater treatment plant upgrade O&M impact	238.1	M	432.9	859.3	987.4	1,032.9	1,321.4	1,377.5	1,435.9	1,500.3			8,947.5
	WWTP capital improvements	305.0	C	120.0	50.8	52.5	129.8	55.8	57.6	142.4	61.4	63.4	157.1	890.7
	WWTP asset renewals	307.0	R	315.0	639.5	1,193.8	706.5	683.0	1,528.5	1,512.2	1,319.0	1,283.2	616.5	9,797.3
	WWTP bypass treatment	579.0	C	350.0	456.8	472.1								1,278.8
	WWTP outfall repairs	878.0	R	1,500.0	507.5									2,007.5
	Biosolids disposal	980.0	C		101.5									101.5
	Water reticulation													
	Water supply customer connections to the network	261.0	C	281.0	292.3	414.3	326.2	343.6	361.5	380.9	403.1	427.3	454.0	3,684.2
	Rototuna trunk watermains	262.0	C			254.9		970.9	195.7	309.8	516.6	374.1	303.7	2,925.6
	Water supply Rototuna reservoir & associated bulkmains	265.0	C		931.8	1,559.9	3,736.1							6,227.8
	Citywide water reticulation upgrades	267.0	C	315.0	319.7	330.4	340.8	351.5	362.6	373.9	386.5	399.4	412.3	3,592.3
	Watermain renewals	269.0	R	1,203.4	1,518.1	1,717.6	1,830.5	2,983.0	3,130.5	3,285.5	3,454.0	3,630.0	3,811.2	26,563.6
	Renewal water meters valves & hydrants	270.0	R	250.0	257.8	271.7	284.6	298.0	313.1	328.8	344.8	362.6	380.9	3,092.3
	Rotokauri water reservoir & associated bulkmains	276.0	C	30.0							1,355.8	5,760.5		7,146.4
	Eastern bulk watermain augmentation & extension	277.0	C	60.0			2,810.0							2,870.0
	Water supply emergency plan	280.0	M	32.8	34.2	36.0	37.8	6.6					10.1	157.4
	Rotokauri trunk watermains	549.0	C			206.7	916.5	544.6	166.9	668.3	627.0		333.8	3,463.7
	Water supply network bulk monitoring	561.0	C	49.2	51.2									100.5
	Water supply citywide backflow device installation	565.0	C	200.0	203.0	209.8	216.4	223.2	230.2	237.4	245.4	253.6	261.8	2,280.8
	Peacocke trunk watermains	593.0	C			176.2	191.5							367.7
	Watermain upgrades for infill development	595.0	C	732.0	290.3	488.8	544.2	463.1	359.1	546.0	638.0	555.4	399.2	5,016.3
	Water demand management implementation	858.0	M	154.2	107.0	112.7	118.3	123.7	129.2	135.0	141.1	147.6	154.1	1,323.1
	Water works associated with state highways	879.0	R	150.0	152.3	104.9	108.2	111.6	115.1	118.7	122.7	126.8	130.9	1,241.2
	Valuing water (loss management)	963.0	M	135.0	182.7	344.5	193.0							855.2
	Ruakura trunk watermains	1006.0	C									445.1	755.3	1,200.4
	Water treatment station													
	Reservoir asset renewals	278.0	R	23.0	81.2	42.0	54.1	44.6	172.7	184.0	177.9	200.3	197.7	1,177.5
	Water treatment station asset renewal	294.0	R	660.0	723.7	795.1	842.9	562.5	558.2	544.8	570.6	547.8	535.4	6,341.0
	Reservoir capital improvements (compliance)	304.0	C	58.0	253.8	356.7	97.4	55.8	57.6	59.4	61.4	63.4		1,063.2
	Reservoir capital improvements (compliance) O&M impact	304.1	M				5.4	5.5	5.6	11.6	11.9	12.3	12.6	64.9
	Water treatment station capital improvements (resource)	519.0	C	122.0	143.1	658.8	803.9	92.6	95.5	98.5	202.5	2,219.0	1,767.2	6,203.1
	Water treatment station capital improvements (resource) O&M impact	519.1	M	50.0	50.8	52.2	53.6	55.0	56.5	58.0	59.6	61.3	63.0	559.8
	WTS capital improvements (growth)	556.0	C	150.0	456.8			1,174.0	8,061.6	11,631.4				21,473.8
	Water treatment station capital improvements O&M impact	556.1	M						1,524.2	1,564.7	1,609.2	1,655.1	1,699.7	8,052.8
	Water treatment station water intake investigation	880.0	M				214.4							214.4
	Alum sludge dewatering	984.0	C	300.0		2,622.5	2,705.0							5,627.5
	Total			**89,218.8**	**96,918.4**	**111,403.1**	**140,928.2**	**180,327.2**	**123,498.8**	**124,525.1**	**111,475.9**	**108,824.8**	**109,857.9**	**1,196,978.1**

Special & Capital Project Funded By:

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
Total cost	89,218.8	96,918.4	111,403.1	140,928.2	180,327.2	123,498.8	124,525.1	111,475.9	108,824.8	109,857.9	1,196,978.1
Rates	26,875.1	28,196.7	29,159.9	30,084.6	33,325.4	36,110.4	40,266.9	41,996.6	40,280.3	41,595.3	347,891.2
Loans reserve	1,153.2	3,649.2	9,141.6	15,935.2	15,172.0	4,637.8	181.8	154.0	32.3	33.4	50,090.6
Loans DCL	10,726.0	13,916.7	27,731.4	35,414.9	59,362.3	38,290.3	36,661.7	22,757.2	35,047.5	32,426.5	312,334.5
Loans rates	43,108.9	38,141.4	17,457.0	26,454.7	36,721.7	22,684.7	22,365.6	22,757.5	12,907.5	14,622.5	257,221.4
Reserves	1,764.8	5,023.0	6,919.1	2,849.8	1,030.4	944.2	1,150.5	964.5	739.1	1,032.6	22,418.1
Subsidies	4,362.5	5,288.5	10,043.2	18,601.7	20,101.8	7,579.7	4,740.6	5,340.7	4,705.3	4,542.4	85,306.3
Other revenue	1,228.4	2,702.9	10,951.0	11,587.2	14,613.6	13,251.7	19,158.0	17,505.5	15,112.8	15,605.1	121,716.1

Expenditure Type	
C	Capital

	SPECIAL AND CAPITAL PROJECTS													
	IN 000's			**Total Cost**										
Page	**Funded**	SAP No	Expenditure Type	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
			M	Maintenance										
			R	Renewal										

APPENDIX 14.2 SPECIAL AND CAPITALPROJECTS - UNFUNDED

Page	SPECIAL AND CAPITAL PROJECTS IN 000's Unfunded	SAP No	Expenditure Type	Total Cost 2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
	City Profile													
	City promotion													
	Business Hamilton communication	939.0	M	15.0	50.8		53.6		56.5		59.6		63.0	298.4
	Visitor attraction	942.0	M	90.0	91.4	94.0	96.5	99.0	101.6	104.3	107.3	110.3	113.3	1,007.6
	Hamilton network	943.0	M			52.2	10.7	11.0	56.5	11.6	11.9	61.3	12.6	227.8
	Property													
	Commercial fund lease renewal programme	993.0	R				273.7	558.0	227.9	23.7	716.6	873.7	56.3	2,729.9
	City Safety													
	Animal care and control													
	Additional kennel blocks for the Animal Control Centre	615.0	C				216.4							216.4
	Community Development and Amenities													
	Cemeteries and crematorium													
	Hamilton West cemetery development of historic reserve	51.0	C				11.9	16.7	115.1					143.7
	Hamilton West cemetery development of historic reserve O&M impact	51.1	M							7.3	7.5	7.7	7.9	30.5
	Hamilton Park cemetery water reticulation	55.0	C				16.2	67.0	186.5					269.7
	Hamilton East Cemetery Rd maintenance programme	56.0	R		361.3									361.3
	Hamilton Park cemetery Utilities compound	664.0	C							449.9				449.9
	Housing services PMU													
	Pensioner housing upgrade programme pt 2	1019.0	C					4,813.3						4,813.3
	Libraries													
	Chartwell library expansion	933.0	C	128.1										128.1
	Chartwell library expansion O&M impact	933.1	M		4.1	4.2	4.3	4.4	4.5	4.6	4.8	4.9	5.0	40.8
	Library frontage canopy & move library offices	950.0	C	100.0	791.7	498.3								1,390.0
	Indexing of the Waikato Times	985.0	C		35.5	36.7	37.9	39.1	20.7					169.9
	First chapters writers programme	997.0	M	35.0		36.5		38.5		40.6		42.9		193.5
	RFID technology	998.0	C				196.9	169.6	338.4	210.1	27.6	28.5	29.5	1,000.6
	Social development													
	North east sector community centre	611.0	C	200.0	203.0	2,968.7	108.2							3,479.9
	North east sector community centre O&M impact	611.1	M				176.9	181.5	186.3	191.2	196.7	202.3	207.7	1,342.6
	Social well-being strategy vibrant youth UF	1023.0	M	40.0	35.5	36.5	37.5	38.5	39.5	40.6	41.7	42.9	44.1	396.9
	Event and Cultural Venues													
	Hamilton city theatres													
	Theatre improvements programme	219.0	C	150.2	52.6	54.3	56.0	57.8	59.6	61.5	63.6	65.7	67.8	689.1
	Theatres Clarence St upgrade	694.0	R	139.8	99.8									239.6
	Theatres Meteor Theatre development stage 2	702.0	C	2,782.0	1,263.0									4,045.0
	Theatres Meteor Theatre development stage 2 O&M impact	702.1	M	(42.5)	(43.1)									(85.6)
	Claudelands events centre													
	Temporary event seating	672.0	C	269.4										269.4
	Temporary event seating O&M impact	672.1	M	(30.0)	(30.5)	(94.0)	(96.5)	(99.0)	(101.6)	(104.3)	(107.3)	(110.3)	(113.3)	(886.7)
	Waikato museum of art and history													
	Waikato Museum entrance	704.0	C	1,926.0										1,926.0
	Beale Cottage historic restoration project	775.0	C	113.8	45.5									159.2
	Beale Cottage historic restoration project O&M impact	775.1	M	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	11.2
	Art gallery (land only contribution)	936.0	M				541.0	558.0	575.5	593.5	613.5	634.0	654.5	4,170.0
	Waikato stadium													
	Waikato Stadium training ground upgrade (Fred Jones Pk)	974.0	C		525.3									525.3
	Waikato Stadium training ground upgrade (Fred Jones Pk) O&M impact	974.1	M		30.5	31.3	32.2	33.0	33.9	34.8	35.8	36.8	37.8	305.9
	Waikato Stadium development programme	975.0	C	641.6	514.0	568.8		43.9	49.4		444.9	32.8		2,295.4
	Waikato Stadium development programme O&M impact	975.1	M	(10.0)	(20.3)	(31.3)	(42.9)	(55.0)	(67.7)	(81.1)	(95.4)	(110.3)	(125.9)	(640.0)
	Seddon park													
	Seddon Park development programme	919.0	C	297.5	74.1	519.3	153.5	578.1	893.6	150.6	109.7	39.4		2,815.9
	Seddon Park development programme O&M impact	919.1	M			(10.4)	(10.7)	(11.0)	(11.3)	(11.6)	(11.9)	(12.3)	(12.6)	(91.8)
	Seddon Park equipment purchase programme	973.0	C	72.4	57.9	119.6	11.3	11.6	12.0	12.3	12.8	13.2	13.6	336.6
	Seddon Park equipment purchase programme O&M impact	973.1	M	3.0	4.1	7.3	8.6	9.9	11.3	12.7	14.3	15.9	17.6	104.8
	Recreation													
	Hamilton gardens													
	Hamilton Gardens restaurant & café upgrade	937.0	C				328.9							328.9
	Hamilton Gardens pavilion upgrade	938.0	R		79.4	56.1								135.5
	Parks and gardens													
	Waikato riverside history walkway programme	121.0	C	25.0	15.2	100.7	70.3	89.3	29.9	20.2	18.4	17.8		386.8
	Waikato riverside history walkway programme O&M impact	121.1	M	3.0	5.1	8.4	11.8	17.6	19.2	20.9	22.6	24.5	25.2	158.2

Page	SPECIAL AND CAPITAL PROJECTS	SAP No	Expenditure Type	Total Cost										
	IN 000's													
	Unfunded			2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
	Taitua Arboretum development programme	134.0	C	13.0	138.1	56.9	96.6	67.1		87.1		74.1	76.4	609.3
	Taitua Arboretum development programme O&M impact	134.1	M		1.0	6.3	8.6	8.8	11.3	11.6	14.3	14.7	17.6	94.2
	Carpark development programme	135.0	C	49.0	126.9	125.9	68.2	83.7						453.6
	Carpark development programme O&M impact	135.1	M		0.5	1.6	2.1	2.8	3.4	3.5	3.6	3.7	3.8	24.9
	Founding Hamilton RS Rangiriri	339.0	C	211.0										211.0
	Upper level riverside walkway	557.0	C					1,116.0		1,187.0				2,303.0
	Upper level riverside walkway O&M impact	557.1	M						1.1	1.2	2.4	2.5	2.5	9.6
	Donny Park development programme	756.0	C				116.9							116.9
	Donny Park development programme O&M impact	756.1	M					7.7	7.9	8.1	8.3	8.6	8.8	49.5
	Tauhara Park bridges replacement	762.0	R		25.4	37.8	87.6							150.8
	Riverside feature lighting system renewal	875.0	R	10.0	243.6	209.8								463.4
	Minogue Park development programme	994.0	C									1,498.8	1,944.4	3,443.2
	Minogue Park development programme O&M impact	994.1	M										42.2	42.2
	Riff Raff precinct redevelopment	999.0	C	15.0	45.7									60.7
	Riff Raff precinct redevelopment O&M impact	999.1	M			1.5	1.5	1.5	1.6	1.6	1.7	1.7	1.8	12.9
	Sports areas													
	Sports Areas development programme	157.0	C		72.6				56.1					128.6
	Sports Areas development programme O&M impact	157.1	M			0.4	0.4	0.4	0.5	18.8	19.3	19.9	20.4	80.1
	New skateboard facilities	161.0	C				173.1		402.9					576.0
	New skateboard facilities O&M impact	161.1	M					5.5	5.6	11.6	11.9	12.3	12.6	59.5
	Irrigation on selected sports fields programme	970.0	C	15.0	101.5	104.9	108.2							329.6
	Irrigation on selected sports fields programme O&M impact	970.1	M			2.1	4.3	6.6	6.8	7.0	7.2	7.4	7.6	48.8
	Swimming facilities													
	Gallagher Aquatic Centre Club Aqua	924.0	C	70.0	772.9									842.9
	Gallagher Aquatic Centre Club Aqua O&M impact	924.1	M			146.2	150.1	154.0	158.1	162.3	166.9	171.6	176.3	1,285.3
	Gallagher Aquatic Centre learners pool	925.0	C					178.6	1,841.6					2,020.2
	Gallagher Aquatic Centre learners pool O&M impact	925.1	M							185.4	190.7	196.2	201.4	773.8
	Waterworld adventureland playground	926.0	C						460.4					460.4
	Waterworld adventureland playground O&M impact	926.1	M							5.8	11.9	12.3	12.6	42.6
	Waterworld meeting rooms & commercial space	927.0	C			419.6								419.6
	Waterworld meeting rooms & commercial space O&M impact	927.1	M				53.6	55.0	56.5	58.0	59.6	61.3	63.0	406.9
	Waterworld Club Aqua gym extensions	928.0	C	800.0										800.0
	Waterworld Club Aqua gym extensions O&M impact	928.1	M		10.2	10.4	10.7	11.0	11.3	11.6	11.9	12.3	12.6	102.0
	Zoo													
	Waiwhakareke Hamilton Zoo reception precinct	929.0	C	230.0			227.2	203.1		296.8	406.1	507.2	596.9	2,467.3
	Waiwhakareke Hamilton Zoo reception precinct O&M impact	929.1	M					10.2	10.5	10.8	23.0	23.7	24.3	102.5
	Zoo savannah, rhino exhibit	956.0	C			52.5	2,164.0							2,216.5
	Zoo savannah, rhino exhibit O&M impact	956.1	M					22.0	22.6	23.2	23.8	24.5	25.2	141.3
	Zoo lion exhibit & safari camp	957.0	C						920.8	474.8				1,395.6
	Zoo lion exhibit & safari camp O&M impact	957.1	M							34.8	35.8	36.8	37.8	145.1
	Zoo kiwi house children's zoo	958.0	C									380.4	654.5	1,034.9
	Support Services													
	City parks													
	Covered storage for stadia	399.0	C			143.7								143.7
	Northern City Parks works depots	400.0	C			353.5								353.5
	Communication and marketing													
	CityHeart city profile promotion	944.0	M	40.0	40.6	41.8	42.9	44.0	45.2	46.4	47.7	49.0	50.4	447.8
	Project Services													
	Project Services equipment renewal	546.0	R	19.0	68.0	91.3	30.3	15.6	31.1	19.0	17.2	17.8	24.9	334.1
	Programme management													
	Plan index system	1002.0	C		20.3									20.3
	Survey benchmark database	1003.0	C		15.2									15.2
	Property (support)													
	Municipal building renewal & refurbishment programme	883.0	R	21.0	104.5	243.4	257.5	476.5	250.9					1,353.9
	Te Rapa Sportsdrome (gym) airconditioning upgrade	894.0	C	305.0										305.0
	Te Rapa Sportsdrome (gym) airconditioning upgrade O&M impact	894.1	M		1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	10.2
	Community facilities airconditioning installation programme	895.0	C	136.0	143.8	123.5								403.3
	Community facilities airconditioning installation programme O&M impact	895.1	M		0.8	1.7	2.1	2.2	2.3	2.3	2.4	2.5	2.5	18.8
	Green building action plan for Council facilities	959.0	M		30.5									30.5
	Municipal building redevelopment	1000.0	C	200.0	203.0	209.8	3,787.0	3,348.0						7,747.8
	Staff facilities upgrade programme UF	1020.0	C				238.0	527.9	545.6					1,311.5
	Strategic													
	Strategic land purchase fund	192.0	A						2,302.0		2,454.0		2,618.0	7,374.0
	Establishment of a heritage fund	986.0	M	50.0	50.8	52.2	80.4	82.5	84.7	86.9	119.2	122.6	125.9	855.2
	Transportation													
	Transport: Access Hamilton													

Page	SPECIAL AND CAPITAL PROJECTS													
	IN 000's			**Total Cost**										
Page	**Unfunded**	SAP No	Expenditure Type	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
	Land purchase for park & ride	457.0	C	1,094.0	1,138.8									2,232.8
	Nth CBD commuter carpark subsidy	465.0	M	80.0	81.2	83.5	85.8	88.0	90.3	92.7	95.4	98.1	100.7	895.7
	Carpark Knox St stage 2	730.0	C	320.0	3,045.0									3,365.0
	Avalon Dr access	744.0	C	1,000.0	2,639.0									3,639.0
	Walkway & cycleway river crossing Deys Park	772.0	C	875.2										875.2
	Infrastructure commuter train to Auckland	796.0	C	50.0	456.8									506.8
	Cross city connector	803.0	C					194.2	398.2	1,092.0	1,171.3	11,647.2	7,540.5	22,043.5
	Clyde, Bridge St precinct improvements	971.0	C	150.0	2,537.5	3,671.5								6,359.0
	Bus infrastructure priority & operational subsidies UF	1016.0	M		347.1	96.0	98.6	761.2	668.4	106.6	109.7	112.8	115.8	2,416.3
	Carriageways management													
	Powerline undergrounding programme	787.0	M	328.2	341.6	359.9	377.6							1,407.3
	Hamilton Transport Centre													
	Transport Centre capacity improvement UF	1022.0	C	40.0	142.1	136.4	995.4	279.0	34.5	593.5	184.1			2,405.0
	Transport Centre capacity improvement O&M impact UF	1022.1	M				69.7	71.5	73.4	75.3	77.5	79.7	81.8	528.9
	Water Management													
	Stormwater reticulation													
	Stormwater capacity upgrade to mitigate flooding	176.0	C	612.6	580.8	578.5	673.2	788.2	771.1	794.2	835.0	877.5	921.3	7,432.3
	Fish ladders & culvert adjustment	976.0	C	40.0	40.6	42.0	43.3	44.6	46.0	47.5	49.1	50.7	52.4	456.2
	Stormwater erosion protection	978.0	C		50.8									50.8
	Wastewater treatment plant													
	Wastewater pump station capital	979.0	C	173.3	226.3	214.5	124.4	388.7	97.8	336.2	104.3	107.8	111.3	1,884.6
	WWTP biosolids disposal UF	1021.0	C			2,622.5	2,705.0							5,327.5
	Water reticulation													
	Water bulkmain valve automation	272.0	C	87.5										87.5
	Restricted water supply to rural properties	274.0	C		14.8		16.5		18.2		20.0		22.1	91.7
	Fixed water quality monitoring points	981.0	C	50.0	50.8	52.5	54.1	55.8	57.6	59.4	61.4	63.4		504.8
	Injection outlet points for swabbing & air scour	982.0	C			52.5	54.1							106.6
	Water reservoirs	983.0	C	60.0										60.0
	Water treatment station													
	Water treatment station improvements (ozone treatment)	455.0	C							1,260.6	11,043.0			12,303.6
	Water treatment station improvements (ozone treatment) O&M impact	455.1	M								774.8	796.9	818.4	2,390.1
	Water treatment station capital improvements	764.0	C	55.0	18.3	48.3	470.7	61.4	63.3	65.3	67.5	69.7	72.0	991.4
	Treatment plants site security	962.0	C	415.0	253.8	262.3	27.1	279.0		29.7	306.8			1,573.5
	Water intake long-term	988.0	C			786.8	7,033.0							7,819.8
	Total			**14,565.1**	**18,428.7**	**16,502.6**	**22,846.3**	**16,715.2**	**12,398.7**	**9,104.0**	**20,835.5**	**19,189.5**	**17,707.0**	**168,292.5**

Special & Capital Project Funded By:

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Yr Total
Total cost	14,565.1	18,428.7	16,502.6	22,846.3	16,715.2	12,398.7	9,104.0	20,835.5	19,189.5	17,707.0	168,292.5
Rates	792.5	1,800.5	907.7	1,899.3	2,332.1	1,718.1	71.0	2,319.9	2,526.1	1,787.3	16,154.4
Loans reserve	2,727.8	6,914.2	3,750.2	975.5	307.0	150.4	912.8	570.4	3,452.5	2,190.2	21,951.1
Loans DCL			62.9	68.2	347.1	2,748.6	895.0	5,976.7	1,941.3	4,208.4	16,248.2
Loans rates	10,548.4	9,482.2	11,109.4	19,087.2	12,696.9	6,585.0	5,198.8	10,237.1	3,745.8	4,129.0	92,819.6
Reserves											
Subsidies	481.4		57.7	19.9	150.5	219.0	600.6	575.1	6,334.5	4,170.9	12,609.7
Other revenue	15.0	231.8	614.7	796.3	881.7	977.5	1,425.8	1,156.2	1,189.2	1,221.2	8,509.4

Expenditure Type	
C	Capital
M	Maintenance
R	Renewal

APPENDIX 14.3 GENERAL RATE ALLOCATION ($) BY PROPERTY SECTOR

ALL FIGURES IN $000'S Service Name	Residential	Inner City	Commercial	Multi Unit	Rural Residential	Rural Large	Rural Small	Total Rate Required
City Profile								
Economic Development	633	2	725	12	1	2	8	1,383
City Promotion	1,130	4	1,296	21	1	4	14	2,471
I-site	218	1	250	4	0	1	3	476
Sister Cities Programme	9	0	11	0	0	0	0	20
Property Management (Service)	(2,382)	(9)	(503)	(47)	(4)	(46)	(56)	(3,047)
City Safety								
Emergency Management	151	1	32	3	0	0	1	188
Environmental Health	268	1	312	5	0	5	4	594
Central City Safety	272	1	317	5	0	5	4	604
Animal Care and Control	282	1	59	6	0	5	7	360
Community Services and Amenities								
Community Assistance	715	3		14	1	2	5	891
Social Development	402	1	85	8	1	1	3	501
Employment Development	792	3	168	16	1	2	6	986
Neighbourhood Development	344	1	73	7	1	1	2	429
Youth Programme	388	1	82	8	1	1	3	484
Community Facilities	410	1	87	8	1	1	3	511
Cemeteries and Crematorium	25	0	5	0	0	0	0	31
Community Halls	50	0	11	1	0	0	0	62
Leased Buildings	114	0	24	2	0	0	1	142
Housing Services	96	0	20	2	0	0	1	120
Toilets	440	2	93	9	1	1	3	549
Libraries	4,921	18	1,043	97	8	11	36	6,133
Democracy								
Partnership With Maori	166	1	35	3	0	0	1	207
Councillor Services	1,862	7	395	37	3	4	13	2,320
Elections	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Mayoral Services	1,245	4	264	24	2	3	9	1,552
Event and Cultural Venues								
Hamilton Theatre Services	1,316	5	279	26	2	3	10	1,640
Museum	3,047	11	646	60	5	7	22	3,797
ArtsPost	36	0	8	1	0	0	0	45
Claudelands Events Centre	856	3	181	17	1	2	6	1,067
Waikato Stadium	1,984	7	420	39	3	4	14	2,472
Seddon Park	645	2	137	13	1	1	5	804
Recreation								
City Beautification	1,353	5	287	27	2	3	10	1,686
Hamilton Gardens	1,658	6	351	33	3	4	12	2,066
Parks and Gardens	4,722	17	1,001	93	8	10	34	5,884
Sports Areas	2,866	10	607	56	5	6	21	3,571
Swimming Facilities	2,535	9	537	50	4	5	18	3,159
Leisure Centre	176	1	37	3	0	0	1	219
Zoo	1,314	5	278	26	2	3	10	1,637
Transportation								
Parking Enforcement	(1,327)	(5)	(280)	(26)	(2)	(26)	(31)	(1,697)
Carriageways Management	4,003	15	10,445	67	(1)	29	280	14,838
Central Area Parking	76	0	189	1	(0)	1	0	269
Footpaths, Cycleways and Verges	1,441	5	3,424	24				4,894
Network Management (Transport)	153	1	379	3	(0)	2	1	539
Road Safety	28	0	69	0	(0)	0	0	97
Traffic	819	3	2,042	14	1	5	17	2,900
Transport Centre	48	0	119	1	(0)	1	0	169
Transport: Access Hamilton								
Urban Development								
City Planning	1,824	7	385	36	3	35	43	2,333
Building Control	7	0	2	0	0	0	0	9
Planning Guidance	717	3	151	14	1	14	17	917
Sustainable Environment	350	1	191	7	0	1	3	554
Waste Minimisation								
Refuse	3,597			152	6	73	97	3,925
Water Management								
Wastewater Reticulation	1,782	6	2,207	166	1	35	12	4,209
Wastewater Treatment Plant	2,892	11	3,450	257	3			6,612
Stormwater Reticulation	4,662	17	981	234	2	10	35	5,939
Water Reticulation	1,088	4		44	2			1,138
Water Treatment Plant	5,220	19		210	10			5,458
Total Cost	**62,438**	**213**	**33,406**	**1,889**	**80**	**231**	**709**	**99,117**

APPENDIX 14.4 GENERAL RATE ALLOCATION (%) BY PROPERTY SECTOR

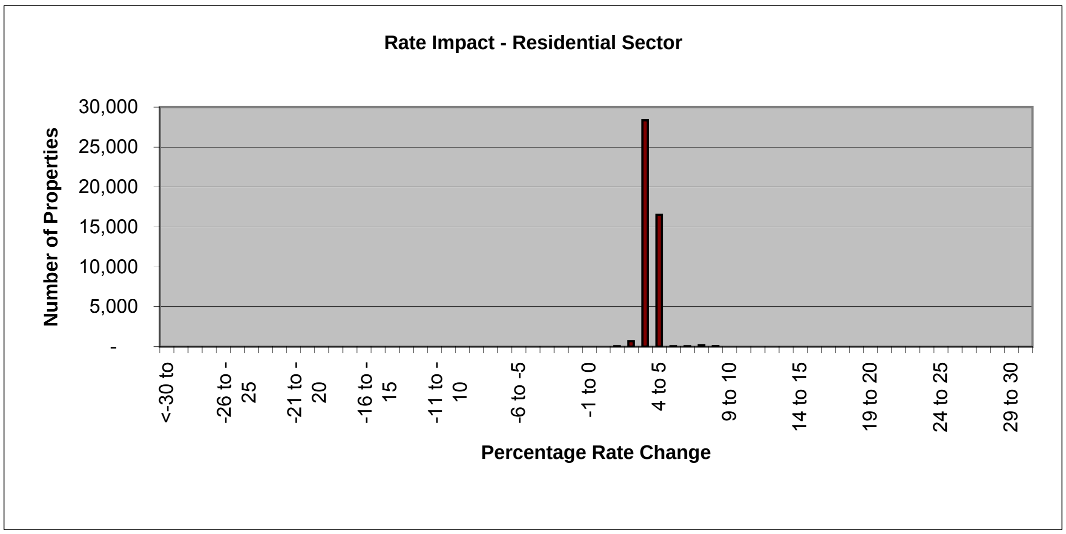
ALL FIGURES IN % Service Name	Residential	Inner City	Commercial	Multi Unit	Rural Residential	Rural Large	Rural Small	Total Rate Required
City Profile								
Economic Development	45.76%	0.17%	52.44%	0.85%	0.04%	0.17%	0.58%	100%
City Promotion	45.76%	0.17%	52.44%	0.85%	0.04%	0.17%	0.58%	100%
I-site	45.76%	0.17%	52.44%	0.85%	0.04%	0.17%	0.58%	100%
Sister Cities Programme	45.76%	0.17%	52.44%	0.85%	0.04%	0.17%	0.58%	100%
Property Management (Service)	78.18%	0.28%	16.51%	1.53%	0.12%	1.52%	1.85%	100%
City Safety								
Emergency Management	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Environmental Health	45.03%	0.16%	52.44%	0.83%	0.04%	0.78%	0.72%	100%
Central City Safety	45.03%	0.16%	52.44%	0.83%	0.04%	0.78%	0.72%	100%
Animal Care and Control	78.18%	0.28%	16.51%	1.53%	0.12%	1.52%	1.85%	100%
Community Services and Amenities								
Community Assistance	80.25%	0.29%		1.58%	0.13%	0.17%	0.58%	83%
Social Development	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Employment Development	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Neighbourhood Development	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Youth Programme	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Community Facilities	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Cemeteries and Crematorium	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Community Halls	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Leased Buildings	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Housing Services	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Toilets	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Libraries	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Democracy								
Partnership With Maori	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Councillor Services	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Elections	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Mayoral Services	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Event and Cultural Venues								
Hamilton Theatre Services	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Museum	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
ArtsPost	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Claudelands Events Centre	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Waikato Stadium	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Seddon Park	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Recreation								
City Beautification	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Hamilton Gardens	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Parks and Gardens	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Sports Areas	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Swimming Facilities	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Leisure Centre	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Zoo	80.25%	0.29%	17.01%	1.58%	0.13%	0.17%	0.58%	100%
Transportation								
Parking Enforcement	78.18%	0.28%	16.51%	1.53%	0.12%	1.52%	1.85%	100%
Carriageways Management	26.98%	0.10%	70.40%	0.45%	-0.01%	0.19%	1.89%	100%
Central Area Parking	28.45%	0.10%	70.40%	0.48%	-0.01%	0.41%	0.16%	100%
Footpaths, Cycleways and Verges	29.44%	0.11%	69.96%	0.50%				100%
Network Management (Transport)	28.45%	0.10%	70.40%	0.48%	-0.01%	0.41%	0.16%	100%
Road Safety	28.45%	0.10%	70.40%	0.48%	-0.01%	0.41%	0.16%	100%
Traffic	28.24%	0.10%	70.40%	0.48%	0.03%	0.17%	0.58%	100%
Transport Centre	28.45%	0.10%	70.40%	0.48%	-0.01%	0.41%	0.16%	100%
Transport: Access Hamilton								0.00%
Urban Development								
City Planning	78.18%	0.28%	16.51%	1.53%	0.12%	1.52%	1.85%	100%
Building Control	78.18%	0.28%	16.51%	1.53%	0.12%	1.52%	1.85%	100%
Planning Guidance	78.18%	0.28%	16.51%	1.53%	0.12%	1.52%	1.85%	100%
Sustainable Environment	63.24%	0.23%	34.48%	1.22%	0.09%	0.17%	0.58%	100%
Waste Minimisation								
Refuse	91.65%			3.87%	0.16%	1.85%	2.46%	100%
Water Management								
Wastewater Reticulation	42.33%	0.15%	52.44%	3.93%	0.03%	0.84%	0.28%	100%
Wastewater Treatment Plant	43.73%	0.16%	52.17%	3.89%	0.04%			100%
Stormwater Reticulation	78.49%	0.28%	16.51%	3.93%	0.03%	0.17%	0.58%	100%
Water Reticulation	95.64%	0.34%		3.84%	0.18%			100%
Water Treatment Plant	95.64%	0.34%		3.84%	0.18%			100%
General Rate Differential Yield	**62.99%**	**0.21%**	**33.70%**	**1.91%**	**0.08%**	**0.23%**	**0.72%**	**100%**

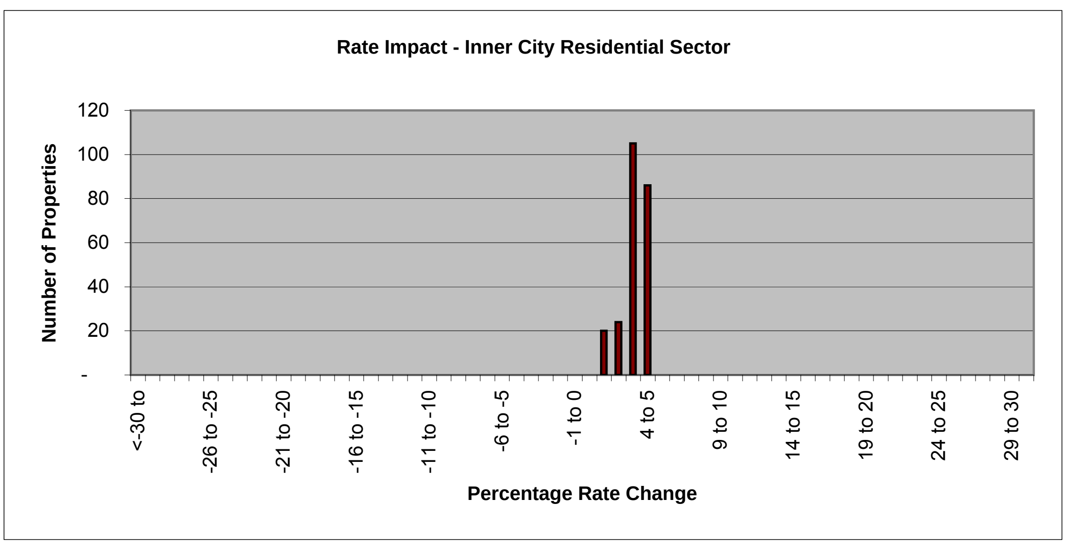
APPENDIX 14.5 2009/10 INDICATIVE RATE IMPACT

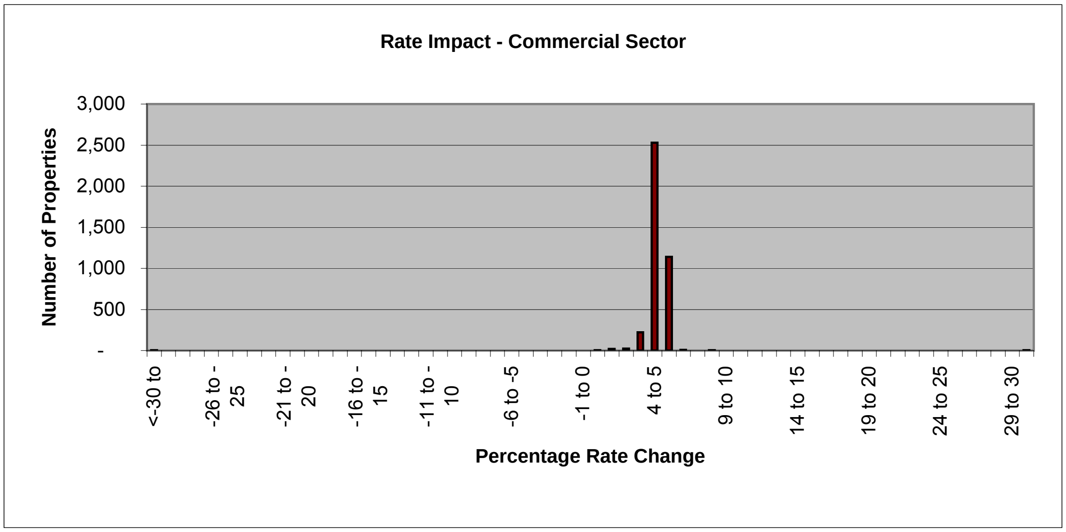
Indicative rate impact of the 2009/10 rating system to existing ratepayers

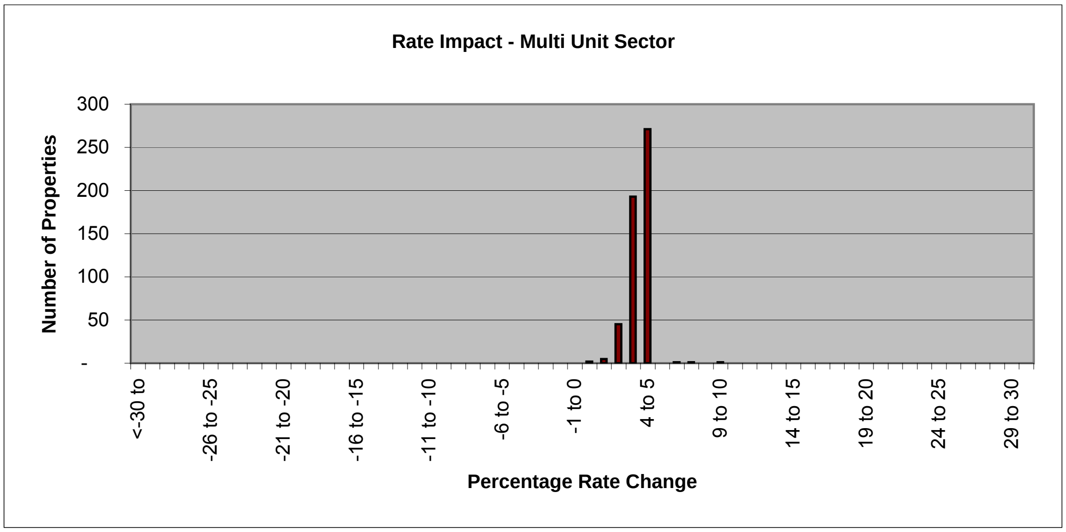
Property Sector	Pay less	Average % decrease	No Change	Pay more	Average % increase
Residential	0	0	0	45882	3.89
Commercial	0	0	4	3949	4.85
Multi Unit	0	0	2	517	3.94
Small Rural	7	2	76	349	2.40
Large Rural	4	1	51	8	1.30
Inner City Residential	0	0	0	235	3.52
Rural Residential	0	0	0	20	3.09
All Differentials	11	3	133	50960	3.95

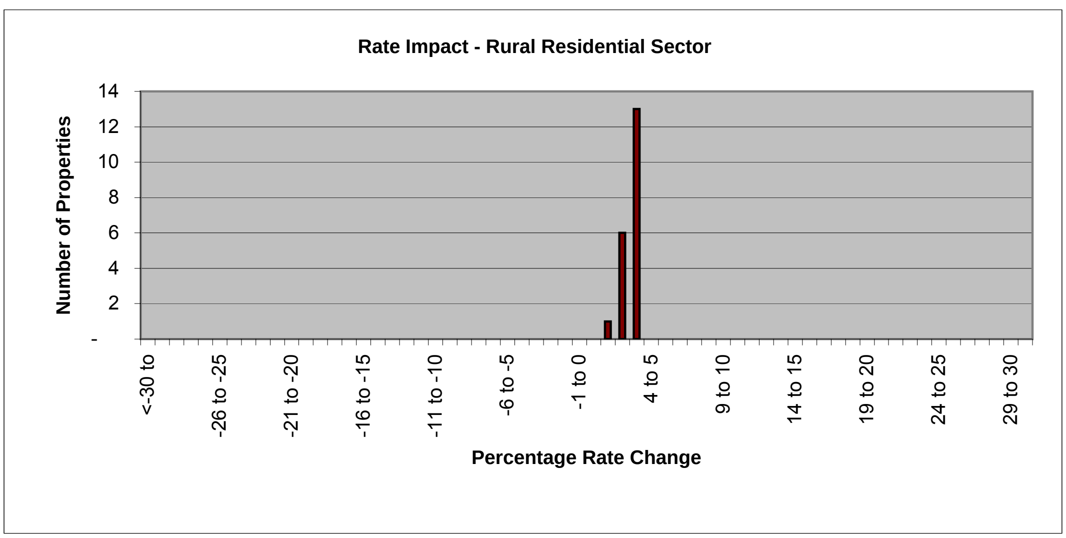
- Properties where rates move within the range of -1% to +1% are catergorised as no change
- Properties where rates decrease greater than -1% are catergorised as pay less
- Properties where rates increase grater than -1% are catergorised as pay more

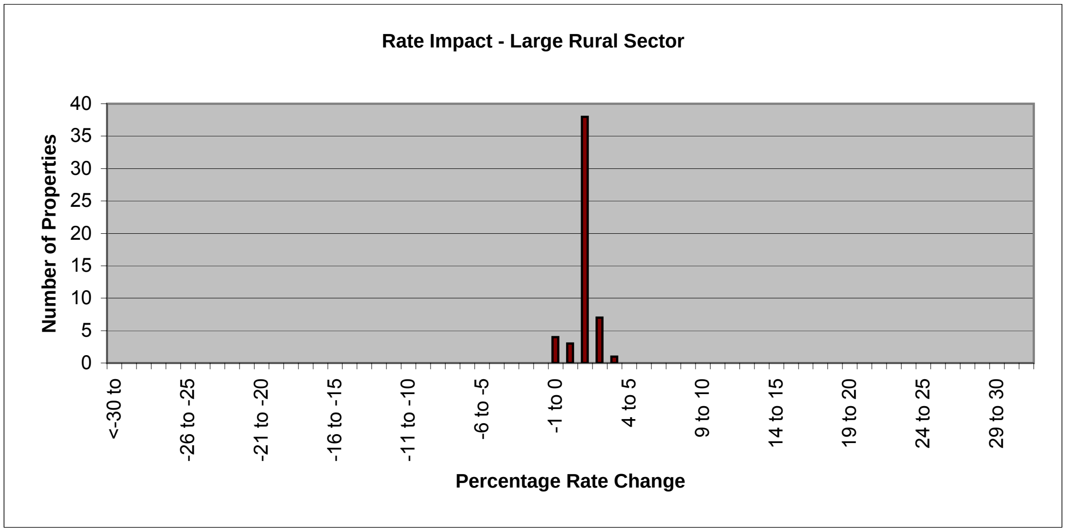




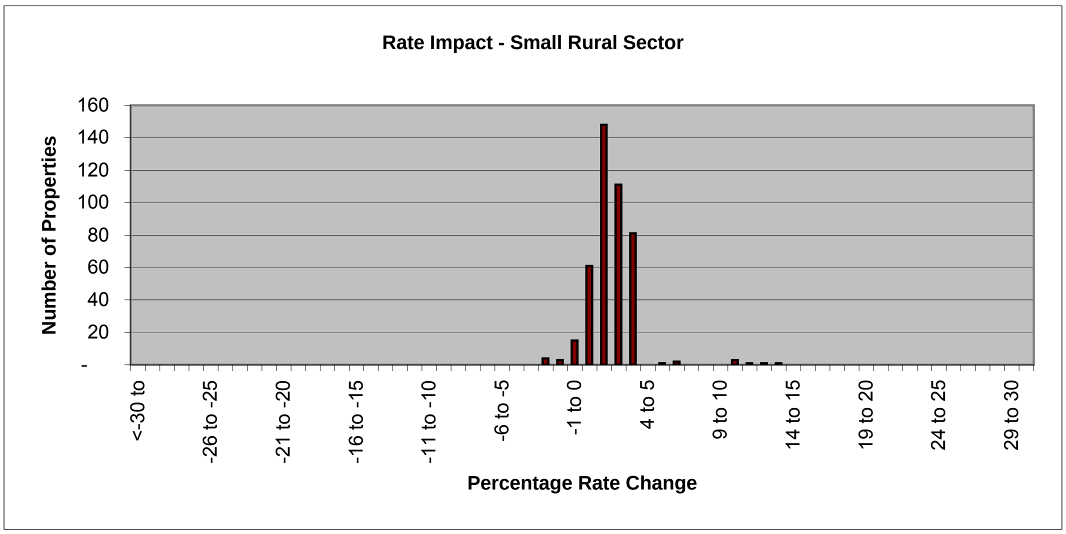

Rate Impact - Commercial Sector
Number of Properties
3,000
2,500
2,000
1,500
1,000
500
-
<-30 to
-26 to - 25
-21 to - 20
-16 to - 15
-11 to - 10
-6 to -5
-1 to 0
4 to 5
9 to 10
14 to 15
19 to 20
24 to 25
29 to 30
Percentage Rate Change


Rate Impact - Multi Unit Sector
Number of Properties
300
250
200
150
100
50
-
<-30 to
-26 to -25
-21 to -20
-16 to -15
-11 to -10
-6 to -5
-1 to 0
4 to 5
9 to 10
14 to 15
19 to 20
24 to 25
29 to 30
Percentage Rate Change


Rate Impact - Rural Residential Sector
Number of Properties
14
12
10
8
6
4
2
-
<-30 to
-26 to -25
-21 to -20
-16 to -15
-11 to -10
-6 to -5
-1 to 0
4 to 5
9 to 10
14 to 15
19 to 20
24 to 25
29 to 30
Percentage Rate Change



Rate Impact - Large Rural Sector
Number of Properties
40
35
30
25
20
15
10
5
0
<-30 to
-26 to -25
-21 to -20
-16 to -15
-11 to -10
-6 to -5
-1 to 0
4 to 5
9 to 10
14 to 15
19 to 20
24 to 25
29 to 30
Percentage Rate Change



Rate Impact - Small Rural Sector
Number of Properties
160
140
120
100
80
60
40
20
-
<-30 to
-26 to -25
-21 to -20
-16 to -15
-11 to -10
-6 to -5
-1 to 0
4 to 5
9 to 10
14 to 15
19 to 20
24 to 25
29 to 30
Percentage Rate Change

APPENDIX 14.6 2009/10 SELECTED SAMPLE OF INDICATIVE RATES

(Excluding Targeted Rate for Non Domestic Water. Includes Targeted Rates for Access Hamilton as well as the BID Targeted Rate)

Basket of Properties Category	Land Value	Capital Value	Current Rates (incl AH Rate) 2008/09	Rates (incl AH Rate) 2009/10	BID Rates 2009/10	Total Rates 2009/10	Rates Difference $	Rates Difference %
RESIDENTIAL								
Arcus St	525,000	845,000	4,862	5,067		5,067	206	4.23
Storey Ave	134,000	390,000	1,279	1,321		1,321	41	3.21
Lake Domain Dr	370,000	750,000	3,460	3,595		3,595	135	3.90
Hamilton Parade	765,000	1,275,000	7,094	7,391		7,391	297	4.19
Crowden Plce	275,000	700,000	2,603	2,694		2,694	91	3.49
Munro St	750,000	1,900,000	7,098	7,347		7,347	249	3.50
Wellington St	194,000	515,000	1,841	1,904		1,904	63	3.41
Waimaire St	196,000	405,000	1,835	1,906		1,906	71	3.87
Longwood Plce	275,000	550,000	2,570	2,671		2,671	101	3.92
Pascal Plce	202,000	550,000	1,920	1,985		1,985	64	3.36
Fow St	125,000	190,000	1,155	1,205		1,205	50	4.30
River Rd	1,300,000	1,930,000	12,002	12,522		12,522	520	4.33
Balfour Cres	320,000	585,000	2,979	3,100		3,100	121	4.06
Victoria St	134,000	290,000	1,257	1,305		1,305	48	3.79
Kilmuir Place	174,000	530,000	1,667	1,718		1,718	52	3.11
Anson Ave	340,000	815,000	3,199	3,323		3,323	125	3.89
Ngaio Place	161,000	345,000	1,510	1,567		1,567	57	3.81
Lake Domain Dr	895,000	1,100,000	8,212	8,585		8,585	373	4.54
Casey Ave	207,000	520,000	1,953	2,027		2,027	74	3.81
Chesterman Rd	195,000	450,000	1,836	1,903		1,903	68	3.68
Caversham Drive	161,000	430,000	1,529	1,581		1,581	52	3.40
Temple View Property B	79,000	220,000	752	777		777	25	3.31
INNER CITY RESIDENTIAL APARTMENTS								
Collingwood Street	118,000	208,000	1,051	1,094		1,094	43	4.05
Garden Place	235,000	535,000	2,121	2,198		2,198	77	3.63
INDUSTRIAL								
Te Rapa Industrial	4,000,000	9,500,000	82,798	86,681		86,681	3,883	4.69
Te Rapa Industrial	2,050,000	6,700,000	42,839	44,709		44,709	1,871	4.37
Te Rapa Industrial	2,250,000	4,900,000	46,475	48,689		48,689	2,213	4.76
Te Rapa Industrial	228,000	875,000	4,793	4,993		4,993	200	4.16
Te Rapa Industrial	440,000	1,775,000	9,269	9,649		9,649	379	4.09
Te Rapa Industrial	1,755,000	2,800,000	36,025	37,818		37,818	1,793	4.98
Frankton Industrial	1,335,000	2,100,000	27,397	28,763		28,763	1,366	4.99
Frankton Industrial	170,000	505,000	3,541	3,700		3,700	158	4.47
COMMERCIAL								
Ward St	1,440,000	2,270,000	29,553	31,026		31,026	1,473	4.98
Victoria St	1,150,000	2,000,000	23,643	24,807		24,807	1,164	4.92
Garden Place Retail	80,000	250,000	1,669	1,743		1,743	74	4.42
Cr Ellis/Killarney Rd	230,000	255,000	4,696	4,939		4,939	242	5.16
Ellis St	415,000	910,000	8,574	8,981		8,981	408	4.76
Grey St	510,000	1,200,000	10,554	11,050		11,050	496	4.70
Te Rapa Rd	4,000,000	9,500,000	82,798	86,681		86,681	3,883	4.69
Suburban Commercial	10,120,000	116,530,000	229,938	233,722		233,722	3,783	1.65
Ward St	1,400,000	7,300,000	29,858	30,958		30,958	1,100	3.68
Victoria St	1,000,000	2,000,000	20,616	21,612		21,612	995	4.83
CBD Car Park	1,025,000	6,075,000	22,022	22,780		22,780	757	3.44
CBD Shopping Mall & Carpark	12,000,000	84,200,000	260,714	268,726		268,726	8,012	3.07
London St	477,000	1,270,000	9,904	10,358		10,358	454	4.59
Te Rapa Hotel	1,990,000	12,500,000	42,911	44,336		44,336	1,424	3.32
CBD Medical	3,690,000	12,045,000	77,107	80,475		80,475	3,368	4.37
Te Rapa Commercial	910,000	1,000,000	18,580	19,539		19,539	959	5.16
CBD Retail	5,875,000	21,590,000	123,298	128,503		128,503	5,205	4.22
Government CBD Premises	4,500,000	28,985,000	97,195	100,369		100,369	3,174	3.27
Ulster Street Motel	1,150,000	2,100,000	23,665	24,822		24,822	1,158	4.89
Ulster Street Motel	1,300,000	3,200,000	26,934	28,189		28,189	1,255	4.66
Ulster Street Motel	770,000	1,650,000	15,899	16,658		16,658	759	4.78
CBD Retail	1,180,000	10,370,000	26,099	26,751		26,751	651	2.50
Te Rapa Commercial	1,825,000	5,445,000	38,022	39,721		39,721	1,699	4.47

Basket of Properties Category	Land Value	Capital Value	Current Rates (incl AH Rate) 2008/09	Rates (incl AH Rate) 2009/10	BID Rates 2009/10	Total Rates 2009/10	Rates Difference $	Rates Difference %
COMMERCIAL - BID RATES								
Bryce Street (64 SUIP's)	12,000,000	84,200,000	260,714	268,726	16,939	285,665	24,951	9.57
Bryce Street (15 SUIP's)	5,875,000	21,590,000	123,298	128,503	4,026	132,529	9,231	7.49
Victoria Street (10 SUIP's)	2,400,000	16,150,000	51,990	53,638	2,737	56,375	4,385	8.43
Collingwood Street (1 SUIP)	340,000	950,000	7,069	7,390	254	7,644	574	8.13
Victoria Street (1 SUIP)	675,000	925,000	13,822	14,522	253	14,775	953	6.89
London Street (1 SUIP)	500,000	885,000	10,283	10,788	252	11,040	757	7.36
London Street (1 SUIP)	75,000	165,000	1,550	1,623	230	1,853	304	19.60
Victoria Street (1 SUIP)	133,000	221,000	2,732	2,867	232	3,099	367	13.43
Casabella Lane (1 SUIP)	35,000	92,000	726	760	228	988	261	35.95
MULTI UNITS								
Charlemont St - 4 Units	425,000	700,000	5,571	5,828		5,828	257	4.61
Firth St - 10 Units	235,000	970,000	3,210	3,314		3,314	104	3.24
RURAL RESIDENTIAL								
Baverstock Rd	260,000	610,000	1,279	1,303		1,303	24	1.89
Baverstock Rd	985,000	985,000	4,551	4,729		4,729	178	3.91
RURAL SMALL (> 0.2 AND < 10 HECTARES)								
Tramway Rd	2,200,000	2,210,000	7,023	7,244		7,244	221	3.14
State Highway 3	515,000	527,000	1,646	1,697		1,697	51	3.10
Weston Lea	310,000	555,000	1,043	1,059		1,059	15	1.46
RURAL LARGE (> 10 HECTARES)								
Peacockes Rd - 167.89Ha	8,880,000	9,700,000	15,315	15,418		15,418	103	0.68
Tasman Rd	6,300,000	6,540,000	10,790	10,885		10,885	96	0.89
Te Kowhai	5,680,000	6,000,000	9,751	9,830		9,830	80	0.82