

FUNDING & FINANCIAL POLICIES

The Local Government Act 2002 requires the Council to have a number of funding and financial policies in order to provide consistency and clarity about sources and levels of funding and financial decisions.

This section of the *Long-Term Council Community Plan* includes the following funding and financial policies:

- a revenue and financing policy
- a community project funding policy
- a liability management policy
- an investment policy
- a policy on development contributions and financial contributions
- a significance policy
- a policy on partnerships between the local authority and the private sector
- a policy on the remission and postponement of rates on Maori freehold land (Appendix 2)
- a rates remission policy (Appendix 2)
- a rates postponement policy (Appendix 2).

REVENUE & FINANCING POLICY

PURPOSE

To present the Council's policies for financing its planned groups of activities.

INTRODUCTION

The Taranaki Regional Council is required to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the regional community. For the purposes of this *Revenue and Financing Policy*, the Taranaki Regional Council's policy is to fully fund all operational expenditure from the sources allowed under section 103(2) of the Local Government Act 2002. This Plan funds all the identified expenditure needs of the Council.

The following considerations were factors in determining the sources of revenue and finance for each of the Council's activities:

- the community outcomes to which the activity primarily contributes
- 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
- 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.

The Council is entitled to finance its activities and functions from the following sources:

- general rates
- targeted rates
- fees and charges
- interest and dividends from investments
- borrowing
- proceeds from asset sales
- financial contributions under the Resource Management Act 1991
- grants and subsidies
- any other source.

The policies and sources of funding for each of the Council's functions are outlined in the remainder of this *Policy*.

The Council is also entitled to fund its capital expenditure from the same sources identified above. This Council funds depreciation on all of its assets. The Council's policy is to fund capital expenditure from accumulated cash surpluses arising from the full financing of depreciation. If for any capital project those accumulated operating cash surpluses are insufficient then the considerations outlined above will be applied to the project to determine the sources of financing appropriate for that project.

GENERAL RATES

The system of rating for general rate requirements is a combination of the capital value system equalised for the timing of valuations between districts and uniform annual general charges on each rating unit in the region.

The Council uses its investment returns (dividends, interest and rent) to reduce the general rate requirement. Accordingly, for the purposes of this *Revenue and Financing Policy* investment funds and general rates have been combined and are referred to as *general funds*.

RATES COLLECTION

The region's three district councils collect regional rates. The rates remission and rates discount policies of the Taranaki Regional Council are the same as those adopted by the respective district councils (refer to Appendix 2).

REVENUE & FINANCING POLICY

REVENUE AND FINANCING SOURCES AND MECHANISMS FOR THE COUNCIL'S ACTIVITIES

Group of activities	Activities	Funding sources and mechanisms
Resource management		
<p>Resource management planning has a regional focus with the benefits accruing to the wider community. Accordingly, the activity is substantially funded from general funds.</p> <p>The processing and monitoring of specific resource consents is funded by direct charging those who specifically benefit from and/or cause the expenditure, namely, consent applicants and holders. General inquiries, administration and information requests are funded from general funds as a broad community service. A portion of compliance monitoring is also funded from general funds which recognises that certain compliance monitoring information is of benefit to the wider community. Pollution control is funded by general funds provided recovery from the polluter has been pursued as far as practicable. Marine oil spill contingency response is funded by Crown contribution in compliance with the Marine Transport Act 1994.</p> <p>State of the environment monitoring and resource investigations and projects activities provide the necessary regional scientific information for Council to be informed and make defensible decisions across its range of activities. Consequently, the activity is funded from general funds.</p> <p>Waste minimisation is an advocacy, encouragement and facilitation role. The results of this work are implemented and funded by third parties. The wider community, through enhanced environmental quality, is the beneficiary of this work. The project is a joint exercise of the region's four local authorities. The region's three district councils contribute to the cost of the activity with the Taranaki Regional Council's portion being funded by general funds.</p> <p>Land management services are funded by general funds. These services are principally of an advisory nature and are typically in the range of 10-20% of the costs of the recommended physical works which are funded by the landowners. There are sales of merchandise (e.g., riparian plants) to landholders (at full cost recovery) to support land management.</p> <p>Biodiversity and enhancement grants involve the promotion of the protection of the region's environment through the use of enhancement grants. The protection of the environment is a combined effort between the Council and landowners. Landowners do not forgo ownership rights to the land but they incur opportunity costs in respect of potential land development. The Council provides grants for the long-term preservation and protection (e.g., fencing) of the land. Consequently, the activity is funded from general funds.</p>	Resource management planning	100% general funds.
	Consent processing and administration	60% fees and charges. 40% general funds.
	Compliance monitoring programmes	70% fees and charges. 30% general funds.
	Pollution incidents and response	100% fees and charges from the party responsible for the pollution. General funds when fees and charges are unable to be applied. Maritime Safety Authority contribution for national services (oil spills).
	State of the environment monitoring	100% general funds.
	Resource investigations	100% general funds.
	Waste minimisation	Fees and charges from the region's three territorial authorities. General funds for Taranaki Regional Council portion of these services.
	Sustainable land management plans and plant supply programme	100% general funds for sustainable land management plans. General funds for the provision of advice and information. Fees and charges for the supply of poplar, willow poles and other plant materials.
	Biodiversity	100% general funds.
	Enhancement grants	100% general funds.

REVENUE & FINANCING POLICY

Group of activities	Activities	Funding sources and mechanisms
Biosecurity		
<p>Biosecurity planning has a regional focus with the benefits accruing to the wider community. Accordingly, the activity is substantially funded from general funds. Council funded pest management activities are typically complemented by land owner funded activities several times greater than the Council's costs. Pest management services, with some minor exceptions that are directly charged for or funded by Crown contributions, are funded from general funds. The basis of this approach was developed in accordance with section 76 of the Biosecurity Act 1993 and is provided in detail in Council's adopted <i>Pest Management Strategy for Taranaki: Animals</i> and <i>Pest Management Strategy for Taranaki: Plants</i>.</p>	Biosecurity planning	100% general funds.
	Pest animal management	Crown contributions for national services. Fees and charges for bait stations and enforcement operations. General funds for other services.
	Pest plant management	Crown contributions for national services. Fees and charges for enforcement operations. General funds for other services.
Transport		
<p>Regional land transport planning and disabled persons passenger transport services benefit the wider community and as such are funded from general funds. Passenger transport bus subsidies are provided to specific communities and accordingly are funded by that community. Ratepayer funds are generally matched by Crown contributions with service users paying user charges through fares. Harbour safety and navigational services benefit the wider community and are funded from general funds.</p>	Regional land transport planning	Crown contributions for national services. General funds for regional services.
	Passenger transport	Crown contributions for national services. Capital value targeted rate over the New Plymouth and North Taranaki constituencies for the New Plymouth passenger transport bus subsidies. Capital value targeted rate over the South Taranaki constituency for the South Taranaki passenger transport bus subsidies. User charges through fares.
	Harbour management	100% general funds.
Hazard management		
<p>Civil defence emergency management. The Council provides an administering role to the Civil Defence Emergency Management Group. The Group administers the provision of emergency management services. The region's four local authorities contribute to the provision of these services. All services benefit the wider community. Therefore, the Taranaki Regional Council's share of the Group's costs is funded from general funds.</p> <p>River control schemes are funded by targeted rate over the community benefiting from the protection. Advice, minor river works and flood response services are provided to the whole region however, the North Taranaki community tends to benefit more from this function than the rest of the regional community because of the higher incidence of flooding events in that part of the region.</p>	Civil defence emergency management	Crown contributions for national services. Fees and charges from the four local authority members of the Civil Defence Emergency Management Group. General funds for Taranaki Regional Council portion of these services.
	Flood management and general river control	70% general funds. 30% capital value based targeted rate over the New Plymouth and North Taranaki constituencies.

REVENUE & FINANCING POLICY

Group of activities	Activities	Funding sources and mechanisms
Hazard management		
	River control schemes	<p>Waitara River Flood Control Scheme: 100% capital value based targeted rate over the New Plymouth and North Taranaki constituencies.</p> <p>Waiwhakaiho River Flood Control Scheme: 100% capital value based targeted rate over the New Plymouth and North Taranaki constituencies.</p> <p>For small river control schemes (Makuri River Flood Control Scheme, Stony River Flood Control Scheme and Waitotara River Flood Control Scheme) where it is not administratively efficient or cost-effective to established separate targeted rating areas the services are funded by general funds. For the Waitotara River Flood Control Scheme the South Taranaki community contributes to the cost of the service via a cost sharing arrangement with the South Taranaki District Council.</p>
Recreation, culture and heritage		
<p>For major expenditure projects such as the Yarrow Stadium, more specific targeting of beneficiaries is proposed as confirmed by independent expert analysis. Generally, the provision of regionally significant recreation, culture and heritage services provide "public good" benefits to the wider community and, as such, they maybe expected to be funded from general funds.</p> <p>Regional gardens provide free public-benefit services to the wider community. As such, other than for specific hire services, these amenities are provided free of charge to the regional community and are funded by general funds. The provision of display and information services, via Puke Ariki, provides public good benefits to the wider regional community and, as such, are funded form general funds.</p>	Regional gardens	Direct charges for the hire of regional garden amenities. 100% general funds for community use of the facilities.
	Puke Ariki	100% general funds.
	Yarrow Stadium	A combination of uniform annual general charges and land value differential targeted rates (New Plymouth and North Taranaki constituencies) that recover approximately 78% of the costs from the New Plymouth and North Taranaki constituencies, 5% of the costs from the Stratford constituency and 17% of the costs from South Taranaki constituency.

REVENUE & FINANCING POLICY

Group of activities	Activities	Funding sources and mechanisms
Regional representation, advocacy and investment management		
<p>Managing the Council's interest in its investments is an activity conducted on behalf of the whole region. Accordingly, general funds finance this activity.</p> <p>The public information activity involves the promotion of the Council's functions and activities and in particular community awareness and understanding of sustainable resource management. This function benefits all of the ratepayers and residents of the region. The Council has a policy of charging for information requests and Official Information Act requests where the information requested is specific in nature and requires significant time and resources to compile.</p> <p>Advocacy and response involves advocating and responding on behalf of the Taranaki community, to initiatives proposed by other agencies that impact upon either Taranaki or the Council. There are neither separately identifiable individual beneficiaries nor those who clearly cause the expenditure to be incurred. Accordingly, general funds finance this activity.</p> <p>The representation and governance activity benefits all of the ratepayers and residents of the region. There are neither separately identifiable individual beneficiaries nor those who clearly cause the expenditure to be incurred. Accordingly, general funds finance this activity.</p>	Investment management	100% general funds.
	Public information	Fees and charges for specific large information requests. General funds for regional services.
	Advocacy and response	100% general funds.
	Governance	100% general funds.

COMMUNITY PROJECT FUNDING POLICY

PURPOSE

To present the Council's policy for considering requests for funding for community projects.

POLICY

Having considered the purpose of local government and the role of the Council in achieving this purpose, the Taranaki Regional Council considers that its primary or core role is one of:

- promoting the sustainable use, development and protection of Taranaki's natural and physical resources
- safeguarding Taranaki's people and resources from natural and other hazards
- representing and advocating Taranaki's regional interests.

The Council will generally decline applications for funding for activities outside its core activities or where funds are available from district councils or funding trusts. In this respect the Council is not a general funder or grant provider.

However, the Council recognises that there will be exceptions when it may wish to or may be called upon to play a broader role in promoting the well-being of the Taranaki community. This may include support for policies, programmes, activities or individual projects in areas of social, economic, environmental or cultural well-being. The Council will only consider involvement in areas outside of its primary or core roles where:

- there is strong and widespread community support for such involvement
- there is support from the district councils in the region
- the proposal is of regional rather than local significance and "funding justice" requires regional intervention or assistance
- the proposal does not conflict with or reduce the Council's ability to carry out its primary role
- the proposal does not conflict with other policies of the Council including the *Revenue and Financing Policy*, the *Investment Policy* and the *Liability Management Policy*
- the proposal does not represent a shifting on to the Council of a duty or responsibility that is properly that of another agency. On this matter however, the Council may consider fair and equitable partnership arrangements where such arrangements promote the interests of the regional community and meet the Council's other statutory obligations.

INVESTMENT POLICY

PURPOSE

To present the Council's policies in respect of investments, including:

- investment objectives
- the mix of investments
- the acquisition of new investments
- an outline of the procedures by which investments are managed and reported on to the Council
- an outline of how risks associated with investments are assessed and managed.

INTRODUCTION

The Council has a significant portfolio of investments comprising:

- equity investments
- treasury investments
- property investments.

As at 30 June 2008 these investments were valued at:

Equity	\$26,001,000	45%
Treasury	\$14,778,872	26%
Property	\$16,830,000	29%

The Council's investment activity is a risk management function. The Council's approach is to manage investments to optimise returns in the long-term while balancing risk and return considerations. The Council recognises that as a responsible public authority any investments that it holds should be prudently managed. It also recognises that lower risk generally means lower returns. The Council also seeks to optimise investment returns, ensure investments are liquid and manage potential losses due to interest rate movements if investments need to be liquidated before maturity.

OBJECTIVES

The Council's objectives in relation to its investments are as follows:

- to optimise returns in the long-term
- balancing the minimisation of risk and the maximisation of returns
- to utilise investments to produce a revenue stream that reduces the Council's reliance on general rates revenue
- to maintain revenue streams rather than growing the value of investments
- to hold certain investments for the strategic rather than financial benefits of the region.

EQUITY INVESTMENTS

Port Taranaki Limited

The Council owns 100% of Port Taranaki Ltd (Port Taranaki). Port Taranaki is a port operator established under the Port Companies Act 1988. The shares are recorded in the Council's *Statement of Financial Position* at their par value of \$26 million.

The Council will continue to maintain the current risk management procedures and exercise ongoing governance through the constitution, statement of corporate intent, half-year report, annual report and the appointment of the Board of Directors. The Council will continue reviewing ownership options while maintaining control and minimising risk. During the life of this *Plan*, the Council may assist Port Taranaki Ltd by providing a guarantee of its obligations, on appropriate terms and conditions, in respect of any proposed expansion.

CIVIC ASSURANCE

The Council owns 1,000 shares in Civic Assurance and they are recorded in the Council's *Statement of Financial Position* at their par value of \$1,000. The shares in Civic Assurance were acquired by virtue of the Council being a local authority. The purpose of the company, in which almost all local authorities are shareholders, is to ensure that adequate insurance arrangements are available to local authorities at the lowest possible cost.

The shares in Civic Assurance continue to be held, as the shares are not readily transferable. The amount involved is immaterial relative to the Council's total investment holdings.

Annual reports are received and reviewed by the Council. The election of Directors takes place at the annual general meeting held at the time of the Local Government New Zealand annual conference. The Council votes by proxy or by delegated authority to the Chairperson.

TREASURY INVESTMENTS

The Council maintains daily, monthly and annual cash flow projections that form the basis of its cash management activity. The Council manages its working capital balances by matching expenditure closely to its revenue streams, and managing cash flow timing differences to its favour. The Council minimises its credit exposure by:

- ensuring all investment, cash management, interest rate risk management and any foreign exchange transactions are undertaken with entities that have a strong credit rating
- limiting total exposure to prescribed amounts and set percentages of total cash investments
- monitoring compliance against set limits.

The Council ensures that all investment, interest rate risk management as well as any foreign exchange activity is undertaken with institutions that are of high quality credit rating to ensure amounts owing to the Council are paid fully on the due date.

More specifically, the Council minimises its credit exposure by:

- ensuring all investment, cash management, interest rate risk management and any foreign exchange transactions are undertaken with entities that have a very strong credit rating
- limiting total exposure to prescribed amounts and set percentages of total cash investments as set out below
- monitoring compliance against set limits.

INVESTMENT POLICY

The following table summarises credit requirements and limits:

Institution	Total Exposure Limits (\$ Value)	% of Total Cash Investments
Government stock and treasury bills	Unlimited	Unlimited
Registered banks and local authority and corporation stocks	\$6 million	40%

If any of these organisation's credit rating falls below an "A" rating as defined by Standard and Poors, then all practical steps will be taken to eliminate the Council's exposure to that registered bank as soon as possible. An "A" rating is defined as a "strong capacity to pay".

PROPERTY INVESTMENTS

The Council owns endowment properties in New Plymouth. These transferred to the Council at the time it assumed the role of the previous Taranaki Harbours Board in 1989. Properties are leased on long-term basis to external parties (perpetually renewable ground leases). As at 30 June 2008 these properties were valued at \$16,830,000. To date the Council's policy has been to continue to hold its properties unless there is a conflict of interest between the Council's role as a regulator and its role as a landlord.

The Council has reviewed this policy in light of falling investment returns as the value of these properties has risen significantly in recent years. The Council's approach to the management of these leases is:

- for residential properties, if the leaseholder wishes to purchase the property then it will be offered for sale at market valuation. If the leaseholder does not wish to purchase the property then the Council will retain the property unless there is a conflict of interest between the Council's role as a regulator and its role as a landlord
- for commercial and industrial properties the Council will review the ownership and management of these properties with Port Taranaki Ltd. If there is strategic value to Port Taranaki Ltd in holding and/or managing these properties then the Council will either sell the properties or transfer management of the leases to Port Taranaki Ltd at market valuation. Following this process the Council may offer the properties for sale to the current leaseholder at market valuation. Other than one of these two scenarios, the Council will retain ownership of the properties unless there is a conflict of interest between the Council's role as a regulator and its role as a landlord.

There are legal obligations and restrictions on the Council in undertaking any endowment property disposal. The Council will follow these procedures. The proceeds from the disposal of any endowment property can only be used for the purposes of the original endowment. The Council does not have specific plans for the use of the proceeds of any endowment property disposal. Accordingly the proceeds from any disposal will be transferred to a separate reserve and used for the original endowment purposes.

The Council will continue to maximise returns from its properties.

ACQUISITION OF NEW INVESTMENTS

The Council will not seek to acquire any new equity or property investments unless they are identified in its *Long-Term Council Community Plan*. Treasury investments are acquired and disposed off as they reach maturity or surplus funds are available for investment.

MONITORING INVESTMENTS

Investments are monitored and reported on in the *Monthly Financial Reports*. An annual report on the performance of all investments is also produced.

INVESTMENT RETURNS

Returns from the Council's investments over the next ten years are planned to be:

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
	Estimate \$	Indicative \$	Indicative \$	Forecast \$	Forecast \$
Total	10,793,413	10,847,229	10,940,358	10,811,551	10,824,215

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
	Estimate \$	Indicative \$	Indicative \$	Forecast \$	Forecast \$
Total	11,035,699	11,257,951	11,464,120	11,693,918	11,927,170

LIABILITY MANAGEMENT POLICY

PURPOSE

To present the Council's policies for managing potential debt liabilities. The Council currently has no long-term debt. The policies in relation to borrowing are established to enable the Council to utilise borrowing facilities should the need arise from unforeseen circumstances.

INTRODUCTION

The Council borrows as it considers appropriate and exercises its flexible and diversified funding powers pursuant to the Local Government Act 2002. The Council approves, by resolution, the borrowing requirement for each financial year during the annual planning process. The arrangement of precise terms and conditions of borrowing is delegated to the Chief Executive. The Council has no requirement or plans to raise debt during the life of this *Plan*.

BORROWING LIMITS

Total interest expense on net external public debt will not exceed 40% of total annual rates and levies. Net external public debt per capita will not exceed \$500.00. These limits may be exceeded if the Council is required to meet the obligations of Port Taranaki Ltd under a guarantee in respect of any proposed expansion.

BORROWING MECHANISMS

The Council will be able to borrow through a variety of market mechanisms including issuing stock and debentures, direct bank borrowing or accessing the short and long-term capital markets directly.

LIQUIDITY RISK MANAGEMENT

The Council minimises its liquidity risk by:

- matching expenditure closely to its revenue streams and managing cash flow timing differences to its favour
- avoiding concentration of debt maturity dates
- maintaining a mixture of committed and uncommitted credit lines with its identified registered banks.

INTEREST RATE RISK MANAGEMENT

Generally, given the Council's desire to have predictable, certain interest costs, the need to avoid large adverse impacts on annual rates arising from interest rate related rises, and the long-term nature of the Council's assets and intergenerational factors, the Council tends to have a high percentage of fixed rate or hedged borrowing.

SECURITY

The Council does not offer assets other than targeted rates as security for general borrowing programmes. In unusual circumstances security may be offered over specific assets, only with prior Council approval.

REPAYMENT

Rates, surplus funds and proceeds from the sale of investments and assets may be used to repay borrowing unless the Council determines otherwise.

CREDIT RISK MANAGEMENT

While the Council will only borrow from reputable financial institutions, there is no minimum credit rating requirements imposed by the Council on its lenders. Also, there is no limit on the level of borrowing to which the Council may commit from any one lender.

OTHER POTENTIAL LIABILITIES

During the life of this Plan the Council may decide to guarantee the obligations of Port Taranaki Ltd in respect of financing any proposed expansion of the port. The Council will only do so on terms and conditions which enable it to closely monitor Port Taranaki's performance of its obligations, and otherwise protect the Council's position. In the event that such a guarantee was ever called upon, the Council would finance the liability through borrowing and rates.

DEVELOPMENT & FINANCIAL CONTRIBUTIONS POLICY

PURPOSE

To present the Council's policy for development and financial contributions.

POLICY

The Council is required to have a policy in relation to the purposes for which development contributions or financial contributions may be required. Only territorial authorities have the statutory ability to charge development contributions. Accordingly, the Taranaki Regional Council cannot charge development contributions. However, the Council is able to charge for financial contributions pursuant to the Resource Management Act 1991. The following policy outlines the Council's specific policies in relation to financial contributions.

Where the Taranaki Regional Council grants a resource consent under the rules in one of its regional plans, it may impose a condition requiring that a financial contribution be made for the purposes specified in the *Plan*. The Council has four regional plans namely:

- Regional Air Quality Plan for Taranaki 1997
- Regional Coastal Plan for Taranaki 1997
- Regional Fresh Water Plan for Taranaki 2001
- Regional Soil Plan for Taranaki 2001.

The term 'financial contribution' is defined in section 108(9) of the Resource Management Act 1991 to mean:

"...a contribution of:

- (a) *money; or*
- (b) *land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Māori land within the meaning of the Māori Land Act 1993 unless that Act provides otherwise; or*
- (c) *a combination of money and land".*

Further matters relating to financial contributions are contained in section 108(10) of the Act. Under this section of the Act, a consent authority must not include a condition in a resource consent requiring a financial contribution unless:

- (a) the condition is imposed in accordance with the purpose specified in the *Plan* (including the purpose of ensuring positive effects on the environment to offset any adverse effect); and
- (b) the level of contribution is determined in the manner described in the *Plan*.

Financial contributions may be required for various purposes, including for the purposes of ensuring positive effects on the environment to offset any adverse effects and to mitigate adverse effects on the environment of use and development (environmental compensation).

Financial contributions will only be taken where other mechanisms will not adequately address community concerns or where circumstances of an individual case point clearly to a financial contribution as being the most appropriate option. The requirement for and amount of a financial contribution are determined during pre-hearing consultation on an application for a resource consent. Thus the use and appropriateness of financial contributions in any given circumstance is determined through consultation involving the Taranaki Regional Council, the applicant for a resource consent and any submitters to the application.

All monies collected under the financial contributions regime of the *Plan* are collected by the Taranaki Regional Council for use in such a manner as the Taranaki Regional Council deems fit in order to avoid, remedy or mitigate, or offset, the adverse effects on the environment of the activity that the financial contribution is levied on. When deciding how those contributions should be levied or allocated, consideration will be given to matters contained in public submissions on a resource consent application.

Clause 5 of Part I of the Second Schedule to the Resource Management Act 1991 further requires the Taranaki Regional Council to specify in the *Plan* the circumstances when a financial contribution of money or land may be imposed, the manner in which the level of the contribution that may be imposed will be determined, and the general purposes for which the contribution may be used.

The provisions, which reflect the requirements of the Act, are set out in each regional plan. The provisions include:

- the circumstances when such contributions may be imposed
- the purposes for which such contributions may be required and used
- the manner in which the amount of the contribution will be determined
- matters which the Taranaki Regional Council will have particular regard to when deciding whether to impose a financial contribution, the type or types of contribution, and the amount of any contribution.

No significant financial contributions are expected to be received or have been provided for over the life of this *Plan*.

Copies of the Regional Plans are available by contacting the Taranaki Regional Council or by reference to the Council's website (www.trc.govt.nz).

SIGNIFICANCE POLICY

PURPOSE

To present the Council's policy in relation to determining the significance of proposals and decisions in relation to issues, assets, or other matters; and any thresholds, criteria, or procedures that are to be used by the Council in assessing the extent to which issues, proposals, decisions, or other matters are significant. The Council's assessment of the significance of a decision is important for the following reasons:

- degree of compliance—the assessment of significance will determine the nature, extent and degree of compliance necessary with the decision making process set out in Part Six of the Local Government Act 2002 (the Act). In essence, the more significant the issue the higher the standard of compliance required
- separate consultation—the degree of significance will assist in determining whether, in the Council's opinion, it is necessary to embark on the special consultative procedure with the persons likely to be affected or interested in the decision or matter, or whether it is sufficient to rely on information already gathered and held by the Council
- disclosure—the degree of significance will assist in determining the extent and detail of information to be disclosed by the Council when reporting to the region, or the amount of information included in consultation papers
- inclusion in long-term council community plan—the degree of significance may also determine whether a decision on a matter must be explicitly included in the long-term council community plan, and in a statement of proposal which has been considered under a special consultative procedure, before the decision can be made.

DEFINITIONS

As set out in the Act, significance means:

Significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
- (b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
- (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

GENERAL APPROACH TO DETERMINING WHICH PROPOSALS AND DECISIONS ARE SIGNIFICANT

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

- the consequences or impacts of the issue, assets, or other matters, affect a large number of residents and ratepayers to a moderate extent
- the consequences or impacts of the issue, assets, or other matters, affect a small number of residents and ratepayers to a large extent
- The issue, asset, or other matters have a history of generating wide public interest within the Taranaki region or New Zealand generally.

THRESHOLDS, CRITERIA AND PROCESSES FOR DETERMINING WHICH PROPOSALS AND DECISIONS ARE SIGNIFICANT

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

THRESHOLDS

- Issues, assets or other matters that incur more than \$3,000,000 of budgeted and \$1,000,000 of unbudgeted expenditure
- Any transfer of ownership or control, or the construction, replacement or abandonment of a strategic asset as defined by the Act or listed in this policy
- The sale of the Council's shareholding in any council controlled trading organisation, or council controlled organisation
- A decision that will significantly affect the capacity of the Council to carry out any activity identified in the operative *Long-Term Council Community Plan*.

CRITERIA

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

PROCEDURES

- Decisions on significance will be made by the Council in an Ordinary or Special Meeting in light of the recommendation of the Chief Executive
- The Council has delegated powers to the Chairperson and Chief Executive to act in emergency situations. Nothing in this policy will affect those delegations.

IDENTIFIED STRATEGIC ASSETS

The assets and groups of assets that the Taranaki Regional Council holds and considers to be strategic are:

- Port Taranaki Limited
- Flood and river control assets on the Waitara and Waiwhakaiho rivers.

PARTNERSHIPS WITH THE PRIVATE SECTOR POLICY

PURPOSE

To present the Council's policy in respect of the commitment of resources to partnerships between the Council and the private sector.

DEFINITIONS

Partnership with the private sector means any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business; but does not include any such arrangement or agreement to which the only parties are local authorities or one or more local authorities and one or more council organisations. A contract for the supply of any goods or services to, or on behalf of, a local authority is not defined as a partnership with the private sector.

CIRCUMSTANCES

The Taranaki Regional Council will consider partnerships with the private sector where:

- a need has been defined in measurable output terms
- outcomes for the community, measured on cost, quality and timeliness exceed any other provision
- the project is structured to optimise risk allocation in order to generate incentives for cost effective, high quality services
- there is an identifiable market of bidders prepared to compete for the opportunity to undertake the project
- there is scope for the private sector to demonstrate particular skills and/or innovative capacity
- the project size justifies the transaction and ongoing management costs.

These provisions will apply where the Council is considering a partnership and the partnership will involve the Council providing funding or other resources whether by way of grant, loan, or investment, or by way of acting as a guarantor for any such partnership.

CONSULTATION

Where the Council is considering any partnerships with the private sector, it will undertake appropriate consultation with the community using the special consultative procedure. Where possible, this consultation will be undertaken through the long-term council community plan and/or annual plan process.

CONDITIONS

Any public private sector partnership will be subject to the following conditions before the Council will agree to the provision of funding or other resources:

- private participation will be subject to competitive tendering processes with an emphasis on transparency and disclosure of processes and outcomes, acknowledging the need to protect commercial confidentiality where appropriate
- any proposed partnership will be assessed against the public interest in terms of effectiveness, accountability and transparency
- outputs and outcomes will be clearly defined including measurable performance standards
- all contractual obligations and responsibilities will be defined and agreed to
- all legislative and regulatory obligations and responsibilities will be defined and agreed to.

RISK ASSESSMENT AND MANAGEMENT

The Council will continually identify, manage, measure, monitor and report risk factors associated with any public private sector partnership. As part of the establishment of the partnership all parties will:

- identify and assess risk factors for the project
- develop an implement strategies to manage the risk factors
- assign responsibility for the measurement, monitoring and reporting of risk factors

The risk factors to be considered include:

- health and safety
- reputation
- financial
- future capacity
- property – physical and intellectual
- demand/volume
- service delivery.

MONITORING AND REPORTING

The Council will continually assess and monitor any public private sector partnerships to ensure that funding and other resources are being used effectively and to ensure that desired community outcomes are furthered by the arrangement. Specifically, monitoring and reporting will include the following where applicable:

- quarterly financial, operational and risk reports
- annual financial, operational and risk reports
- annual report on specifically agreed outcomes and objectives in social, economic and cultural terms.