



RĀRANGI TAKE AGENDA

Hui Kaunihera | Council Meeting

**I hereby give notice that a Meeting of the Kāpiti Coast District Council
will be held on:**

Te Rā | Date: Thursday, 28 March 2024

Te Wā | Time: 9.30am

**Te Wāhi | Location: Council Chamber
Ground Floor, 175 Rimu Road
Paraparaumu**

**Darren Edwards
Chief Executive**

Kāpiti Coast District Council

Notice is hereby given that a meeting of the Kāpiti Coast District Council will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Thursday 28 March 2024, 9.30am.

Kaunihera | Council Members

Mayor Janet Holborow	Chair
Deputy Mayor Lawrence Kirby	Deputy
Cr Glen Cooper	Member
Cr Martin Halliday	Member
Cr Sophie Handford	Member
Cr Rob Kofoed	Member
Cr Liz Koh	Member
Cr Jocelyn Prvanov	Member
Cr Kathy Spiers	Member
Cr Shelly Warwick	Member
Cr Nigel Wilson	Member

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1 NAU MAI | WELCOME

2 KARAKIA A TE KAUNIHERA | COUNCIL BLESSING

I a mātou e whiriwhiri ana i ngā take kei mua i ō mātou aroaro *As we deliberate on the issues before us,*

E pono ana mātou ka kaha tonu ki te whakapau mahara huapai mō ngā hapori e mahi nei mātou. *We trust that we will reflect positively on the communities we serve.*

Me kaha hoki mātou katoa kia whaihua, kia tōtika tā mātou mahi, *Let us all seek to be effective and just,*

Ā, mā te māia, te tiro whakamua me te hihiri *So that with courage, vision and energy,*

Ka taea te arahi i roto i te kotahitanga me te aroha. *We provide positive leadership in a spirit of harmony and compassion.*

3 WHAKAPĀHA | APOLOGIES

4 TE TAUĀKĪ O TE WHAITAKE KI NGĀ MEA O TE RĀRANGI TAKE | DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA

Notification from Elected Members of:

4.1 – any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting, and

4.2 – any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

5 TE WHAKATAKOTO PETIHANA | PRESENTATION OF PETITION

Nil

6 NGĀ WHAKAWĀ | HEARINGS

Nil

7 HE WĀ KŌRERO KI TE MAREA MŌ NGĀ MEA E HĀNGAI ANA KI TE RĀRANGI TAKE | PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA

8 NGĀ TAKE A NGĀ MEMA | MEMBERS' BUSINESS

(a) Leave of Absence

(b) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

9 TE PŪRONGO A TE KOROMATUA | MAYOR'S REPORT

Nil

10 PŪRONGO | REPORTS

10.1 ADOPTION OF DRAFT 2024-2034 LONG-TERM PLAN CONSULTATION DOCUMENT AND SUPPORTING INFORMATION

Kaituhi | Author: **Sheryl Gavin, Principal Advisor Corporate Services**

Kaiwhakamana | Authoriser: **Mark de Haast, Group Manager Corporate Services**

TE PŪTAKE | PURPOSE

- 1 To recommend the adoption of the Consultation Document (CD) and Supporting Information for the Long-Term Plan (LTP) 2024-34.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

- 2 An Executive Summary is not required for this report.

TE TUKU HAEPAPA | DELEGATION

- 3 Only the Council may approve components of a Long-term Plan and the Long-term Plan consultation document as stated under Section A2(2) Council Mayoral Powers of the Governance Structure and Delegations:

“... only Council may perform the following: To lead the development of the LTP and Annual Plan, together with policies and budgets.”

TAUNAKITANGA | RECOMMENDATIONS

That Council:

- A. Adopts the supporting information as information that is relied upon by the content of the Consultation Document in accordance with section 95A(4) of the Local Government Act:
 - A.1 The proposed Financial Strategy for 2024-34
 - A.2 The proposed Infrastructure Strategy for 2024-54
 - A.3 The proposed Capital Works Programme
 - A.4 Forecast Financial Statements
 - A.5 Funding Impact Statements
 - A.6 Forecast Funding Impact Statement (Rates)
 - A.7 Significant Forecasting Assumptions
 - A.8 Proposed Rates Remission policy
 - A.9 Proposed Revenue and Financing policy
 - A.10 Proposed Development Contributions policy
 - A.11 Proposed Development Contributions Limited Remission policy
 - A.12 Proposed Significance and Engagement policy
 - A.13 Proposed Fees and Charges for 2024/25
- B. Adopts the Consultation Document for the Long-term Plan 2024-34.
- C. Delegates the Mayor and the Chief Executive the authority to approve minor editorial changes to the material adopted.

TŪĀPAPA | BACKGROUND

- 4 The Local Government Act 2002 (LGA) requires councils to consult with their communities on their proposed LTPs through the special consultative procedure (SCP) in accordance with the requirements of sections 83 and 93.
- 5 A series of briefings were held from August 2023 through to March 2024 to agree Council's direction on its financial and infrastructure strategies, proposed forecast financials, policies, levels of service and the content and messaging of the Consultation Document itself.
- 6 These briefings, along with what we heard from the community during Vision Kapiti engagement activities have driven the content of the attached CD.

HE KŌRERORERO | DISCUSSION

- 7 As required by the Local Government Act 2002, the Council has produced a CD setting out strategic direction, the proposed financial and infrastructure strategies, key change proposals and other important matters on which Council would like the community's feedback on.
- 8 The description and analysis of options meets the requirements of legislation and have been through Council's auditors Ernst & Young and the Office of the Auditor General (OAG) for review.
- 9 Ernst and Young are continuing their audit of Council's draft CD and supporting information and have not yet issued their audit opinion at the time of publishing this agenda. The CD is scheduled to be considered by the Opinion Review Committee of the OAG on Tuesday 26 March 2024.
- 10 Ernst & Young will be joining the Council meeting via Zoom to update the Council on their audit of the CD.

He take | Issues

- 11 Subject to findings from Ernst & Young, this report seeks Council adoption of the CD and supporting information for public consultation to commence on the 28 March 2024.

Ngā kōwhiringa | Options

- 12 There are no options arising from this report.

Mana whenua

13. Mana whenua representatives were invited to Council workshops and briefings throughout the development of the CD for the 2024-34 Long-term Plan.

Pānōitanga Āhuarangi me te Taiao | Climate change and Environment

14. There are no climate change issues in addition to those already covered in the Appendices of this report.

Ahumoni me ngā rawa | Financial and resourcing

- 15 There are no financial and resourcing considerations in addition to those already covered in the CD and supporting information.

Tūraru ā-Ture me te Whakahaere | Legal and Organisational Risk

- 16 By adopting the CD and supporting information Council meets its obligations under the Local Government Act 2002.

Ngā pānga ki ngā kaupapa here | Policy impact

- 17 The CD and supporting information form the basis for the 2024-34 Long-term Plan. Relevant policy impacts are consulted on as part of the Special Consultative Procedure (s83 of the Local Government Act 2002).

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT

- 18 Formal community consultation runs from 28 March to 28 April 2024.

Te mahere tūhono | Engagement planning

- 19 The CD and supporting information will be accessible online on Council's website at haveyoursay.kapiticoast.govt.nz. Printed copies will be available at libraries and service centres from approximately 4 April 2024.
- 20 The community is invited to provide feedback through a range of channels. We encourage online submissions but also welcome submissions on a printed form, by email, or letter.
- 21 Throughout the consultation period several informal opportunities to speak to Elected Members have been arranged.
- 22 Submitters may speak to their submissions at hearings on 2 May from 9.30am.

Whakatairanga | Publicity

- 23 A communications plan has been developed to guide consultation activities for the 2024-34 Long-term Plan.
- 24 Promotion to encourage the community to make submissions will include media releases, local newspaper and radio advertising, a special edition of Everything Kapiti, a social media campaign, and planned Elected Member videos and Mayoral interviews.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Draft Financial Strategy 2024-34 (under separate cover) ➡
2. Draft Infrastructure Strategy 2024-54 (under separate cover) ➡
3. Draft Capital Works Programme 2024-34 (under separate cover) ➡
4. Forecast Financial Statements 2024-34 (under separate cover) ➡
5. Forecast Funding Impact Statements 2024-34 (under separate cover) ➡
6. Draft Funding Impact Statement for Rates 2024/25 (under separate cover) ➡
7. Draft Significant Forecasting Assumptions 2024-34 (under separate cover) ➡
8. Draft Rates Remission Policy 2024 (under separate cover) ➡
9. Draft Development Contributions Policy (under separate cover) ➡
10. Draft Revenue & Financing Policy 2024 (under separate cover) ➡
11. Draft Development Contributions Limited Remission Policy 2024 (under separate cover) ➡
12. Draft Significance & Engagement Policy 2024 (under separate cover) ➡
13. Draft Schedule of Fees and Charges for 2024/25 (under separate cover) ➡
14. 2024-34 Long Term Plan Consultation Document (under separate cover) ➡

10.2 TREASURY MANAGEMENT POLICY

Kaituhi | Author: **Mark de Haast, Group Manager Corporate Services**

Kaiwhakamana | Authoriser: **Mark de Haast, Group Manager Corporate Services**

TE PŪTAKE | PURPOSE

- 1 The purpose of this report is to discuss the proposed changes to Council's current Treasury Management Policy (TMP) and seek Council approval to adopt a revised TMP attached as Appendix 2 to this report.

HE WHAKARĀPOOTO | EXECUTIVE SUMMARY

- 2 Not required for this report.

TE TUKU HAE PAPA | DELEGATION

- 3 Only the Council may approve components of a Long-term Plan and the Long-term Plan consultation document as stated under Section A2(2) Council Mayoral Powers of the Governance Structure and Delegations:

"...Adopt policies required under the Act in association with the LTP or the local governance statement"

TAUNAKITANGA | RECOMMENDATIONS

- A. That Council receives and notes this report including Appendices 1 and 2 to this report.
- B. That Council approves the recommended changes from Bancorp Treasury Services Limited, as detailed in paragraphs 10 to 25 of this report and shown in Appendix 1 to this report.
- C. The Council delegate authority to the Mayor and the Chief Executive to make further editorial changes to the Treasury Management Policy to remove the section on Managed Funds and the Glossary in Appendix 1 and 2 to this report
- D. The Council delegate authority to the Mayor and the Chief Executive to make further minor editorial changes to reflect current Governance Structure and Delegations and as may be required by the Council auditors Ernst & Young and/or Bancorp Treasury Services limited.

TŪĀPAPA | BACKGROUND

- 4 The current TMP was first adopted in 2017 as part of the 2018-2021 Long Term Plan process. The TMP incorporates the Liability Management Policy and the Investment Policy. This is attached as Appendix 2 to this report.
- 5 This review of the TMP is focused on developing appropriate recommendations for additions, deletions or amendments to the TMP to enable the treasury activities of Council to be carried out under a set of market best practice standards.
- 6 Council use Bancorp Treasury Services Limited as their independent treasury advisors. All treasury transactions, particularly new debt issuances and interest rate swap transactions, are first fully consulted on with Bancorp Treasury Services Limited.
- 7 This report details the changes recommended to Council's TMP by Bancorp Treasury Services Limited ("Bancorp Treasury") and Council Officers.
- 8 There are a number of minor editorial changes. These and the other more substantive changes are shown in "Track Change" format in the TMP attached as Appendix 1 to this report.
- 9 For convenience, all changes are shown a "No Mark Up" format in the TMP, attached as Appendix 2 to this report.

HE KÖRERORERO | DISCUSSION

- 10 The more substantive changes to the TMP, as recommended by Bancorp Treasury Services Limited, are discussed separately below. All section references refer to Appendix 1 to this report.
- 11 In Section 21 titled "Borrowing Mechanisms" we recommend deleting the last bullet point which requires Council should give consideration to "counterparty credit risk by spreading borrowings across a number of counterparties to avoid concentrations of credit exposure." This is not practical as all of Council's borrowings are from the Local Government Funding Agency ("LGFA") which provides considerably cheaper funding than the banking sector and the capital markets which includes standalone bond issuance.
- 12 In Section 44 titled "Financial Investments" we recommend that this section be deleted as it is superseded by the new investment matrix included in Appendix 3 which is commented on later in this letter.
- 13 In Section 59 titled "Liquidity/Funding Risk" we recommend a more extensive definition of liquidity which clarifies the management of liquidity risk.
- 14 In Section 63 (b) titled "Liquidity/Funding Risk" we recommend amending the provision relating to maintaining 110% of liquidity, to include projected external debt rather than external debt as this is the calculation that the LGFA uses i.e. projected external debt.
- 15 In Section 64 (c) titled "Liquidity/Funding Risk" which states "The Council has the ability to pre-fund up to 18 months forecast debt requirements including re-financings" we recommend that the 18 month restriction be deleted as it restricts KCDC from pre-funding past 18 months even if it is advantageous to do so.
- 16 In Section 64 (f) titled "Liquidity/Funding Risk" which details the Funding control limits we recommend that the four time buckets be deleted and replaced with a requirement that "No more than 40% of debt shall mature in any rolling 12 month period". This amendment alleviates the need to micromanage exposures to merely comply with the policy, but which in reality may hinder the cost of compliance and add unnecessary complexity to the risk management process.
- 17 We recommend that Section 70 be deleted as a 181-day restriction on the types of investments is too restrictive and the provision is superseded by the new investment matrix in Appendix 4.
- 18 We recommend that the current Interest Rate Control Limits in Section 74 which refers to a Master / Floating Control Limit and parameters relating to a Swaps Maturity Profile in Section 74 (b) be deleted and replaced with the following Risk Control Limits.

Fixed/Floating Interest Rate Risk Control Limits		
	Minimum Fixed Rate	Maximum Fixed Rate
0–2 years	40%	100%
2–4 years	20%	80%
4–10 years	0%	60%

We find the existing Risk Control Limits difficult to understand and from our interpretation, it appears that basing the level of cover on swap maturities is completely arbitrary and ignores the fundamental point of an interest rate swap, i.e. the duration of fixed cover it provides. For example, if an entity were to have \$200 million of debt and 1x \$25 million interest rate swap with a maturity in 8 years' time, then we would view that swap as providing interest rate cover at 12.5% of total debt for 8 years. However, under the current policy, this swap would not count as cover in the 1-3 year and 3-5 year time buckets because there is no swap maturity in these

buckets, it would only count in the 5-10 year time bucket. It would need to be split into smaller swaps that start when the previous one matures to be counted across all three time buckets.

We find the complexity of this policy type which incorporates the ('Master Band') as unnecessary and most of the policies like this we have come across aren't completely understood by the people who are tasked with following them. We favour our approach because of its simplicity not only to understand but also to implement. We understand that the originator of the current bands no longer uses them and utilises Risk Control Limits that are very similar to the ones that we are proposing.

- 19 In Section 74 which is titled "Authorised Risk Management Instruments" we recommend deleting Forward Rate Agreements as these are no longer used and including Fixed Rate Bonds and Fixed Rate Term Loans as these are valid funding instruments that provide fixed rate cover as well.
- 20 In Section 74 which is titled Counterparty Credit Risk we recommend inserting the title Counterparty Credit Risk for Derivatives, which is what it is intended to manage. The risks associated with financial market investments are dealt with in Appendix 3. We recommend adding the methodology in the new Section 77 which details how exposures to derivatives are calculated.
- 21 We recommend deleting parts of the table in Section 79 as the differing types of exposures are dealt with in separate sections e.g. investments in Appendix 3 and derivatives in the new Section 77, but provisions relating to borrowing are continued.
- 22 In Section 89 (d) under the title "Treasury Performance" we recommend including the benchmarking matrix which provides an external and objective measurement of the way KCDC manages its debt. We recommend amending the table Section 79 as the differing types of exposures are dealt with in separate sections e.g. investments in Appendix 3 and derivatives in Section 78. Benchmarking the borrowing performance indicates the effectiveness of the current risk management parameters and the way that the actual debt exposures are being managed at an operational level.
- 23 We recommend deleting Appendix 1 Glossary of Terms in order to shorten the policy, with a glossary potentially being included in an Operations Manual.
- 24 In Appendix 2 titled "Current approved interest rate instruments" we recommend deleting Investments as these are dealt with in the new Appendix 3 and the interest rate risk management category as this is dealt with in Section 74.
- 25 We recommend the inclusion of a new Appendix 3 which is titled "Authorised Financial Market Investment Parameters". This is a comprehensive matrix which incorporates five separate criteria as follows, Authorised Asset Classes, the limits for each of these classes, the approved investment instruments, the credit rating criteria and the limit for each issuer. With these criteria, KCDC has a wide investment horizon but also has multiple safeguards built in.
- 26 It is also recommended by Officers to accept the comments from Bancorp Treasury Services Limited to remove the Managed Funds and Glossary sections of the TMP, as shown in Appendix 1 and 2 to this report.
- 27 It is further recommended by Officers to make any subsequent changes to reflect current Governance Structure and Delegations in the TMP once Council has fully considered the change recommendations as detailed above by Bancorp Treasury Services Limited.

He take | Issues

- 28 There are no issues in addition to those already discussed arising from this report.

Ngā kōwhiringa | Options

- 29 There are no options arising directly from this report.

Mana whenua

- 30 There are no specific mana whenua considerations arising from this report.

Panonitanga Āhuarangi me te Taiao | Climate change and Environment

- 31 There are no specific climate change and environment considerations arising from this report.

Ahumoni me ngā rawa | Financial and resourcing

- 32 There are no financial considerations in addition to those already detailed arising from this report.

Tūraru ā-Ture me te Whakahaere | Legal and Organisational Risk

- 33 There are no legal and organisational risk considerations arising from this report.

Ngā pānga ki ngā kaupapa here | Policy impact

- 34 This report details proposed changes to the Council's TMP. Track changes against the current policy are attached as Appendix 1 and 2 to this report. The revised TMP including all proposed changes are attached as Appendix 2 to this report.
- 35 There are no additional policy considerations arising from this report.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT

- 36 There is no communications and engagement considerations arising directly from this report.

Te mahere tūhono | Engagement planning**Whakatairanga | Publicity**

- 37 There is no media release or other publicity planned specifically for this report.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Council's Treasury Management Policy reviewed by Bancorp Treasury Services with track changes Dec 2023 [↓](#)
2. Council's current Treasury Management Policy July 2021 [↓](#)



TREASURY MANAGEMENT POLICY

~~July 2024~~ December 2023

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<i>First adopted</i>	September 2017
Revision dates / version:	Version 1.2
Next review date:	December August 2023
Document number:	
Associated documents:	
Policy Owner:	Finance

Introduction

1. The Kāpiti Coast District Council's Treasury Management Policy comprises a ~~Liability Management Policy~~—and an ~~investment Policy~~, as required by the Local Government Act 2002 (the Act).
2. Part 6, section 104 of the Act states that the ~~Liability~~ policy must state the local authority's policies in respect of the management of both borrowing and other liabilities, including interest rate exposure, liquidity, credit exposure and debt repayment.
3. Part 6, section 105 of the Act states that the investment policy must state the local authority's policies in respect of investments, including the mix of investments, the acquisition of new investments, procedures for managing and reporting investments and assessment and management of risks.

Purpose

4. The Treasury Management Policy provides the framework for all of the Council's treasury management activities and defines key responsibilities and the operating parameters within which treasury activity is to be carried out.

General Policy Objectives

5. This document identifies the policy of the Council in respect of investment and liability management activities. The Policy has not been prepared to cover other aspects of the Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures cover these matters.
6. The objective of the Policy is to control and manage borrowing costs, investment returns, liquidity requirements and risks associated with treasury management activity.
7. The Council is governed by the following relevant legislation:
 - Local Government Act 2002, in particular Part 6 including sections 101,102, 104 and 105;
 - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4; and
 - Trustee Act 1956.
8. The Council is a risk averse entity and wishes to minimise risk from its treasury management activities. Interest rate risk, liquidity risk, funding risk and credit risk are risks the Council seeks to manage, not capitalise on. Accordingly, any activity that may be construed as speculative in nature is expressly forbidden.

Governance

9. The Council has ultimate responsibility for ensuring that there is an effective policy for the management of its treasury risks. In this respect the Council decides the level and nature of risks that are acceptable. The Council is responsible for approving this Treasury Management Policy and any changes to it required from time to time.
10. The authority to make or change the Policy has been delegated to the Strategy and Operations Committee. The Policy can be reviewed by other persons, and changes recommended but the authority to make or change the policy rests with the Strategy and Operations Committee.
11. The Council may delegate its responsibilities under this Policy to its committees, subcommittees and officers in accordance with its Governance Structure and Delegations.
12. The full list of delegated authorities as they relate to the Treasury Management Policy is attached as Appendix 2.
13. Treasury risk is minimised for the treasury activities by ensuring that there is adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting / reporting.

Liability Management Policy

Objectives

14. The Council's liability management objectives in relation to borrowings are to:
 - minimise borrowing costs within approved risk parameters;
 - prudently manage the Council's exposure to interest rate changes;
 - ensure sufficient levels of liquidity to meet planned and unforeseen cash requirements;
 - ensure that funding risks are managed by maintaining an appropriate spread of maturities
 - prudently manage the Council's credit exposures;
 - monitor and report on the risk and the performance of debt portfolios against predetermined limits and benchmarks;
 - maintain a credit rating of at least A- from S&P Global Ratings (S&P) or the Moody's Investors Service (Moody's) or Fitch Ratings (Fitch) equivalents. ~~tandard & Poor's.~~
 - General Policy
15. The Council's liabilities comprise borrowings (internal / external) and various other liabilities. The Council raises borrowings for the following primary purposes:
 - General debt to fund the Council's balance sheet, including working capital requirements;
 - Specific debt associated with 'one-off' projects and capital expenditure;
 - To fund assets where their useful lives extend over several generations of ratepayers;
 - To invest in the Kāpiti Resilience Fund and the Kāpiti Growth Fund.
16. Any new borrowings or roll-over of existing borrowing needs to be budgeted for as part of the Council's approved Long Term Plan or Annual Plan, or be subject to Council approval. Debt will be repaid as it falls due in accordance with the applicable loan agreement.
17. Any debt with a maturity beyond 12 years must be reported to the Strategy and Operations Committee at its next meeting.

Specific Borrowing Limits

18. In managing debt, the Council will adhere to the following targets and limits:

Item ¹	Borrowing Target	Borrowing Limit
Net interest expense over total operating income	< 10%	< 20%
Net external debt over total operating income	< 28 50 <u>59</u> % for FY 2025 and 280% thereafter	see para 26
Liquidity	> 110%	> 110%

Security

19. The Council's external borrowings and interest rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, the Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by the Council ranks all secured lenders equally on a pari passu basis equally with other lenders.
20. From time to time and with Council approval, security may be offered by providing a charge over one or more of the Council's assets.

Borrowing Mechanisms

21. The Council is able to borrow through a variety of market mechanisms including issuing stock / debentures and commercial paper, direct bank borrowing, the Local Government Funding Agency (LGFA) or accessing the short and long-term debt capital markets directly or indirectly. In evaluating strategies for new borrowing, consideration should be given to the following:
 - available rates and terms from lenders;
 - the Council's overall debt maturity profile;
 - the outlook on future interest rate movements;
 - consideration of counterparty credit risk by spreading borrowings across a number of counterparties to avoid concentrations of credit exposure.
22. The Council's ability to readily attract cost-effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, the LGFA and financial institutions / brokers.

Debt Repayment

23. The Council repays borrowings from refinancing or surplus general funds. Borrowings may be refinanced by further borrowings with a 30-year maximum term.

¹~~Definitions of these and other terms are given in the glossary of terms attached as Appendix 1.~~

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

The LGFA

25. The Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) in accordance with its shareholding agreement with them. In connection with that borrowing, the Council may enter into the following related transactions to the extent that it considers necessary or desirable:
- contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example Borrower Notes²;
 - provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
 - commit to contributing additional equity (or subordinated debt) to the LGFA if required;
 - secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue; and
 - subscribe for shares and uncalled capital in the LGFA.
26. In 2020, the LGFA made a number of changes to its borrowing documents, and these are now reflected in the updated Treasury Management Policy as follows:
- a) As a local authority, the Council may now apply to the LGFA to be tested at the group level rather than at the parent level for compliance with LGFA covenants.
 - b) Council-controlled organisations (CCOs) can borrow directly through the LGFA borrowing programme (on the basis of a guarantee from and / or sufficient uncalled share capital issued to the parent local authority).
 - c) In response to the uncertainty arising from the Covid-19 pandemic, the LGFA shareholders approved changes to increase the foundation policy financial covenant net debt / total revenue from the current 250% to 280% for local authorities with a long-term credit rating of 'A' equivalent or higher.
 - d) Until 2025/26, local authorities with a long-term credit rating of 'A' equivalent or higher must comply with the "Alternative Net Debt / total Revenue covenant" as below

Alternative Net Debt / Total Revenue Covenant	
Financial Year (Test Date)	Net Debt / Total Revenue
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

² Note that the rate for Borrowers Notes increased from 1.6% to 2.5% with effect from June 2020

27. The amended foundation policy financial covenant of 28~~50~~% will apply in the 2025/~~26~~ financial year and 280% annually thereafter.

Internal Borrowing

28. The internal borrowing relates to the Council borrowing from its reserves, special funds and equity that the Council would otherwise have in cash. The Council has borrowed these funds to fund capital works which would otherwise be funded from external borrowers.
29. Any internal borrowing of reserve and special funds used must be reimbursed for interest revenue lost. Except where a specific rate has been approved for particular circumstances, interest is charged annually in arrears on all internal loans using the Council's current cost of borrowings.

Guarantees / contingent liabilities and other financial arrangements

30. The Council, from time to time, provides financial guarantees to local organisations, groups or bodies for recreational and community purposes. The Council is not allowed to guarantee loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.
31. The total value of guarantees at any one time, excluding LGFA guarantees, will not exceed 3% of the total annual rates levied during that year. Total loan guarantees held at any time shall be taken into account when calculating the Council's maximum borrowing limit.
32. The Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed.

Investment Policy

General Policy

33. The Council may hold financial, property and equity investments if there are strategic, economic or other valid reasons for doing so, for example, where it is the most appropriate way to administer a Council function.
34. With the exception of financial investments, the acquisition of a new investment or disposal of an existing investment needs to be budgeted for as part of the Council's approved Long Term Plan or Annual Plan, or be approved through a Council resolution.
35. The authority to acquire and dispose of financial investments is delegated to the Group Manager Corporate Services in consultation with the CEO.

Investment Mix

Equity Investments

36. The Council currently maintains equity investments in Civic Financial Services Limited (formerly the New Zealand Local Government Insurance Corporation Limited). These shares were acquired by virtue of the Council insuring its past activities through these companies. They are held as they are not readily transferable, and the amount involved is immaterial, relative to the Council's total investment holdings.
37. New equity investments may be acquired if an opportunity arises and approval is given by the Council, based on advice and recommendations from Council officers. Before approving any new investment, the Council gives due consideration to the contribution the investment will make in fulfilling the Council's strategic objectives and the financial risks of owning the investment.

Property Investments

38. Strategic Land Purchase - the Council has adopted a strategy of purchasing land when the opportunity arises, where this has been identified as progressing the community's and the Council's vision for the future.
39. Each individual property purchase is subject to consideration and / or approval by the ~~Strategy and Operations Committee~~ full Council or a delegated Committee.

Loan Advances

40. The Council will only advance loans to external organisations in exceptional circumstances. Where loan advances are secured against the assets of the borrower, those assets would revert to the Council in the event of loan default. New loan advances are by Council resolution only.
41. All loan advances are monitored to ensure that interest and principal repayments comply with the terms of the loan agreement. All loans in excess of \$25,000 are reported on a quarterly basis to the Strategy and Operations Committee.

Development and Financial Contributions

42. In order to make it easier for developers to finance large-scale developments, the Council may allow payment of development and financial contributions on some

- ~~42-43.~~ residential developments to be deferred for a period. Payment arrangements, for example, bank bonds can be used as security against the assets of the developer so that those assets would revert to the Council in the event of default of the payment of development / financial contributions.

Financial Investments

- ~~43-44.~~ The Council's primary objective when investing is the protection of its investment capital. Accordingly, the Council may only invest in approved creditworthy counterparties. Counterparties and limits can only be approved on the basis of long-term ~~S&P~~~~standard & Peer's~~, credit ratings (or equivalent Fitch or Moody's rating) being A+ and above and / or short term rating of A-1 or above.
- ~~44-45.~~ With the exception of cash investments that are sourced from pre-funding, all other cash investments must be restricted to a term of no more than 181 days to ensure that future cash flow requirements and capital expenditure projections are met. Cash investments from pre-funding can be invested for up to a maximum of 18 months.
- ~~45-46.~~ Special Funds and Funding Reserves - liquid assets will not be required to be held against special funds. Instead the Council will internally utilise these funds.

Managed funds

- ~~46-47.~~ The Council may invest in shares and other financial instruments and may borrow to fund that investment.

Kāpiti Resilience Fund

- ~~47-48.~~ The main objective in establishing the Kāpiti Resilience Fund is to achieve a minimum return over the medium to long-term, net of all fees and charges attributable to the fund that is at least the equivalent to the Council's net borrowing costs plus the rate of inflation, over the same period.
- ~~48-49.~~ The surpluses will be used to fund a contribution towards resilience-focussed projects, for example increased insurance costs and Civil Defence costs.
- ~~49-50.~~ The following additional requirements for the Kāpiti Resilience Fund portfolio are specified:
- a) An appropriate level of investment risk for the fund is determined and accepted by the Council.
 - b) The fund will be managed in a way that balances optimal returns with safeguarding the Council's capital.
 - c) The fund performance will be regularly monitored.
 - d) The fund risks will be managed in a prudent manner.
 - e) All aspects of the investment process and functions will be reviewed regularly.

Kāpiti Growth Fund

- ~~50-51.~~ The main objective in establishing the Kāpiti Growth Fund is to achieve a minimum return over the medium to long-term, net of all fees and charges attributable to the fund

that is at least the equivalent to the Council's net borrowing costs plus the rate of inflation, over the same period.

~~54-52.~~ A key requirement of the Kāpiti Growth Fund will be the ability to withdraw capital from it in order to fund strategic purchases.

~~52-53.~~ The surpluses will be used to contribute towards specific growth-focussed projects that encourage / incentivise businesses and recreational / visitor attractions to establish an operating presence in the Kāpiti District.

~~53-54.~~ The following additional requirements for the Kāpiti Growth Fund are specified:

- a) An appropriate level of investment risk for the fund is determined and accepted by the Council.
- b) The fund will be managed in a way that balances optimal returns with safeguarding the Council's capital.
- c) The fund performance will be regularly monitored.
- d) The fund risks will be managed in a prudent manner.
- e) All aspects of the investment process and functions will be reviewed regularly.

The LGFA

~~54-55.~~ The Council may invest in shares and other financial instruments of the LGFA and may borrow to fund that investment. The Council's objective in making any such investment will be to:

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

~~55-56.~~ Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

~~56-57.~~ If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

Treasury Risk Management

~~57-58.~~ Borrowing exposes the Council to three principal risks:

Liquidity / Funding Risk

~~58-59.~~ Liquidity risk is the risk that an unforeseen event or miscalculation in the required liquidity level may lead to council being unable to meet its day to day obligations. Liquidity risk management has the objective of ensuring that adequate liquid assets and funding sources are available at all times to meet both the short and long term commitments of Council as and when they arise, in an orderly manner.~~the Council does not have the ability to access committed funding at a future time as required.~~

Funding risk centres on the ability to re-finance or raise new debt at acceptable pricing and maturity terms.

Interest Rate Risk

~~59-60.~~ Interest rate risk is the risk that the Council will be exposed to changes in market conditions, particularly wholesale interest rates, prevailing at any time. It is important to consider this on a forward looking basis when issuing new debt and refinancing existing debt on an on-going basis. It may impact on the maturity profile of issued debt and the process of re-financing.

Credit Risk

~~60-61.~~ Credit risk is the risk that a party to a transaction, such as a counterparty or a financial intermediary / institution, may not settle or provide committed funding as and when required. This risk is applicable where the Council is both a borrower and an investor, with the more significant risk arising when the Council is an investor.

~~61-62.~~ Other risks include legal risk, operational risk, foreign exchange risk, concentration risk, volatility risk and carbon credit risk.

Liquidity / Funding Risk

~~62-63.~~ A key factor in the management of ~~liquidity-funding~~ risk is to spread and control the risk to reduce the concentration of risk at any point so that the overall borrowing cost is not increased unnecessarily and / or the desired maturity profile compromised due to market conditions.

~~63-64.~~ The following control limits apply to the Council's management of liquidity risk:

a. The Council will ensure that it has sufficient funds available to:

- fund all new and roll-over debt, and
- pay all financing costs.

b. To manage liquidity risk the Council will ensure that e~~External~~ debt plus committed loan facilities together with available liquid investments³ will~~must~~ be maintained at an amount of 110% o~~fo~~~~ver~~ projected ~~existing~~ external debt over the ensuing 12 month period.

³ ~~liquid investments specifically exclude the Kāpiti Resilience Fund and the Kāpiti Growth Fund.~~

~~63-65.~~

~~c. The Council has the ability to pre-fund up to 18 months forecast debt requirements including re-financings.~~

~~d.a.~~ The Chief Executive has delegated to the Group Manager Corporate Services the discretionary authority to re-package existing debt on more favourable terms. Such action is to be ratified and approved by the Strategy and Operations Committee at its next scheduled meeting.

~~e.b.~~ The Council can borrow for a maximum term of 30 years. Any debt issued for longer than 10 years will be reported to the Strategy and Operations Committee at the next quarterly reporting period.

~~f.c.~~ The maturity profile of the total committed funding with respect to all external loans / debt and committed facilities, calculated monthly on a rolling basis is to be within the following limits:

Funding Liquidity control limits

Period	Minimum	Maximum
0 to 3 years	10%	70%
3 to 5 years	10%	60%
5 to 10 years	10%	50%
10 years plus	0%	20%

~~No more than 40% of debt shall be subject to refinancing in any rolling 12 month period.~~

~~A maturity schedule that is outside the above limits but self-corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits for a period beyond 90 days requires specific approval by the Strategy and Operations Committee at its next meeting.~~

~~The council has the ability to forecast debt requirements including its refinancing's.~~

Interest Rate Risk

~~64-66.~~ Interest rate risk is the risk that funding costs (due to movements in market interest rates) will materially exceed adopted Annual Plan and Long Term Plan interest cost projections, so as to adversely impact cost control, capital investment decisions, returns and feasibility.

~~65-67.~~ The primary objective of interest rate risk management is to reduce uncertainty of interest rate movements through fixing of wholesale market interest costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.

~~66-68.~~ Dealing in interest rate products must be limited to financial instruments approved by the Council as per an internally updated schedule. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

~~67-69.~~ A list of the current approved interest rate instruments is attached as Appendix 3.

~~68-70.~~ All bank deposits, registered certificates of deposits, treasury bills and commercial paper investments are limited to a term no greater than 181 days unless linked to a pre-funding strategy.

~~69-71.~~ All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:

- structured debt where issuing entities are not a primary borrower / issuer;
- subordinated debt, junior debt, perpetual notes and debt / equity hybrid notes such as convertibles.

~~70-72.~~ Any other financial instrument not on the approved list must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

Interest Rate Risk Control Limits

~~74-73.~~ Major control limit – at any point in time the amount of all current interest rate risk management instruments must not exceed the total amount of gross debt.

~~72-74.~~ Hedging of the Council's external debt / borrowings must be within the following fixed / floating interest rate risk control limit:

Risk control limits – exposure to interest rate risk is managed and mitigated through the risk control limits below.

<u>Fixed/Floating Interest Rate Risk Control Limits</u>		
	<u>Minimum Fixed Rate</u>	<u>Maximum Fixed Rate</u>
<u>0 – 2 years</u>	<u>40%</u>	<u>100%</u>
<u>2 – 4 years</u>	<u>20%</u>	<u>80%</u>
<u>4 – 10 years</u>	<u>0%</u>	<u>60%</u>

Any hedging beyond these limits needs the approval of the full Council.

Master Fixed / Floating Risk Control Limit	
Minimum Fixed Rate = 55%	Maximum Fixed Rate = 100%

The percentages are calculated on the projected external debt levels in the Council's approved financial statements (Long Term Plan or Annual Plan). The forecast debt level is subject to approval by the Group Manager Corporate Services as being a fair and reasonable forecast.

- External debt is the total amount of gross debt. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to comply with the Treasury Management Policy minimums and maximums.

- ~~b. Floating rate debt may be spread over any maturity up to 12 months. Bank advances may be for a maximum term of 12 months.~~
- ~~c. The Council can hedge up to 15 years; any hedge longer than 10 years will be reported to the Strategy and Operations Committee at the next quarterly reporting period.~~
- ~~uuu.b. The fixed rate amount at any point in time must be within the following maturity bands:~~

Swaps Maturity Profile

Fixed Rate Maturity Profile Limit (% of External debt)		
Period	Minimum Cover	Maximum Cover
1 to 3 years	15%	60%
3 to 5 years	15%	60%
5 to 10 years	15%	60%*
10 years plus	0%	20%**

~~*Maximum cover in the five to ten year period may be extended up to 70% during periods of historical low long term interest rates subject to approval by the Chief Executive and reported to the Strategy and Operations Committee at its next meeting.~~

~~**Maximum cover in the over ten year period may be extended up to 30% during periods of historical low long term interest rates subject to approval by the Chief Executive and reported to the Strategy and Operations Committee at its next meeting. The definition of 'historical low long term interest rate' is where the 10-year swap rate is more than 15% below its rolling ten-year average.~~

- a. A fixed rate maturity profile that is outside the above limits but self-corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits beyond 90 days requires specific approval by the Strategy and Operations Committee at the next available meeting.
- ~~b. Any interest rate swaps with a maturity beyond 12 years must be approved by the Strategy and Operations Committee at its next meeting.~~
- ~~vvv. **Authorised Risk Management Instruments** – Council is able to use the following financial market instruments to manage interest rate risk. For individual types of interest rate risk management instruments the Council must adhere to the following control limits at all times:~~
- ~~a. Interest rate swaps. Forward rate agreements outstanding at any one time must not exceed 75% of the total floating rate debt.~~
- ~~b. Interest rate options including With the exception of 1:1 collar option structures, but in a ratio which does not exceed 1:1. The outright selling of interest rate options is not permitted. interest rate options must not be sold outright because of the speculative nature of doing this. Options on hedging floating rate debt with an exercise rate greater than 2.00% above the equivalent period interest rate at the time of inception cannot be counted as part of the fixed rate cover percentage calculation.~~
- ~~c. Borrower swaptions, held by the Council must mature within 12 months.~~

d. Fixed rate bonds.

~~e-e.~~ Fixed rate term loans

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

~~e. The forward start period on swap / collar strategies to be no more than 24 months.~~

Counterparty Credit Risk for Derivatives

75. Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

76. Counterparties and limits can only be approved on the basis of a minimum long term credit rating (S&P Global Ratings or the Moody's or Fitch equivalents ~~standard & Poor's or Moody's Investor Services~~) being of A+ and a minimum short term rating of A-1.

77. Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure. 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 repriced from.

78. The maximum exposure for any one counterparty is {\$10 million} Exposures are calculated as follows:

Interest rate swaps/swaptions and interest option caps = MTM + 1% of FV per annum calculated on the average duration of the derivatives portfolio. For example if the derivatives portfolio that KCDC had with a particular bank totalled \$40.0 million, with had an average duration of 3 years and was \$3.5 million in the money, the total exposure that KCDC would have to the bank would be \$4.7 million.

MTM is defined as positive if the position is 'in the money' for KCDC and nil if it is 'out of the money' for Council.

~~78-79.~~ The following table shows the gross counterparty limits for borrowing:

Counterparty/ Issuer	Borrowing maximum per counterparty
NZ Government	Unlimited
LGFA	Unlimited
NZ Registered Bank <u>minimum credit rating of A+</u>	\$50m

~~79-80.~~ A counterparty profile that is outside the above limits but self-corrects within 90-days is not in breach of this Policy. Any departures from the above limits will be reported to the Strategy and Operations Committee at its next meeting.

Legal Risk

~~80-81.~~ Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction, usually because of prohibitions contained in legislation.

~~81-82.~~ This risk is minimised by standing dealing and settlement instructions being sent to counterparties, matching of third party confirmations and the immediate follow-up of anomalies.

~~82-83.~~ Derivative fFinancial instruments can only be entered into with banks that have in place an executed International Swaps and Derivatives Association (ISDA) Master Agreement with the Council.

Operational Risk

~~83-84.~~ This is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls. Operational risk, particularly relevant to dealing with financial instruments, is minimised through appropriate segregation of duties, recording and reporting procedures and system controls.

Foreign Exchange Risk

~~84-85.~~ The Council has limited ~~f~~Foreign exchange risk through the occasional purchase of foreign exchange denominated plant and equipment. All foreign exchange exposures greater than NZD100,000 must be hedged using forward exchange contracts. Larger amounts may be hedged using foreign exchange contracts and smaller payments are converted at the spot exchange rate on the date of payment. The Council does not borrow or enter into incidental arrangements within or outside New Zealand in any foreign currency other than New Zealand dollars.

Concentration Risk

~~85-86.~~ This is the risk of a loss arising as a result of a heavily lopsided exposure to one or more counterparties. The risk is managed through adherence to the gross counterparty limits.

Volatility Risk

~~86-87.~~ This is the risk of a change of price of a portfolio as a result of changes in the volatility of a risk factor. The risk is managed through ensuring that the asset allocation is continuously reviewed to ensure that it stays diversified over the long term.

Carbon Credit Risk

~~87-88.~~ The Council needs to minimise the financial impact of movements in the carbon credit prices by balancing the need for price stability with the benefit of realising market opportunities to reduce costs as they arise.

Treasury Performance

~~88-89.~~ In order to assess the effectiveness of the Council's treasury management activities, benchmarks and performance measures have been prescribed to assess operational performance and the management of debt and interest rate risk. The Council undertakes regular reporting which includes the following four major information/reporting objectives:

a. Cash / Debt Position.

~~b.~~ Risk Exposure Position.

~~b-c.~~ Treasury management Policy Compliance

~~d.~~ Interest Rate Risk Management Performance The Finance Team has Council discretion to manage debt and interest rate risk within policy control limits. Thus the actual funding rate achieved must be compared against an appropriate external benchmark interest rate that assumes a risk neutral position within the current fixed to floating policy parameters. In this respect, a risk neutral position

is always precisely at the mid-point of the minimum and maximum control limits specified in the policy.

Given the Fixed/Floating Interest Rate Risk Control Limits of this policy, the market benchmark (composite) indicator rate will be calculated as follows:

30% Average 90 day bill rate for reporting month.

15% 2 year swap rate at end of reporting month.

15% 2 year swap rate, 2 year ago.

10% 4 year swap rate at end of reporting month.

10% 4 year swap rate, 4 years ago.

10% 8 year swap rate at end of reporting month.

10% 8 year swap rate, 8 years ago.

The actual reporting benchmark is the 12 month rolling average of the monthly calculated benchmarks using the above parameters. This is compared to actual cost of funds, excluding all credit margins and fees.

~~e.e.~~

~~d.f. Treasury Management Policy Compliance.~~

~~89-90.~~ The table below summarises the key reporting outputs in relation to treasury management:

Report type	Audience	Frequency	Format
Management	Senior Leadership Team	Quarterly	Report compliance with all limits and thresholds
Governance	Audit and Risk Subcommittee	Quarterly	Overview of quarterly performance
Annual Report	Strategy and Operations Committee	Annually	Review of Annual performance and of the Policy and policy limits to ensure they are fit for purpose

Policy review

~~90-91.~~ The Policy is to be formally reviewed on at least a triennial basis by the Strategy and Operations Committee. The Group Manager Corporate Services will manage the review process and the final report will be presented by to the Strategy and Operations Committee for its consideration.

~~91-92.~~ In addition, any Policy changes arising from the annual report to the Strategy and Operations Committee provided by the Group Manager Corporate Services or other sources may be considered by the Audit and Risk Subcommittee as required but the delegation rests with the Strategy and Operations Committee.

Appendix 1: Glossary of terms

Annual rates income: the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002.

Borrower swaption: gives the holder of the swaption the right to enter into a swap where they pay interest on a notional loan amount at a fixed rate of interest and receive payments at a floating rate;

Call option: a financial instrument that gives the buyer the right, but not an obligation, to buy a set quantity of a security at a set strike price at some time on or before expiration.

Closing out: the cancellation / termination of a financial instrument or contract before its maturity date, resulting in a realised gain / loss if the current market rate differs from the contract rate.

Derivatives: investment vehicles whose price is dependent on an underlying asset. The most common forms of derivatives include stock options, futures & swaps.

Fixed rate: an interest rate repricing date beyond 12 months forward on a continuous rolling basis;

Floating rate: an interest rate repricing within 12 months;

Forward rate agreement: an agreement between two counterparties locking in an interest rate today, for money that one counterparty intends to borrow in the future. The counterparties agree to pay each other the interest difference between the agreed-upon rate (the "forward rate") and the actual interest rate on the future date (the "floating rate").

Forward start interest rate swap: a fixed-for-floating interest rate swap whereby the swap coupon is set at the contract date but the swap doesn't start on that date, that is it is delayed to some future date. This provides certainty as to interest rate cost on an agreed principal amount for an agreed period, commencing at a future point in time.

Futures contract: a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price.

In the money options: options which have intrinsic value of the security built into them. Call options are in the money when the strike price is lower than the price of the underlying stock, allowing one to buy the stock at a price lower than the market price. Put options are in the money when the strike price is higher than the price of the underlying stock, allowing one to sell the stock at a price higher than the market price.

Interest rate cap (ceiling): an interest rate derivative contract which has a maximum value (cap) — on a floating rate of interest on a specified notional principal amount for a specific term.

Interest rate collar: a security which simultaneously combines the purchase of an interest rate cap and the sale of an interest rate floor to specify a range in which an interest rate will fluctuate. The security insulates the buyer against the risk of a significant rise in a floating rate but limits the benefits of a drop in that floating rate.

Interest rate floor: an interest rate derivative contract which has a minimum value (floor) — on a floating rate of interest on a specified notional principal amount for a specific term.

Interest rate option: a specific financial derivative contract whose value is based on interest rates and its value is tied to an underlying interest rate. Interest rate options give buyers the right, but not the obligation, to synthetically pay (in the case of a cap) or receive (in the case of a floor) a predetermined interest rate (the strike price) over an agreed period.

Interest rate swap: a financial derivative instrument in which two parties agree to exchange interest rate cash flows, based on a specified notional amount from a fixed rate to a floating rate (or vice versa) or from one floating rate to another.

Liquidity: external debt plus committed loan facilities plus liquid investments divided by external debt

Net external debt: total external debt less cash / cash equivalent investments.

Net interest expense: the amount equal to all interest and financing costs less interest income for the relevant period.

Operating income: earnings from rates, government grants and subsidies, user charges, interest and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

Options: contracts that give the holder the right but not the obligation to buy or sell a specific security at a pre-determined price on a pre-determined date. The two kinds of options are call and put options.

Options on a swap (Swaption): the option to enter into an interest rate swap. In exchange for an option premium, the buyer gains the right but not the obligation to enter into a specified swap agreement with the issuer on a specified future date.

Out of the money options: have no intrinsic value built into them. Call options are out of the money when the strike price is higher than the price of the underlying stock. Put options are out of the money when the strike price is lower than the price of the underlying stock.

Put option: a financial instrument that conveys the buyer the right, but not the obligation, to sell a specified quantity of a security at a set strike price on or before an agreed upon expiration date.

Spot price: the current market price of a product, usually a commodity, currency or rate, for the immediate delivery of said product.

Strike price: the price at which a derivatives contract can be exercised – the strike price is independent of the spot price and is agreed upon by the parties entering the contract.

Swap: a derivative in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. The benefits in question depend on the type of financial instruments involved.

Appendix 12: Delegated Authorities

	Activity	Delegated Authority	*Limit
1	Approving and changing Treasury Management Policy	Strategy and Operations Committee	Unlimited
2	New annual borrowing as set out in the Annual Plan/Long Term Plan	Strategy and Operations Committee	Within the prescribed limits set out in the Financial Strategy
3	Approval for charging assets as security over borrowing	Strategy and Operations Committee	Subject to the requirements of Debenture Trust Deed
4	Acquisition and disposition of investments other than financial investments	Council	Unlimited
5	Approving transactions outside Treasury Management Policy	Council	Unlimited
6	Re-financing existing debt	Chief Executive	Subject to Policy
7	Negotiate bank facilities	Chief Executive (or) Group Manager Corporate Services	Subject to Policy
8	Manage cash / liquidity requirements	Chief Executive (or) Group Manager Corporate Services	Per risk control limits
9	Approving counterparty credit limits	Chief Executive	Within the prescribed limits set out in the Treasury Management Policy
10	Adjust interest rate risk profile	Chief Executive delegated to the Group Manager Corporate Services; each adjustment individually signed off by the Chief Executive	Fixed rate debt ratio as per risk control limits; Fixed rate maturity profile limit as per risk control limits
11	Managing funding and investment maturities in accordance with the Council's approved facilities	Chief Executive Group Manager Corporate Services	Per risk control limits
12	Maximum daily transaction amount (borrowing, investing and interest rate risk management) excludes roll-overs on existing debt and interest rate swaps	Council Chief Executive Group Manager Corporate Services CFO (delegated)	Unlimited \$30 million \$15 million \$5 million

	Activity	Delegated Authority	*Limit
13	Authorising lists of signatories	Chief Executive Group Manager Corporate Services	Unlimited
14	Opening/closing bank accounts	Chief Executive Group Manager Corporate Services	Unlimited
15	At least triennial review of Treasury Management Policy	Group Manager Corporate Services	N/A
16	Ensuring compliance with Treasury Management Policy	Group Manager Corporate Services	N/A

**All activity limits in the above table are subject to the limits contained in the Council approved Long Term Plan / Annual Plan. The Council can approve changes to the limits.*

Appendix ~~23~~: Current approved interest rate instruments

Category	Instrument
Cash management and borrowing	<ol style="list-style-type: none"> 1. Bank overdraft 2. Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) 3. Uncommitted money market facilities 4. Retail and Wholesale Bond and Floating Rate Note (FRN) issuance 5. Commercial paper (CP) / Promissory Notes 6. NZD denominated Private Placements
Investments	<ol style="list-style-type: none"> 1. Call and short term bank deposits 2. Bank bills 3. Bank registered certificates of deposit (RCDs) 4. Treasury bills 5. LGFA borrower notes / CP / bills / bonds / FRNs 6.1. LGFA Redeemable Preference Shares (RPS)
Interest rate risk management	<ol style="list-style-type: none"> 1. Forward rate agreements ("FRAs") on: <ul style="list-style-type: none"> • bank bills 2. Interest rate swaps including: <ul style="list-style-type: none"> • forward start swaps • amortising swaps (whereby notional principal amount reduces) • swap extensions and shortenings 3. Interest rate options on: <ul style="list-style-type: none"> • bank bills (purchased caps and one for one collars) • interest rate swaptions (purchased only)
Foreign exchange management	<ol style="list-style-type: none"> 1. Spot foreign exchange 2. Forward exchange contracts

Appendix 3: Authorised Financial Market Investment Parameters

<u>Authorised Asset Classes</u>	<u>Maximum limit as a Percentage of the Total Portfolio</u>	<u>Approved Financial Market Investment Instruments (must be denominated in NZ dollars)</u>	<u>Credit Rating Criteria – S&P (or Moody's or Fitch equivalents)</u>	<u>Limit for each issuer subject to overall portfolio limit for issuer class</u>
<u>New Zealand Government or Government Guaranteed</u>	<u>100%</u>	<u>Government Bonds</u> <u>Treasury Bills</u>	<u>Not Applicable</u>	<u>Unlimited</u>
<u>Rated Local Authorities</u>	<u>50%</u>	<u>Commercial Paper</u> <u>Bonds/MTNs/FRNs</u>	<u>S&P ST rating of 'A-1' or LT 'A-' or A</u> <u>S&P ST rating of 'A-1+' or LT 'A+' or better</u>	<u>\$4 million</u> <u>\$8 million</u>
<u>Unrated local authorities where rates are used as security</u>	<u>25%</u>	<u>Bonds/MTNs/FRNs</u>	<u>Not applicable</u>	<u>\$4 million</u>
<u>New Zealand Registered Banks</u>	<u>100%</u>	<u>Call/Term Deposits</u> <u>Bonds/MTNs/FRNs</u>	<u>S&P ST rating of 'A-1' or LT 'A-' or 'A'</u> <u>S&P ST rating of 'A-1+' or LT 'A+' or better</u>	<u>\$6 million</u> <u>\$30 million</u>
<u>State Owned Enterprises</u>	<u>33%</u>	<u>Commercial Paper</u> <u>Bonds/MTNs/FRNs</u>	<u>S&P ST rating of 'A-1' or LT 'A-' or 'A'</u> <u>S&P ST rating of 'A-1+' or LT 'A+' or better</u>	<u>\$4 million</u> <u>\$8 million</u>
<u>Corporates</u>	<u>25%</u>	<u>Commercial Paper</u> <u>Bonds/MTNs/FRNs</u>	<u>S&P ST rating of 'A-1' or LT 'A-' or 'A'</u> <u>S&P ST rating of 'A-1+' or LT 'A+' or better</u>	<u>\$2 million</u> <u>\$4 million</u>
<u>Financials</u>	<u>25%</u>	<u>Commercial Paper</u> <u>Bonds/MTNs/FRNs</u>	<u>S&P ST rating of 'A-1' or LT 'A-' or 'A'</u> <u>S&P ST rating of 'A-1+' or LT 'A+' or better</u>	<u>\$2 million</u> <u>\$4 million</u>



TREASURY MANAGEMENT POLICY

July 2021

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Introduction

1. The Kāpiti Coast District Council's Treasury Management Policy comprises a liability management policy and an investment policy, as required by the Local Government Act 2002 (the Act).
2. Part 6, section 104 of the Act states that the liability policy must state the local authority's policies in respect of the management of both borrowing and other liabilities, including interest rate exposure, liquidity, credit exposure and debt repayment.
3. Part 6, section 105 of the Act states that the investment policy must state the local authority's policies in respect of investments, including the mix of investments, the acquisition of new investments, procedures for managing and reporting investments and assessment and management of risks.

Purpose

4. The Treasury Management Policy provides the framework for all of the Council's treasury management activities and defines key responsibilities and the operating parameters within which treasury activity is to be carried out.

General Policy Objectives

5. This document identifies the policy of the Council in respect of investment and liability management activities. The Policy has not been prepared to cover other aspects of the Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures cover these matters.
6. The objective of the Policy is to control and manage borrowing costs, investment returns, liquidity requirements and risks associated with treasury management activity.
7. The Council is governed by the following relevant legislation:
 - Local Government Act 2002, in particular Part 6 including sections 101,102, 104 and 105;
 - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4; and
 - Trustee Act 1956.
8. The Council is a risk averse entity and wishes to minimise risk from its treasury management activities. Interest rate risk, liquidity risk, funding risk and credit risk are risks the Council seeks to manage, not capitalise on. Accordingly, any activity that may be construed as speculative in nature is expressly forbidden.

Governance

9. The Council has ultimate responsibility for ensuring that there is an effective policy for the management of its treasury risks. In this respect the Council decides the level and nature of risks that are acceptable. The Council is responsible for approving this Treasury Management Policy and any changes to it required from time to time.
10. The authority to make or change the Policy has been delegated to the Strategy and Operations Committee. The Policy can be reviewed by other persons, and changes recommended but the authority to make or change the policy rests with the Strategy and Operations Committee.
11. The Council may delegate its responsibilities under this Policy to its committees, subcommittees and officers in accordance with its Governance Structure and Delegations.
12. The full list of delegated authorities as they relate to the Treasury Management Policy is attached as Appendix 2.
13. Treasury risk is minimised for the treasury activities by ensuring that there is adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting / reporting.

Liability Management Policy

Objectives

14. The Council's liability management objectives in relation to borrowings are to:
- minimise borrowing costs within approved risk parameters;
 - prudently manage the Council's exposure to interest rate changes;
 - ensure sufficient levels of liquidity to meet planned and unforeseen cash requirements;
 - prudently manage the Council's credit exposure;
 - monitor and report on the risk and the performance of debt portfolios against predetermined limits and benchmarks;
 - maintain a credit rating of at least A- from Standard & Poor's.

General Policy

15. The Council's liabilities comprise borrowings (internal / external) and various other liabilities. The Council raises borrowings for the following primary purposes:
- General debt to fund the Council's balance sheet, including working capital requirements;
 - Specific debt associated with 'one-off' projects and capital expenditure;
 - To fund assets where their useful lives extend over several generations of ratepayers;
 - To invest in the Kāpiti Resilience Fund and the Kāpiti Growth Fund.
16. Any new borrowings or roll-over of existing borrowing needs to be budgeted for as part of the Council's approved Long Term Plan or Annual Plan, or be subject to Council approval. Debt will be repaid as it falls due in accordance with the applicable loan agreement.
17. Any debt with a maturity beyond 12 years must be reported to the Strategy and Operations Committee at its next meeting.

Specific Borrowing Limits

18. In managing debt, the Council will adhere to the following targets and limits:

Item ¹	Borrowing Target	Borrowing Limit
Net interest expense over total operating income	< 10%	< 20%
Net external debt over total operating income	< 280%	<i>see para 26</i>
Liquidity	> 110%	> 110%

¹ Definitions of these and other terms are given in the glossary of terms attached as Appendix 1.

Security

19. The Council's external borrowings and interest rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, the Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by the Council ranks equally with other lenders.
20. From time to time and with Council approval, security may be offered by providing a charge over one or more of the Council's assets.

Borrowing Mechanisms

21. The Council is able to borrow through a variety of market mechanisms including issuing stock / debentures and commercial paper, direct bank borrowing, the Local Government Funding Agency (LGFA) or accessing the short and long-term debt capital markets directly or indirectly. In evaluating strategies for new borrowing, consideration should be given to the following:
 - available rates and terms from lenders;
 - the Council's overall debt maturity profile;
 - the outlook on future interest rate movements;
 - consideration of counterparty credit risk by spreading borrowings across a number of counterparties to avoid concentrations of credit exposure.
22. The Council's ability to readily attract cost-effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, the LGFA and financial institutions / brokers.

Debt Repayment

23. The Council repays borrowings from refinancing or surplus general funds. Borrowings may be refinanced by further borrowings with a 30-year maximum term.
24. Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

The LGFA

25. The Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) in accordance with its shareholding agreement with them. In connection with that borrowing, the Council may enter into the following related transactions to the extent that it considers necessary or desirable:
 - contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example Borrower Notes²;
 - provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
 - commit to contributing additional equity (or subordinated debt) to the LGFA if required;

² Note that the rate for Borrowers Notes increased from 1.6% to 2.5% with effect from June 2020

- secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue; and
 - subscribe for shares and uncalled capital in the LGFA.
26. In 2020, the LGFA made a number of changes to its borrowing documents, and these are now reflected in the updated Treasury Management Policy as follows:
- a) As a local authority, the Council may now apply to the LGFA to be tested at the group level rather than at the parent level for compliance with LGFA covenants.
 - b) Council-controlled organisations (CCOs) can borrow directly through the LGFA borrowing programme (on the basis of a guarantee from and / or sufficient uncalled share capital issued to the parent local authority).
 - c) In response to the uncertainty arising from the Covid-19 pandemic, the LGFA shareholders approved changes to increase the foundation policy financial covenant net debt / total revenue from the current 250% to 280% for local authorities with a long-term credit rating of 'A' equivalent or higher.
 - d) Until 2025/26, local authorities with a long-term credit rating of 'A' equivalent or higher must comply with the "Alternative Net Debt / total Revenue covenant" as below

Alternative Net Debt / Total Revenue Covenant	
Financial Year (Test Date)	Net Debt / Total Revenue
30 June 2021	<300%
30 June 2022	<300%
30 June 2023	<295%
30 June 2024	<290%
30 June 2025	<285%

27. The amended foundation policy financial covenant of 280% will apply in the 2025/26 financial year and annually thereafter.

Internal Borrowing

28. The internal borrowing relates to the Council borrowing from its reserves, special funds and equity that the Council would otherwise have in cash. The Council has borrowed these funds to fund capital works which would otherwise be funded from external borrowers.
29. Any internal borrowing of reserve and special funds used must be reimbursed for interest revenue lost. Except where a specific rate has been approved for particular circumstances, interest is charged annually in arrears on all internal loans using the Council's current cost of borrowings.

Guarantees / contingent liabilities and other financial arrangements

30. The Council, from time to time, provides financial guarantees to local organisations, groups or bodies for recreational and community purposes. The Council is not allowed to guarantee loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.
31. The total value of guarantees at any one time, excluding LGFA guarantees, will not exceed 3% of the total annual rates levied during that year. Total loan guarantees held at any time shall be taken into account when calculating the Council's maximum borrowing limit.
32. The Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed.

Investment Policy

General Policy

33. The Council may hold financial, property and equity investments if there are strategic, economic or other valid reasons for doing so, for example, where it is the most appropriate way to administer a Council function.
34. With the exception of financial investments, the acquisition of a new investment or disposal of an existing investment needs to be budgeted for as part of the Council's approved Long Term Plan or Annual Plan, or be approved through a Council resolution.
35. The authority to acquire and dispose of financial investments is delegated to the Group Manager Corporate Services.

Investment Mix

Equity Investments

36. The Council currently maintains equity investments in Civic Financial Services Limited (formerly the New Zealand Local Government Insurance Corporation Limited). These shares were acquired by virtue of the Council insuring its past activities through these companies. They are held as they are not readily transferable, and the amount involved is immaterial, relative to the Council's total investment holdings.
37. New equity investments may be acquired if an opportunity arises and approval is given by the Council, based on advice and recommendations from Council officers. Before approving any new investment, the Council gives due consideration to the contribution the investment will make in fulfilling the Council's strategic objectives and the financial risks of owning the investment.

Property Investments

38. Strategic Land Purchase - the Council has adopted a strategy of purchasing land when the opportunity arises, where this has been identified as progressing the community's and the Council's vision for the future.
39. Each individual property purchase is subject to consideration and / or approval by the Strategy and Operations Committee.

Loan Advances

40. The Council will only advance loans to external organisations in exceptional circumstances. Where loan advances are secured against the assets of the borrower, those assets would revert to the Council in the event of loan default. New loan advances are by Council resolution only.
41. All loan advances are monitored to ensure that interest and principal repayments comply with the terms of the loan agreement. All loans in excess of \$25,000 are reported on a quarterly basis to the Strategy and Operations Committee.

Development and Financial Contributions

42. In order to make it easier for developers to finance large-scale developments, the Council may allow payment of development and financial contributions on some residential developments to be deferred for a period. Payment arrangements, for example, bank bonds can be used as security against the assets of the developer so that those assets would revert to the Council in the event of default of the payment of development / financial contributions.

Financial Investments

43. The Council's primary objective when investing is the protection of its investment capital. Accordingly, the Council may only invest in approved creditworthy counterparties. Counterparties and limits can only be approved on the basis of long-term Standard & Poor's, credit ratings (or equivalent Fitch or Moody's rating) being A+ and above and / or short term rating of A-1 or above.
44. With the exception of cash investments that are sourced from pre-funding, all other cash investments must be restricted to a term of no more than 181 days to ensure that future cash flow requirements and capital expenditure projections are met. Cash investments from pre-funding can be invested for up to a maximum of 18 months.
45. Special Funds and Funding Reserves - liquid assets will not be required to be held against special funds. Instead the Council will internally utilise these funds.

Managed funds

46. The Council may invest in shares and other financial instruments and may borrow to fund that investment.

Kāpiti Resilience Fund

47. The main objective in establishing the Kāpiti Resilience Fund is to achieve a minimum return over the medium to long-term, net of all fees and charges attributable to the fund that is at least the equivalent to the Council's net borrowing costs plus the rate of inflation, over the same period.
48. The surpluses will be used to fund a contribution towards resilience-focussed projects, for example increased insurance costs and Civil Defence costs.
49. The following additional requirements for the Kāpiti Resilience Fund portfolio are specified:
- a) An appropriate level of investment risk for the fund is determined and accepted by the Council.
 - b) The fund will be managed in a way that balances optimal returns with safeguarding the Council's capital.
 - c) The fund performance will be regularly monitored.
 - d) The fund risks will be managed in a prudent manner.
 - e) All aspects of the investment process and functions will be reviewed regularly.

Kāpiti Growth Fund

50. The main objective in establishing the Kāpiti Growth Fund is to achieve a minimum return over the medium to long-term, net of all fees and charges attributable to the fund that is at least the equivalent to the Council's net borrowing costs plus the rate of inflation, over the same period.
51. A key requirement of the Kāpiti Growth Fund will be the ability to withdraw capital from it in order to fund strategic purchases.
52. The surpluses will be used to contribute towards specific growth-focussed projects that encourage / incentivise businesses and recreational / visitor attractions to establish an operating presence in the Kāpiti District.
53. The following additional requirements for the Kāpiti Growth Fund are specified:
 - a) An appropriate level of investment risk for the fund is determined and accepted by the Council.
 - b) The fund will be managed in a way that balances optimal returns with safeguarding the Council's capital.
 - c) The fund performance will be regularly monitored.
 - d) The fund risks will be managed in a prudent manner.
 - e) All aspects of the investment process and functions will be reviewed regularly.

The LGFA

54. The Council may invest in shares and other financial instruments of the LGFA and may borrow to fund that investment. The Council's objective in making any such investment will be to:
 - Obtain a return on the investment; and
 - Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.
55. Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.
56. If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

Treasury Risk Management

57. Borrowing exposes the Council to three principal risks:

Liquidity / Funding Risk

58. Liquidity risk is the risk that the Council does not have the ability to access committed funding at a future time as required. Funding risk centres on the ability to re-finance or raise new debt at acceptable pricing and maturity terms.

Interest Rate Risk

59. Interest rate risk is the risk that the Council will be exposed to changes in market conditions, particularly wholesale interest rates, prevailing at any time. It is important to consider this on a forward looking basis when issuing new debt and refinancing existing debt on an on-going basis. It may impact on the maturity profile of issued debt and the process of re-financing.

Credit Risk

60. Credit risk is the risk that a party to a transaction, such as a counterparty or a financial intermediary / institution, may not settle or provide committed funding as and when required. This risk is applicable where the Council is both a borrower and an investor, with the more significant risk arising when the Council is an investor.
61. Other risks include legal risk, operational risk, foreign exchange risk, concentration risk, volatility risk and carbon credit risk.

Liquidity / Funding Risk

62. A key factor in the management of liquidity risk is to spread and control the risk to reduce the concentration of risk at any point so that the overall borrowing cost is not increased unnecessarily and / or the desired maturity profile compromised due to market conditions.
63. The following control limits apply to the Council's management of liquidity risk:
- a. The Council will ensure that it has sufficient funds available to:
 - fund all roll-over debt, and
 - pay all financing costs.
 - b. External debt plus committed loan facilities together with available liquid investments³ must be maintained at an amount of 110% over existing external debt.
 - c. The Council has the ability to pre-fund up to 18 months forecast debt requirements including re-financings.
 - d. The Chief Executive has delegated to the Group Manager Corporate Services the discretionary authority to re-package existing debt on more favourable terms. Such action is to be ratified and approved by the Strategy and Operations Committee at its next scheduled meeting.

³ liquid investments specifically exclude the Kāpiti Resilience Fund and the Kāpiti Growth Fund.

- e. The Council can borrow for a maximum term of 30 years. Any debt issued for longer than 10 years will be reported to the Strategy and Operations Committee at the next quarterly reporting period.
- f. The maturity profile of the total committed funding with respect to all external loans / debt and committed facilities, calculated monthly on a rolling basis is to be within the following limits:

Liquidity control limits

Period	Minimum	Maximum
0 to 3 years	10%	70%
3 to 5 years	10%	60%
5 to 10 years	10%	50%
10 years plus	0%	20%

A maturity schedule that is outside the above limits but self-corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits for a period beyond 90 days requires specific approval by the Strategy and Operations Committee at its next meeting.

Interest Rate Risk

- 64. Interest rate risk is the risk that funding costs (due to movements in market interest rates) will materially exceed adopted Annual Plan and Long Term Plan interest cost projections, so as to adversely impact cost control, capital investment decisions, returns and feasibility.
- 65. The primary objective of interest rate risk management is to reduce uncertainty of interest rate movements through fixing of wholesale market interest costs. Certainty around interest costs is to be achieved through the active management of underlying interest rate exposures.
- 66. Dealing in interest rate products must be limited to financial instruments approved by the Council as per an internally updated schedule. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.
- 67. A list of the current approved interest rate instruments is attached as Appendix 3.
- 68. All bank deposits, registered certificates of deposits, treasury bills and commercial paper investments are limited to a term no greater than 181 days unless linked to a pre-funding strategy.
- 69. All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:
 - structured debt where issuing entities are not a primary borrower / issuer;
 - subordinated debt, junior debt, perpetual notes and debt / equity hybrid notes such as convertibles.
- 70. Any other financial instrument not on the approved list must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

Interest Rate Risk Control Limits

71. Major control limit – at any point in time the amount of all current interest rate risk management instruments must not exceed the total amount of gross debt.
72. Hedging of the Council's external debt / borrowings must be within the following fixed / floating interest rate risk control limit:

Risk control limits

Master Fixed / Floating Risk Control Limit

Minimum Fixed Rate = 55% Maximum Fixed Rate = 100%

The percentages are calculated on the projected external debt levels in the Council's approved financial statements (Long Term Plan or Annual Plan). The forecast debt level is subject to approval by the Group Manager Corporate Services as being a fair and reasonable forecast.

- a. External debt is the total amount of gross debt. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to comply with the Treasury Management Policy minimums and maximums.
 - b. Floating rate debt may be spread over any maturity up to 12 months. Bank advances may be for a maximum term of 12 months.
 - c. The Council can hedge up to 15 years; any hedge longer than 10 years will be reported to the Strategy and Operations Committee at the next quarterly reporting period.
73. The fixed rate amount at any point in time must be within the following maturity bands:

Swaps Maturity Profile

Fixed Rate Maturity Profile Limit (% of External debt)

Period	Minimum Cover	Maximum Cover
1 to 3 years	15%	60%
3 to 5 years	15%	60%
5 to 10 years	15%	60%*
10 years plus	0%	20%**

**Maximum cover in the five to ten year period may be extended up to 70% during periods of historical low long term interest rates subject to approval by the Chief Executive and reported to the Strategy and Operations Committee at its next meeting.*

***Maximum cover in the over ten year period may be extended up to 30% during periods of historical low long term interest rates subject to approval by the Chief Executive and reported to the Strategy and Operations Committee at its next meeting. The definition of 'historical low long term interest rate' is where the 10-year swap rate is more than 15% below its rolling ten year average.*

- a. A fixed rate maturity profile that is outside the above limits but self-corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile outside the above limits beyond 90 days requires specific approval by the Strategy and Operations Committee at the next available meeting.
 - b. Any interest rate swaps with a maturity beyond 12 years must be approved by the Strategy and Operations Committee at its next meeting.
74. For individual types of interest rate risk management instruments the Council must adhere to the following control limits at all times:
- a. Forward rate agreements outstanding at any one time must not exceed 75% of the total floating rate debt.
 - b. With the exception of 1:1 collar option structures, interest rate options must not be sold outright because of the speculative nature of doing this.
 - c. Borrower swaptions held by the Council must mature within 12 months.
 - d. Interest rate options with a maturity date beyond 12 months that have a strike rate higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
 - e. The forward start period on swap / collar strategies to be no more than 24 months.

Counterparty Credit Risk

75. Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.
76. Counterparties and limits can only be approved on the basis of a minimum long term credit rating (Standard & Poor's or Moody's Investor Services) being A+ and a minimum short term rating of A-1.
77. Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure. 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 repriced from.

78. The following table shows the gross counterparty limits:

Counterparty/ Issuer	Minimum Standard and Poor's long term / short term credit rating	Investments maximum per counterparty	Risk management instruments maximum per counterparty	Borrowing maximum per counterparty
NZ Government	N/A	Unlimited	None	Unlimited
LGFA	AA- / A-1	\$20m	None	Unlimited
NZ Registered Bank	A+ / A-1	60% of total investments or \$25m; whichever is greater.	50% of total instruments or \$80m; whichever is greater.	\$50m

79. A counterparty profile that is outside the above limits but self-corrects within 90-days is not in breach of this Policy. Any departures from the above limits will be reported to the Strategy and Operations Committee at its next meeting.

Legal Risk

80. Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction, usually because of prohibitions contained in legislation.
81. This risk is minimised by standing dealing and settlement instructions being sent to counterparties, matching of third party confirmations and the immediate follow-up of anomalies.
82. Financial instruments can only be entered into with banks that have in place an executed International Swaps and Derivatives Association (ISDA) Master Agreement with the Council.

Operational Risk

83. This is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls. Operational risk, particularly relevant to dealing with financial instruments, is minimised through appropriate segregation of duties, recording and reporting procedures and system controls.

Foreign Exchange Risk

84. The Council has limited Foreign exchange risk through the occasional purchase of foreign exchange denominated plant and equipment. Larger amounts may be hedged using foreign exchange contracts and smaller payments are converted at the spot exchange rate on the date of payment. The Council does not borrow or enter into incidental arrangements within or outside New Zealand in any foreign currency other than New Zealand dollars.

Concentration Risk

85. This is the risk of a loss arising as a result of a heavily lopsided exposure to one or more counterparties. The risk is managed through adherence to the gross counterparty limits.

Volatility Risk

86. This is the risk of a change of price of a portfolio as a result of changes in the volatility of a risk factor. The risk is managed through ensuring that the asset allocation is continuously reviewed to ensure that it stays diversified over the long term.

Carbon Credit Risk

87. The Council needs to minimise the financial impact of movements in the carbon credit prices by balancing the need for price stability with the benefit of realising market opportunities to reduce costs as they arise.

Treasury Performance

88. In order to assess the effectiveness of the Council's treasury management activities, benchmarks and performance measures have been prescribed to assess operational performance and the management of debt and interest rate risk. The Council undertakes regular reporting which includes the following four major information/reporting objectives:
- a. Cash / Debt Position.
 - b. Risk Exposure Position.
 - c. Risk Management Performance.
 - d. Treasury Management Policy Compliance.

89. The table below summarises the key reporting outputs in relation to treasury management:

Report type	Audience	Frequency	Format
Management	Senior Leadership Team	Quarterly	Report compliance with all limits and thresholds
Governance	Audit and Risk Subcommittee	Quarterly	Overview of quarterly performance
Annual Report	Strategy and Operations Committee	Annually	Review of Annual performance and of the Policy and policy limits to ensure they are fit for purpose

Policy review

90. The Policy is to be formally reviewed on at least a triennial basis by the Strategy and Operations Committee. The Group Manager Corporate Services will manage the review process and the final report will be presented by to the Strategy and Operations Committee for its consideration.
91. In addition, any Policy changes arising from the annual report to the Strategy and Operations Committee provided by the Group Manager Corporate Services or other sources may be considered by the Audit and Risk Subcommittee as required but the delegation rests with the Strategy and Operations Committee.

Appendix 1: Glossary of terms

Annual rates income: the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002.

Borrower swaption: gives the holder of the swaption the right to enter into a swap where they pay interest on a notional loan amount at a fixed rate of interest and receive payments at a floating rate;

Call option: a financial instrument that gives the buyer the right, but not an obligation, to buy a set quantity of a security at a set strike price at some time on or before expiration.

Closing out: the cancellation / termination of a financial instrument or contract before its maturity date, resulting in a realised gain / loss if the current market rate differs from the contract rate.

Derivatives: investment vehicles whose price is dependent on an underlying asset. The most common forms of derivatives include stock options, futures & swaps.

Fixed rate: an interest rate repricing date beyond 12 months forward on a continuous rolling basis;

Floating rate: an interest rate repricing within 12 months;

Forward rate agreement: an agreement between two counterparties locking in an interest rate today, for money that one counterparty intends to borrow in the future. The counterparties agree to pay each other the interest difference between the agreed-upon rate (the "forward rate") and the actual interest rate on the future date (the "floating rate").

Forward start interest rate swap: a fixed-for-floating interest rate swap whereby the swap coupon is set at the contract date but the swap doesn't start on that date, that is it is delayed to some future date. This provides certainty as to interest rate cost on an agreed principal amount for an agreed period, commencing at a future point in time.

Futures contract: a financial contract obligating the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price.

In the money options: options which have intrinsic value of the security built into them. Call options are in the money when the strike price is lower than the price of the underlying stock, allowing one to buy the stock at a price lower than the market price. Put options are in the money when the strike price is higher than the price of the underlying stock, allowing one to sell the stock at a price higher than the market price.

Interest rate cap (ceiling): an interest rate derivative contract which has a maximum value (cap) – on a floating rate of interest on a specified notional principal amount for a specific term.

Interest rate collar: a security which simultaneously combines the purchase of an interest rate cap and the sale of an interest rate floor to specify a range in which an interest rate will fluctuate. The security insulates the buyer against the risk of a significant rise in a floating rate but limits the benefits of a drop in that floating rate.

Interest rate floor: an interest rate derivative contract which has a minimum value (floor) – on a floating rate of interest on a specified notional principal amount for a specific term.

Interest rate option: a specific financial derivative contract whose value is based on interest rates and its value is tied to an underlying interest rate. Interest rate options give buyers the right, but not the obligation, to synthetically pay (in the case of a cap) or receive (in the case of a floor) a predetermined interest rate (the strike price) over an agreed period.

Interest rate swap: a financial derivative instrument in which two parties agree to exchange interest rate cash flows, based on a specified notional amount from a fixed rate to a floating rate (or vice versa) or from one floating rate to another.

Liquidity: external debt plus committed loan facilities plus liquid investments divided by external debt

Net external debt: total external debt less cash / cash equivalent investments.

Net interest expense: the amount equal to all interest and financing costs less interest income for the relevant period.

Operating income: earnings from rates, government grants and subsidies, user charges, interest and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

Options: contracts that give the holder the right but not the obligation to buy or sell a specific security at a pre-determined price on a pre-determined date. The two kinds of options are call and put options.

Options on a swap (Swaption): the option to enter into an interest rate swap. In exchange for an option premium, the buyer gains the right but not the obligation to enter into a specified swap agreement with the issuer on a specified future date.

Out of the money options: have no intrinsic value built into them. Call options are out of the money when the strike price is higher than the price of the underlying stock. Put options are out of the money when the strike price is lower than the price of the underlying stock.

Put option: a financial instrument that conveys the buyer the right, but not the obligation, to sell a specified quantity of a security at a set strike price on or before an agreed upon expiration date.

Spot price: the current market price of a product, usually a commodity, currency or rate, for the immediate delivery of said product.

Strike price: the price at which a derivatives contract can be exercised - the strike price is independent of the spot price and is agreed upon by the parties entering the contract.

Swap: a derivative in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. The benefits in question depend on the type of financial instruments involved.

Appendix 2: Delegated Authorities

	Activity	Delegated Authority	*Limit
1	Approving and changing Treasury Management Policy	Strategy and Operations Committee	Unlimited
2	New annual borrowing as set out in the Annual Plan/Long Term Plan	Strategy and Operations Committee	Within the prescribed limits set out in the Financial Strategy
3	Approval for charging assets as security over borrowing	Strategy and Operations Committee	Subject to the requirements of Debenture Trust Deed
4	Acquisition and disposition of investments other than financial investments	Council	Unlimited
5	Approving transactions outside Treasury Management Policy	Council	Unlimited
6	Re-financing existing debt	Chief Executive	Subject to Policy
7	Negotiate bank facilities	Chief Executive (or) Group Manager Corporate Services	Subject to Policy
8	Manage cash / liquidity requirements	Chief Executive (or) Group Manager Corporate Services	Per risk control limits
9	Approving counterparty credit limits	Chief Executive	Within the prescribed limits set out in the Treasury Management Policy
10	Adjust interest rate risk profile	Chief Executive delegated to the Group Manager Corporate Services; each adjustment individually signed off by the Chief Executive	Fixed rate debt ratio as per risk control limits; Fixed rate maturity profile limit as per risk control limits
11	Managing funding and investment maturities in accordance with the Council's approved facilities	Chief Executive Group Manager Corporate Services	Per risk control limits
12	Maximum daily transaction amount (borrowing, investing and interest rate risk management) excludes roll-overs on existing debt and interest rate swaps	Council Chief Executive Group Manager Corporate Services CFO (delegated)	Unlimited \$30 million \$15 million \$5 million

	Activity	Delegated Authority	*Limit
13	Authorising lists of signatories	Chief Executive Group Manager Corporate Services	Unlimited
14	Opening/closing bank accounts	Chief Executive Group Manager Corporate Services	Unlimited
15	At least triennial review of Treasury Management Policy	Group Manager Corporate Services	N/A
16	Ensuring compliance with Treasury Management Policy	Group Manager Corporate Services	N/A

**All activity limits in the above table are subject to the limits contained in the Council approved Long Term Plan / Annual Plan. The Council can approve changes to the limits.*

Appendix 3: Current approved interest rate instruments

Category	Instrument
Cash management and borrowing	<ol style="list-style-type: none"> 1. Bank overdraft 2. Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) 3. Uncommitted money market facilities 4. Retail and Wholesale Bond and Floating Rate Note (FRN) issuance 5. Commercial paper (CP) / Promissory Notes 6. NZD denominated Private Placements
Investments	<ol style="list-style-type: none"> 1. Call and short term bank deposits 2. Bank bills 3. Bank registered certificates of deposit (RCDs) 4. Treasury bills 5. LGFA borrower notes / CP / bills / bonds/ FRNs 6. LGFA Redeemable Preference Shares (RPS)
Interest rate risk management	<ol style="list-style-type: none"> 1. Forward rate agreements ("FRAs") on: <ul style="list-style-type: none"> • bank bills 2. Interest rate swaps including: <ul style="list-style-type: none"> • forward start swaps • amortising swaps (whereby notional principal amount reduces) • swap extensions and shortenings 3. Interest rate options on: <ul style="list-style-type: none"> • bank bills (purchased caps and one for one collars) • interest rate swaptions (purchased only)
Foreign exchange management	<ol style="list-style-type: none"> 1. Spot foreign exchange 2. Forward exchange contracts

10.3 PROPOSED ALCOHOL LICENSING FEES BYLAW

Kaituhi | Author: **Chris Worth, Principal Policy Advisor**

Kaiwhakamana | Authoriser: **Kris Pervan, Group Manager Strategy & Growth**

TE PŪTAKE | PURPOSE

- 1 This report seeks Council's approval to consult on a draft proposed Alcohol Licensing Fees Bylaw to increase the fees taken to fund Council's Alcohol Licensing function.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

- 2 This proposed bylaw enables Council to prescribe its own alcohol licensing fees. The introduction of a bylaw would supersede current fees set out in the Sale and Supply of Alcohol Regulations 2013 for the Alcohol Licensing function. The Regulations must be reviewed every five years and were last reviewed in 2017. However, fees have not been increased since they were introduced in 2013.
- 3 Council is currently recovering approximately 70% of the cost of its Alcohol Licensing function and associated activities, with a growing gap between the costs to administer the Licensing functions and the income received from fees to support the activity.
- 4 It is proposed that fees for this function be increased to help recover increasing costs. This can only be done through a bylaw adopted under section 405 of the Sale and Supply of Alcohol Act 2012, and the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013.
- 5 Under the Local Government Act, the funding needs of the local authority must be met from sources that the local authority determines appropriate. These sources include rates, and fees and charges, to reflect the public/private cost/benefit of Council's functions or activities.
- 6 Consulting on a proposed bylaw alongside the proposed Long-term Plan 2024-2034 would enable new fees to be considered and if adopted, to come into effect from 1 July 2024 for the 2024/2025 financial year; alternatively, a bylaw could be progressed more slowly, subsequently adopted through the Annual Plan, and come into effect later in the triennium.

TE TUKU HAEPAPA | DELEGATION.

- 7 Section 405 of Sale and Supply of Alcohol Act 2012 gives Council the power to make a bylaw for the purposes of setting fees and Council has the delegation for making decisions on bylaws under the Governance Structure and Delegations for the 2022-2025 Triennium.

TAUNAKITANGA | RECOMMENDATIONS

That the Council:

- A. **Receives** the report "Proposed Alcohol Licensing Fees Bylaw" dated 28 March 2024.
- B. **Agrees** to consult on a proposed Alcohol Licensing Fees Bylaw to prescribe fees for its Alcohol Licensing functions and activities on the basis of:
 - B.1 Level of cost recovery and fees change - Option 1, paragraph 29 of the report.
 - B.2 Timing of change – Option 1, paragraph 32 of the report.
 - B.3 Weighting of fees – Option 1, paragraph 37 of the report.
- C. **Approve** the Consultation Document (Attachment 1) and draft Alcohol Licensing Fees Bylaw (Attachment 2) for consultation alongside the LTP 2024-2034 (Option 1, paragraph 41 of the report.).
- D. **Delegates** power to the Mayor and Chief Executive to make amendments to the Consultation Document (Attachment 1) and draft Alcohol Licensing Fees Bylaw (Attachment 2) to incorporate any substantive feedback from the Committee.

TŪĀPAPA | BACKGROUND

Sale and Supply of Alcohol Act 2012 and Council's responsibilities

- 8 The Sale and Supply of Alcohol Act 2012 (the Act) puts in place a system of control for the sale, supply, and consumption of alcohol.
- 9 As the territorial local authority (TLA) for its district, Council is responsible for administering the operational and regulatory requirements of the Act. This includes the safe and responsible sale, supply and consumption of alcohol, and minimisation of harm caused by the excessive or inappropriate consumption of alcohol.
- 10 Council's operational and regulatory functions under the Act include appointing and providing support to the District Licensing Committee (DLC). This support includes receiving and processing licence applications and manager's certificates for DLC decision making, as well as preparing material for the DLC to meet their reporting requirements to the Alcohol Regulatory and Licensing Authority (ARLA).
- 11 Council also has monitoring and compliance responsibilities. These include inspections of premises and providing education to licensees to operate within the requirements of the Act. Both functions require Council staff to work closely with Police and the Medical Officer of Health and other regulatory agencies to meet the responsibilities and functions of the Act.

Prescribed licensing process and fees

- 12 Any person wanting to sell and supply alcohol for the purposes of consumption must have an alcohol licence¹. There are four kinds of licences²: on-licences, off-licences, club licences, and special licences. Additionally, any licenced premises must be managed by a person holding a manager's certificate.
- 13 Charges for a particular licence are set under the Sale and Supply of Alcohol Regulations 2013 (the Regulations) according to the risk category of the premises and apply to the initial licence fee and subsequent licence renewals. The five risk categories are based on assessment of three weighted risk factors:
 - the type of premises (Restaurant/ Bottle Store/ Club etc.);
 - the latest trading hour allowed by licence and type of licence. (Whether an on-licence finishes earlier or later than 2am, or off-licence finishes earlier or later than 10pm); and,
 - the number of enforcement holdings³ against the premises in last 18 months.
- 14 Licensees are aware of the risk category of their premises when their application for a licence is first assessed. Council currently has 144 Licensees, made up of 62 on-licences, 1 BYO, 30 club, and 51 off licences. The distribution of current licensees by risk category and fees under the Regulations are set out below in Table 1.

Table 1: Risk categories, licence numbers and fees set in regulation (GST Incl.)

Cost/risk fee category	Licence numbers	Application fee	Annual fee
Very Low	29	\$368.00	\$161.00
Low	61	\$609.50	\$391.00
Medium	49	\$816.50	\$632.50
High⁴	5	\$1,023.50	\$1,035.00
Very High	-	\$1,207.50	\$1,437.50

¹ There are some specific exemptions to this: Certain sales by makers, importers, distributors, and wholesalers, and certain messes and canteens, are exempted. The latter must have a code of practice.

² For each of on- and off-licences, there are some sub-categories (e.g. BYO, direct delivery sales).

⁴ The high-risk category includes supermarkets and other high-volume outlets.

- 15 Special licences can also be issued for specific events in specified places/premises. They can cover one or more events and may apply for events over a period of up to twelve months. Special licenses and their fees are categorised into three classes based on their potential risk, reflecting the size of the event (number of attendees), the number of events covered by the special licence, and the type of premises.

The ability for Council's to change alcohol licensing fees

- 16 Section 405 provides for Council to charge for any matter for which fees are payable to support it undertaking its functions under the Act. This ability is supported in the same section by providing for Councils to vary fees set under the Regulations by making an Alcohol Licensing Fees Bylaw.
- 17 A Council can use a bylaw to cover fees for licence applications (and renewals), annual licensing fees and special licence fees, but cannot alter the framework for determining cost/risk ratings and fees categories or change fees for manager's certificates or temporary authorities.

HE KŌRERORERO | DISCUSSION

He take | Issues

The Issue and the Proposal

- 18 The current fees for Alcohol Licensing were set in 2013, and although reviewed in 2017, have not been increased since introduced. As a consequence, the level of recovery of (increased) costs by Council has steadily reduced over time.
- 19 To ensure appropriate cost recovery is in place, it is proposed that Council adopt an Alcohol Licensing Fees Bylaw which will introduce increased fees as per the amounts in Tables 2a to 2c (all figures GST inclusive. Note: figures are rounded to nearest \$0.50)

Table 2a: Proposed Weighted Fee Increase for Alcohol Licence Application Fees

	Current Fee (Default)	Year 1 Fee	Year 3 Fee	Year 5 Fee	Total incr. over 5 years
Very Low	368.00	486.00	486.00	510.00	142.00
Low	609.50	804.50	804.50	845.00	235.00
Medium	816.50	1,306.50	1,515.50	1,667.00	850.50
High	1,023.50	1,637.50	1,899.50	2,089.50	1,066.00
Very High	1,207.50	1,932.00	2,241.00	2,465.00	1,258.00

Table 2b: Proposed Weighted Fee Increase for Annual licensing

	Current Fee (Default)	New Fee	New Fee	New Fee	Total incr. over 5 years
Very Low	161.00	212.50	223.00	234.00	73.00
Low	391.00	516.00	542.00	569.00	178.00
Medium	632.00	1,011.00	1,112.00	1,223.50	591.50
High	1,035.00	1,656.00	1,821.60	2,004.00	969.00
Very High	1,437.50	2,300.00	2,530.00	2,783.00	1,345.50

Table 2c: Proposed Special Licence Fee changes

	Current Fee	Year 1 Fee	Year 3 Fee	Year 5 Fee	Total incr. over 5 years
Class 1	575.00	920.00	1,092.50	1,202.00	627.00
Class 2	207.00	331.00	393.00	432.00	225.00
Class 3	63.00	101.00	120.00	132.00	69.00

- 20 The proposed increases would bring in a further \$387,000 over the five years and take cost recovery from the current 70% up to 90% by year five, reducing the level of subsidisation from the general rate. A full breakdown of the proposed fee increases can be found in the Consultation Document for the Proposed Alcohol Fees Bylaw 2024, at Attachment 2.
- 21 There are three questions that arise in considering whether to adopt an Alcohol Licensing Fees Bylaw to set higher fees:
- **Level of cost recovery:** that Council considers appropriate for the Alcohol Licensing function and its associated activities;
 - **Timeframe for implementation:** three options have been considered:- a one-off 'all at once' increase; incremental increases each year out to year 5; or staged increases at years 1,3 and 5.
 - **Weighting of fees:** how any increases are applied across the different fees (application and renewal fees) and shared across the regulated cost/risk categories (flat or weighted application).
- 22 There is also a further **process timing issue** that Council needs to be comfortable with. The proposal for an Alcohol Licensing Fees Bylaw is being put forward at this time so that it may be considered, and the proposed new fees included in the Long-term Plan's (LTP) Fees and Charges Schedule. However, should Council prefer, the bylaw proposal can be undertaken on an independent track. Doing so would mean that any subsequent changes to Alcohol Licensing Fees would not be immediate and need to be progressed through subsequent Annual Plan processes.

Level of cost recovery

The issue

- 23 The Act provides for the recovery of fees for undertaking the alcohol licensing function. Without any changes to the Regulations, and with Councils increasing costs, current cost recovery levels have fallen to approximately 70%. With no adjustment in licensing fees revenue, recovery for alcohol licensing is forecast to reduce further to 60% within five years. In practical terms:
- 23.1 Council's costs are expected to increase at 2.93% LGCI⁵ per annum over the next five years.
- 23.2 Under current settings, with no increase in revenue over the same period, Council will potentially not recoup \$633,000 of recoverable costs for the period.
- 23.3 Maintaining current arrangements would mean that this funding gap will need to be met through increasing the general rates subsidy.

⁵ Local Government Cost Index

- 24 Further to this, with current revenues from licence and manager certificates applications and renewals not covering the cost of the Alcohol Licensing function and its associated activities, the intent of section 405 of the Act, which anticipates a user pays framework, is not met.
- 25 The minimising of alcohol-related harm in our community is consistent with Council's responsibilities under the LGA to promote the wellbeing of its communities in the present and for the future. The two limbs of the Act's object infer a balancing between two of Council's community outcomes for strong communities and a vibrant economy.
- 26 Council can determine its mix and use of funding and fees to support its functions and levels of service. Choice of funding source(s) should be determined after considering community outcomes, distribution of benefits, the period over which those benefits accrue, and the extent that action or inaction by an individual or group may contribute to the need for the activity.
- 27 In making this assessment Council is assessing the relative levels of public/private cost/benefit of an activity. In having the alcohol licensing function and its activities funded by a mix of user fees and general rates income Council recognises:
- 27.1 that this function and its activities provide primary benefit to licensees to lawfully operate a business within a clear operating framework and level operating field;
- 27.2 with the public funding supporting health, safety, and wellbeing through:
- 27.2.1 the facilitation of amenity (the right of individuals to enjoy alcohol);
- 27.2.2 public involvement in licensing applications (the right of the public to have a say in what is happening in their community); and,
- 27.2.3 the minimisation of alcohol-related harm (the right of society to protect itself from the harms of alcohol)⁶.
- 28 This balance is reflected in a proposed increase of fees to recover 90% of the private benefits of the services and the public benefits reflected by the remaining 10%, supported through general rates.

The Options

- 29 There are three options Council can take in respect to the cost recovery amount issue. These are set out in Table 3 along with the effect of each option, its impact on licensees and on the community, and the mechanism to implement any change.

Table 3: Cost Recovery Options and Impacts

Option	Effect	Impact on licensees	Impact on community	Mechanism
Option 1: Change public/private split (increase fees through a new fees bylaw) (Recommended)	Maintains levels of service to at least those currently achieved.	<ul style="list-style-type: none"> Small \$ impact, fees differentially changed across years Small \$ increase for smaller premises/ low risk settings Larger increases for larger premises/ higher risk settings. Increases relative and minimal to premises' turnover. 	<ul style="list-style-type: none"> Impact on general rate minimal and reducing over time Licensing regime managed to ensure responsible sale, supply, and consumption of alcohol in district. Alcohol-related harm minimised. 	<ul style="list-style-type: none"> Fees bylaw adopted under s.405 of the Act, and the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013 Long-term Plan Revenue & Financing Policy reflects change.

⁶ McEwan, B., Campbell, M., Lyons, A., and Swain, D. (2013) *Pleasure, profit, and pain: Alcohol in New Zealand and the contemporary culture of intoxication*. University of Waikato Faculty of Arts & Social Sciences. Hamilton (Available online at <http://researchcommons.waikato.ac.nz/handle/10289/8035>)

Table 3: Cost Recovery Options and Impacts

Option	Effect	Impact on licensees	Impact on community	Mechanism
Option 2: Change public/private split (Increase rates funding)	Maintains levels of service to at least those currently achieved.	<ul style="list-style-type: none"> Impact on licensees minimal and static 	<ul style="list-style-type: none"> Impact on general rate significant and increasing over time (\$633k over 5 years) Licensing regime managed to ensure responsible sale, supply, and consumption of alcohol in district Alcohol-related harm minimised. 	<ul style="list-style-type: none"> Long-term Plan Revenue & Financing Policy.
Option 3: Reduce levels of service (to statutory minimum)	Levels of service are reduced to bare minimum required under the Act.	<ul style="list-style-type: none"> Potential reduced compliance by licensees. 	<ul style="list-style-type: none"> On-going but lesser impact on general rate. Reduced management of alcohol-related harm Council is not implementing the Act responsibly Potentially more DLC hearings (not directly recoverable), as other partners try to address the risk of harm. 	<ul style="list-style-type: none"> Long-term plan's Levels of Service Statements.

30 **Option 1 is recommended** as, increasing the cost recovery level to 90% over five years:

30.1 reflects the intention of the national legislation to support Council to:

- carry out its functions under the Act, and to
- recover the cost of doing so, while
- ensuring a robust licencing system, and
- the better monitoring of licensees for compliance.

30.2 retains an element of public good funding from rates recognising Council role in minimising alcohol related harm in the district and administering the Act's licensing regime for the benefit of the whole community; and,

30.3 reduces the significant level of rates subsidy of private businesses arising from the current under-recovery of costs.

Timing and staging of fees

The Issue

31 There are a number of timeframes over which the fees could be set and increased. Each has a differing impact on licensees and Council.

The Options

32 Implementation of any fees increases could be through:

Table 4: Timing of fees and Impacts			
Option	Effect	Impact on licensees	Impact on community
Option 1: A staged approach, with fees increases at years 1, 3, and 5 (a larger increase in year one, and smaller increases in years 3 and 5). (Recommended)	The year 1 increase to 'catch-up' on the historic underfunding and years 3 and 5 to progress to the 90% recovery mark.	<ul style="list-style-type: none"> Smaller increment changes at years 2 and 4, provide businesses time to absorb the increased costs Increases at years 3 and 5 are quite small in \$ terms relative to the levels of turnover of the businesses in the risk categories. This option provides a middle ground in impact on licensees and on rates. 	<ul style="list-style-type: none"> Reducing the impact on general rates is slower Perception that community is paying unfairly for business benefits.
Option 2: A one-off adjustment	An increase bridging the recovery gap to 90% is made in one step.	<ul style="list-style-type: none"> A full one-off correction to the fees level would place an unnecessary burden on licensees, especially the smaller operators. Perception that Council is making it harder to do business in Kapiti, for those operators who face significant cost increases. 	<ul style="list-style-type: none"> Existing impact on general rates is addressed immediately.
Option 3: Smoothing the increase evenly across the five years	Same \$ increase each year until a 90% cost recovery is reached.	<ul style="list-style-type: none"> It is likely the most manageable for licensees, especially smaller operations. 	<ul style="list-style-type: none"> Provides the slowest increase out to 90% recovery and has the greatest impact year-on-year on rates Perception that community is paying unfairly for business benefits.

- 33 **A staged approach is recommended**, with increases introduced over years 1, 3 and 5 to ensure a significant recover of the current deficit while managing the impacts of change on business over a more measured timeframe.

Weighting of fees

Issue

- 34 Currently under the Regulations, fee categories are tied to the risk profile of the premises. This approach to categorisation must be maintained in the bylaw. However, Council is not required to follow the same cost weightings between categories.
- 35 Premises that are in the medium, high, and very high categories are there because of higher risk factors, whether this is due to the overall level of activity (number of patrons/members), longer operating hours in the higher risk hours of the day, or past issues (Holdings) with operating within general requirements of the Act (e.g. host responsibility, serving underage persons etc.) or specific licence conditions (e.g. opening/trading hours).
- 36 Because of these risk factors, premises in the medium to very high categories require more complex considerations requiring more detailed assessments and greater levels of ongoing monitoring. To recognise this, and, in turn, recognise that small establishments in less risky environments require less time and resource in application assessment and compliance monitoring, weighted fees and fee increases could be applied. This has also been the approach from our neighbouring Councils.⁷

⁷ C.f. <https://wellington.govt.nz/have-your-say/public-inputs/consultations/closed/alcohol-fees-bylaw-2021> (accessed 29 February 2024)

Options

37 Options for how fees could be weighted include:

Table 5: Weighting of fees and Impacts			
Option	Effect	Impact on licensees	Impact on community
Option 1: A weighted increase between lower and higher risk licensees (Recommended)	Distributes costs on key criteria to ensure 'fairness' based on complexity and monitoring requirements.	<ul style="list-style-type: none"> The fee reflects level of work for Council in processing less/more complex applications (including potential DLC hearings), and monitoring requirements. Fees are aligned with size of premises and likely ability to pay, and the fees burden on smaller operators/safer environments is reduced in relative terms. 	<ul style="list-style-type: none"> Council is seen to apply rules fairly and to support business to operate in Kāpiti.
Option 2: Proportionate increases based on existing fees	Distributes overall costs across all risk categories.	<ul style="list-style-type: none"> This would see a potentially higher increase of fees on smaller, lower risk licensees, that could have a more significant impact on their operation and business. 	<ul style="list-style-type: none"> Council is seen to make it harder to do business in Kāpiti, for those operators who can least afford it.

38 **A weighted increase is recommended**, as it reflects the size, turnover and risk of businesses as well as the supporting capacity required to undertake licensing functions.

Timing of consideration and adoption of a Fees Bylaw

39 The issue of the reducing level of cost recovery and its associated increase in rates funding became apparent as budgets were being developed for the upcoming 2024 to 2034 LTP.

40 Consultation is required if Council proceeds with proposing the Fees Bylaw, however there are two options for doing so:

40.1 With the LTP 2024-2034: there are some advantages for this consultation to be done at the same time as consultation on the LTP. This timing would allow the bylaw to be adopted in time for the new fees to be included in the 2024-2034 LTP Fees and Charges Schedule.

40.2 Consideration of the bylaw could be placed on a slower track, with consultation carried out separately from the LTP process.

41 The Impacts of these options is as follows:

Table 5: Timing of considering the introduction of the Fees Bylaw and Impacts			
Option	Effect	Impact on licensees	Impact on community
Option 1: Take the bylaw out to consultation with the LTP. (Recommended)	The Fees Bylaw would apply for the LTP 2024-2034.	<ul style="list-style-type: none"> Clarity on fee changes but shorter timeframe to prepare for impacts to business operations. 	<ul style="list-style-type: none"> The recovery gap is addressed immediately. The new fees regime for Alcohol Licensing, if adopted, would apply immediately for the LTP 2024-34. Lower costs of consultation.

Table 5: Timing of considering the introduction of the Fees Bylaw and Impacts

Option	Effect	Impact on licensees	Impact on community
Option 2: Consultation and adoption of the bylaw is a discrete process that Council undertakes separately from the LTP process	The Fees Bylaw would not immediately apply for the LTP 2024-34.	<ul style="list-style-type: none"> Longer timeframe to prepare for the change to business operations. 	<ul style="list-style-type: none"> The recovery gap would take longer to address. An amendment to the LTP could be required, which attracts additional undue cost. Or changes would be made at a later time through the 2025/26 Annual Plan delaying adoption of the new fees' regime.

- 42 Should the adoption of the bylaw occur after the adoption of the 2024-2034 Long-term Plan and the fees and charges schedule, the new fees could be incorporated through amendment to the LTP and fees and charges schedule. This could occur as the bylaw would have been through a public consultation process including the issuing of a Statement of Proposal, as required for an amendment to the LTP. The Statement of Proposal would need to clearly indicate that the bylaw will amend the fees and changes schedule in the LTP.
- 43 **Option 1 is recommended**, enabling the proposed bylaw to go out and be consulted, and subject to decision, adopted for the new financial year.

Mana whenua

- 44 There are no specific or general impacts on mana whenua, or tangata whenua more broadly, from using an Alcohol Licensing Fees Bylaw as the mechanism for cost recovery of the Alcohol Licensing function. However, Council is aware of the interest our iwi partners have in alcohol licensing matters and in any initiatives that can help reduce alcohol related harm in the community. Maintaining a robust Alcohol Licensing inspectorate delivers on this.

Panonitanga Āhuarangi me te Taiao | Climate change and Environment

- 45 There are no climate change implications associated with implementing an Alcohol Licensing Fees Bylaw.

Ahumoni me ngā rawa | Financial and resourcing

- 46 The proposed bylaw implements new fee amounts and charging regime for existing functions and associated activities, replacing existing fees. The new fees will be included within any update of Council's Fees and Charges Schedules for the new financial year (if to be included in the LTP). There may be a small operational cost in publicity for the fee changes which will be met within baselines.

Tūraru ā-Ture me te Whakahaere | Legal and Organisational Risk

- 47 The fees bylaw is being proposed in accordance with s.405 of the Act and the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013.
- 48 A consultation document has been developed outlining the background issues and a proposed response, and the proposed increases in fees. In accordance with s.405(4) of the Act, officers will also directly contact affected parties (licensees) indicating where information on the proposed bylaw is available and the means through which they can have their say.
- 49 This consultation approach meets the principles for consultation in the LGA and specific requirements of the Act, covering Council's obligations to consult with affected parties and provides an opportunity for members of the general public to have their say.

Ngā pānga ki ngā kaupapa here | Policy impact

- 50 As the fees will apply as new licence applications come in throughout the year and existing licences come up for renewal, an increase in cost recovery will unlikely exceed existing Revenue and Financing Policy splits. However, for the 2025-2026 Annual Plan, the Revenue and Financing Policy will need to be reviewed and potentially amended to adjust, if necessary, the public/private cost/benefit split.
- 51 The Act does not prescribe any particular review period for an Alcohol Licensing Fees Bylaw, although the fees regulations, which the bylaw supersedes within the district, must be reviewed every five years. The bylaw is proposing to set fees for the next five years, beginning 1 July 2024. A five-yearly review of the bylaw would therefore be appropriate.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT**Te mahere tūhono | Engagement planning**

- 52 Consultation for the proposed bylaw will meet the requirements of Section 405 of the Sale and Supply of Alcohol Act 2012 by consulting with affected persons affected by the changes proposed. As a matter of good practice, Council will also look to reflect the principles of consultation as outlined in the Local Government Act, providing for the opportunity to be heard through oral presentation of submission, in the making of the bylaw.
- 53 Currently it is proposed that the consultation period will run from 25 March to 28 April, in concert with the Long-Term Plan consultation. A consultation document along with the draft bylaw will be sent out to affected parties and made available through Council's usual consultation channels, with submissions (via website, by email, mail and drop-box at service centres and libraries) invited during that period. Submitters will be provided an opportunity to speak to their submissions at a hearing.
- 54 A letter indicating Council's consideration of a proposed Alcohol Licensing Fees Bylaws was sent to licensees on 14 March 2024.

Whakatairanga | Publicity

- 55 Subject to the decision to consult, the draft Alcohol Licensing Fees Bylaw will be publicised on the Council website and licensees will be notified.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Alcohol Fees Bylaw 2024 Consultation Document [↓](#)
2. Proposed Alcohol Fees Bylaw 2024 [↓](#)

**KAPITI COAST DISTRICT COUNCIL
CONSULTATION DOCUMENT
PROPOSED ALCOHOL FEES
BYLAW 2024**

28 March 2024

Have your say

The Kāpiti Coast District Council (Council) invites your views on the *Proposed Alcohol Fees Bylaw 2024*.

The consultation period is from 25 March 2024 to 28 April 2024

Submissions can be made either online via the submission portal [here](#), or in writing - you can complete the attached submission form and either:

- email it to haveyoursay@kapiticoast.govt.nz
- drop it off at the Council offices or a Council Service Centre, or
- post it to: Kāpiti Coast District Council, Private Bag 60601, Paraparaumu 5254.

Hard copies of the proposal and submission forms are also available from Kāpiti Coast District Council offices, or the Council service centres at our libraries.

Submissions close 28 April 2024.

Submissions will be heard on XX.

Persons who wish to be heard by Council will be given the opportunity to do so. If you wish to make an oral submission to Councillors, please indicate YES on the submission form and ensure you have included your contact details. We will contact you to arrange a time for you to speak.

What happens to your feedback?

Your submission, and those of other submitters, will help inform Councillors' decision-making as we finalise the *Alcohol Fees Bylaw 2024*.

Your privacy

All submissions are public information. This supports our drive to be as transparent as possible, but, if there are any personal details you don't want made public, please let us know.

Want to know more?

If you have any questions, or would like a little more information, please email haveyoursay@kapiticoast.govt.nz or call 04 296 4700.

Background

Council has a range of alcohol licensing functions under the Sale and Supply of Alcohol Act 2012 (the Act). Fees can be set to recover the total costs incurred for these functions. The Sale and Supply of Alcohol (Fees) Regulations 2013 (the Regulations) provides the default fees payable by users of the licensing function, where the applicable fee is categorised by the risk profile of the licensed premises.

Table 1 below sets out the current numbers of licensed premises in the Kāpiti Coast District by their respective risk categories and default fees (GST incl.) under Regulations for assessing their licence application and undertaking ongoing monitoring and inspections of premises.

Cost/risk fee category	Licence numbers	Application fee	Annual fee
Very Low	29	\$368	\$161
Low	61	\$609.50	\$391
Medium	49	\$816.50	\$632.50
High	5	\$1,23.50	\$1,035.00
Very High	-	\$1,207.50	\$1,437.50

Table 1: Default Application and Annual Fees as set in 2013 Regulations (GST exclusive)

The current fees set by the Regulations do not cover all the costs incurred by the Council in carrying out its activities. To better recover its licensing costs Council can make a bylaw to set fees at an amount higher than that set by the Regulations.

Any bylaw must be consistent with the Act and any regulations. Before making an Alcohol Fees Bylaw, Council must first consult on the proposal in accordance with the Sale and Supply of Alcohol Act 2012 and the Local Government Act 2002 before making a final decision.

In order to inform the fee setting Council has followed the Ministry of Justice Guidance¹ that describes the types of costs that can be included (costs of District Licensing Committee DLC functions etc) and those costs or fees that are outside the scope of a fee setting bylaw (e.g. Managers Certificates remain at the fee set in legislation).

Proposal

¹ <https://www.justice.govt.nz/assets/calculating-the-costs-and-revenues-of-the-alcohol-licensing-system-october-2018.pdf>

The current fees set by the Regulations do not cover all the cost incurred by Council in carrying out its alcohol licensing activities. This includes the full costs of the monitoring and reporting requirements of licensing inspectors. At present Council recovers approximately 70 percent of the full cost associated with administering both new and existing licences. The remaining costs are subsidised by general rates.

Based on current cost projections for Council's operational alcohol licensing activities (including the District Licensing Committee), it is anticipated that cost recovery for these activities will reduce to approximately 60 percent by the end of the 2029/2030 financial year if fee increases were not to occur. This additional cost would be borne by ratepayers.

Council is proposing to create an Alcohol Fees Bylaw, enabling it to increase the proportion of the fees collected to approximately 89 percent cost recovery. The remainder will still be covered by general rates. This allocation of costs is also consistent with other Councils in the region that have implemented a fees bylaw (Wellington City and Hutt City) and recognises the public good aspect of licensing activities.

The proposed fee structure must be set in accordance with the framework set out by the Regulations and will apply to application fees and annual fees for on-licences, off-licences, and club licences, but excludes managers certificates.

This framework includes a structured fee approach for different risk categories that Council must apply to each licence application.

A Licences' risk is calculated by a combination of 3 factors:

- Type of premises. (Restaurant/ Bottle Store/ Club)
- Latest trading hour allowed by licence and type of licence. (Whether an on licence finishes earlier or later than 2am, or off licence finishes earlier or later than 10pm)
- Number of enforcement holdings against the premises in last 18 months.

Licensees are aware of the risk category of their premises when their application for a licence is first assessed.

Each of the risk factors is given a weighting and the total rating places the premise in the fee categories as shown in the table below:

Total rating	Fee category
0-2	Very Low
3-5	Low
6-15	Medium
16-25	High
26 plus	Very High

Table 2: Fee category rating table

A full explanation of how the risk categories are assessed can be found at Appendix A.

Application and Annual licensing fees

The fee increases are proposed to be increased over a five-year period, based on a percentage weighted change. The greatest increases apply to the higher risk categories of the premises, which allows for a lower increase for smaller operators and/or operators in low-risk environments. The rationale for using a weighted approach is that those premises that fall into the higher risk categories, require more detailed assessments and greater levels of ongoing monitoring. WCC and Hutt City both also used a weighted increase approach for the same rationale.

A comparison of the proposed fee increases is scheduled below (fees include GST):

	Current Fee (Default)	Year One			Year Three			Year Five			Total incr. over 5 years
		\$ Incr.	% Incr.	New Fee	\$ Incr.	% Incr.	New Fee	\$ Incr.	% Incr.	New Fee	
Very Low	368.00	118.00	32	485.00	0.00	0	485.00	24.00	5	510.00	142.00
Low	609.50	195.00	32	804.50	0.00	0	804.50	40.00	5	845.00	235.00
Medium	816.50	490.00	60	1,306.50	209.00	16	1,515.50	151.50	10	1,667.00	850.50
High	1,023.50	614.00	60	1,637.50	262.00	16	1,899.50	190.00	10	2,089.50	1,066.00
Very High	1,207.50	724.50	60	1,932.00	309.00	16	2,241.00	224.00	10	2,465.00	1,258.00

Table 3: Weighted Fee increase for Application Fees

Table 4: Weighted Fee Increase for Annual licensing

	Current Fee (Default)	Year One			Year Three			Year Five			Total incr. over 5 years
		\$ Incr.	% Incr.	New Fee	\$ Incr.	% Incr.	New Fee	\$ Incr.	% Incr.	New Fee	
Very Low	161.00	51.50	32	212.50	10.50	5	223.00	11.00	5	234.00	73.00
Low	391.00	125.00	32	516.00	25.00	5	541.00	27.00	5	569.00	178.00
Medium	632.00	379.00	60	1,011.00	101.00	10	1,112.00	111.00	10	1,223.50	591.00
High	1,035.00	621.00	60	1,656.00	165.50	10	1,821.50	182.00	10	2,004.00	969.00
Very High	1,437.50	862.50	60	2,300.00	230.00	10	2,530.00	253.00	10	2,783.00	1,345.50

Special licences

The three classes of special licences are costed against a risk assessment based on the likely size of the intended event(s). It is intended that differential be retained with each class increasing by the same percentage at years one, three and five. A special licence can be issued for a maximum of 12 months. The increase in cost more accurately reflects the officer time spent on assessment of these events.

	Current Fee (Default)	Year One			Year Three			Year Five			Total incr. over 5 years
		\$ Incr.	% Incr.	New Fee	\$ Incr.	% Incr.	New Fee	\$ Incr.	% Incr.	New Fee	
Class 1	575.00	345.00	60	920.00	172.50	16	1,092.50	109.00	10	1,202.00	627.00
Class 2	207.00	124.00	60	331.00	62.00	16	393.00	39.00	10	432.50	225.50
Class 3	63.25	38.00	60	101.00	19.00	16	120.00	12.00	10	132.00	69.00

Table 5: Proposed Special Licence Fee changes.

As previously mentioned, the Managers Certificate rate will remain as set in regulation, currently at \$316.25 and Temporary Authority fees at \$296.70 also fall outside the scope of the bylaw.

Further information about the reasons for the proposal can be found in the report to the Council meeting on 28 March 2024.

Insert draft bylaw here.

Insert standard KCDC pdf submission form here, suggest one question only:

Please provide your feedback on the proposed Alcohol Fees Bylaw here:

Appendix A

How to calculate your cost / risk rating and fees

A		B		C		TOTAL WEIGHTING			
Types of premises	Weighting	Latest time allowed by licence	Weighting	Number of enforcement holdings in last 18 months	Weighting	Total Weighting	Cost/Risk Rating	Application Fee for all renewals, new licences and variations incl GST (\$)	Annual Licence Fee incl GST (\$)
Class 1 restaurant, night club, tavern, adult premises, supermarket, grocery store, bottle store	15	On-licences and clubs 2.00 am or earlier	0	None	0	0 – 2	Very low	368.00	161.00
Class 2 restaurant, hotel, function centre, Class 1 Club, Off-licence in hotel or tavern	10	Off-licences 10.00 pm or earlier				3 – 5	Low	609.50	391.00
Class 3 restaurant, other premises, Class 2 Club, Club off-licence, remote sale off-licence, other off – licence premises	5	On-licences and clubs between 2.01 am and 3.00 am	3	1	10	6 – 15	Medium	816.50	632.50
		Off-licences any time after 10.00 pm				16 – 25	High	1023.50	1035.00
BYO restaurants, theatres, cinemas, winery cellar doors, Class 3 Club	2	On-licences and clubs any time after 3.00 am	5	2 or more	20	26 plus	Very High	1207.50	1437.50

Definitions

- **Class 1 restaurants** – restaurants with a significant separate bar area which, in the opinion of the relevant TA, operate that bar at least one night a week in the manner of a tavern
- **Class 2 restaurants** – restaurants that have a separate bar but which, in the opinion of the relevant TA, do not operate that area in the nature of tavern at any time.
- **Class 3 restaurants** – restaurants that only serve alcohol to the table and do not have a separate bar area.

- **Class 1 clubs** – clubs which has at least 1,000 of purchase age) and which, in the opinion of the relevant TA, operate in the nature of a tavern at any time
- **Class 2 clubs** – clubs which are not class 1 or class 3 clubs
- **Class 3 clubs** – clubs has fewer than 250 members of purchase age and operates a bar for no more than 40 hours each week
- **Enforcement Holding** – has the same meaning as a “Holding” under section 288 of the Act, or a previous offence for which a holding may have been issued if the offence had occurred before 18 December 2013.

Note: Fee amounts shown in diagram are the current default fees

*Diagram Courtesy of Tasman District Council

KAPITI COAST DISTRICT COUNCIL ALCOHOL FEES BYLAW 2024

DRAFT

Pursuant to the Sale and Supply of Alcohol Act 2002 and the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013, Kapiti District Council makes the following Bylaw about alcohol licence fees.

Part A

Preliminary provisions

1. Title

- 1.1 This Bylaw is the Alcohol Fees Bylaw 2024.

2. Commencement

- 2.1 This Bylaw comes into force on ## Month 2024.

3. Application

- 3.1 This Bylaw applies to the Kapiti Coast District.

4. Purpose

- 4.1 The purpose of this Bylaw is to prescribe fees for on-licences, off-licences and club licences in accordance with the Sale and Supply of Alcohol (Fees) Regulations 2013 and the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013.

5. Interpretation

- 5.1 Unless the context otherwise requires, words and phrases in the Sale and Supply of Alcohol Act 2012 and the Sale and Supply of Alcohol (Fees) Regulations 2013 have the same meaning in this Bylaw.
- 5.2 **Council** means the Kapiti Coast District Council.
- 5.3 Any explanatory notes and attachments are for information purposes, do not form part of this bylaw, and may be made, amended and revoked without formality.
- 5.4 The Legislation Act 2019 applies to this Bylaw.

Part B Fees

6. Fees payable

- 6.1 Tabled below are the fees payable to Council for application fees, annual relicensing fees, and special licence fees, for functions undertaken by Council under the Sale and Supply of Alcohol Act 2012.

Category of premises	Default	Year 1 - Fees	Year 3 - Fees	Year 5 - Fees
Very Low	368.00	485.00	485.00	510.00
Low	609.50	804.50	804.50	845.00
Medium	816.50	1,306.50	1,551.50	1,667.00
High	1023.50	1,637.50	1,899.50	2,089.50
Very High	1207.50	1,932.00	2,241.00	2,465.00

Table 1: Application Fees

Category of premises	Default	Year 1 - Fees	Year 3 - Fees	Year 5 - Fees
Very Low	161.00	212.50	223.00	234.00
Low	391.00	516.00	541.00	569.00
Medium	632.00	1,011.00	1,112.00	1,223.50
High	1035.00	1,656.00	1,821.50	2,004.00
Very High	1437.50	2,300.00	2,530.00	2,783.00

Table 2: Annual Relicensing.

Special License	Default	Year 1 - Fees	Year 3 - Fees	Year 5 - Fees
Class 1	575.00	920.00	1,092.50	1202.00
Class 2	207.00	331.00	393.00	432.50
Class 3	63.25	101.00	120.00	132.00

Table 3: Special Licence Fees

Related information

All fees and fee categories represented are as provided in the Sale and Supply of Alcohol (Fees) Regulations 2013. The fees set out in Tables 1, 2 and 3 replace the fees payable under clause 7 of the Regulations but are determined using the framework set by clauses 4, 5 and 6 of the Regulations. All other fees remain as provided for in the Regulations.

DRAFT

10.4 RATES REMISSION FOR LAND PROTECTED FOR NATURAL OR CULTURAL CONSERVATION PURPOSES

Kaituhi | Author: **Rachael Ashdown, Biodiversity Advisor**

Kaiwhakamana | Authoriser: **Sonja Williams, Acting Group Manager Customer and Community**

TE PŪTAKE | PURPOSE

- 1 This report tables the rates remission applications for Land Protected for Natural or Cultural Conservation Purposes for the 2023/24 year and seeks approval for recommended allocations.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

TE TUKU HAEPAPA | DELEGATION

- 2 The Council has the delegation to make this decision.

TAUNAKITANGA | RECOMMENDATIONS

- A. That the Council approves the amounts of rates remission to the properties set out in Appendix 2 of this report in accordance with Council's Policy for Rates Remission for Land Protected for Natural or Cultural Conservation Purposes.

TŪĀPAPA | BACKGROUND

- 3 The Long Term Plan 2021-41 references a policy for Rates Remission for Land Protected for Natural or Cultural Conservation Purposes. The detail of this policy is included in the Long Term Plan as Part 7 of the Rates Remission Policy, and attached as Appendix 1 to this report.
- 4 Part 7 of the Rates Remission Policy supports the provisions of the Kāpiti Coast District Plan regarding incentives for heritage feature management and protection. It recognises that most heritage features are already protected by rules in the District Plan and encourages landowners to maintain, enhance and protect heritage features by offering a financial incentive.
- 5 The granting of a rates remission as an incentive for encouraging the protection and management of heritage features is consistent with Council's responsibilities under the Resource Management Act 1991 and the Historic Places Act 1993.
- 6 The 2023/24 budget for Rates Remission for Land Protected for Natural or Cultural Conservation Purposes is \$46,112.
- 7 A total of 108 ratepayers benefited from the policy in 2022/23. Having applied successfully for rates remission, ratepayers may continue receiving it, provided they meet the rates remission policy criteria. Each applicant has been reviewed and the owners of the properties listed in Appendix 2 are recommended to receive remission in 2023/24.

HE KŌRERORERO | DISCUSSION

- 8 The following paragraphs discuss the principles of rates remission, present the proposed amounts of remission in a table format (Table 1), and make a recommendation on which properties receive rates remission in 2023/24.
- 9 The rates remission programme's guiding principle is recognition of the conservation efforts of ratepayers and the positive contribution their actions make to protecting the District's cultural and biodiversity heritage.

- 10 The owners of these properties are often motivated solely by the desire to protect and manage their environment, and their actions are voluntary. Many are keen conservationists while others may fence off a bush remnant as the pasture gain is negligible or to better manage stock movement. Whatever their motivation, addressing significant pressures such as stock grazing or noxious pests has a positive impact on the Kāpiti Coast environment.
- 11 Landowners could use the rates remission for the upkeep of stock-proof fencing or pest animal and weed control. However, in most instances the amount of remission is far less than the true cost of these protective measures.
- 12 Rates remission is an added incentive for landowners to respect the conservation values of parts of their properties that have a feature of natural or cultural value. Further, rates remission is one of the non-regulatory incentives for protecting and maintaining sites of conservation value. The provision of rates remission also provides a good basis for on-going partnerships between Council and landowners.
- 13 Rates remission amounts are calculated according to the size of the heritage feature as shown in Table 1. This method is coarsely related to the level of contribution towards the environment as larger areas of forest or wetland are generally more significant. This does not take into account, however, the presence of rare and endangered species or the amount of time and effort put into management.
- 14 The rates remission amounts in Table 1 have been increased from the 2022/23 financial year by using a consumer price index (CPI) figure of 2.6%.
- 15 **Table 1 – Rates Remission Amounts**

Rate remission bracket	Size of protected area/feature (ha)	Rates Remission (\$) 2023-24
1 1	Up to 1.0 ha	2 143
3 2	1.001 – 5.0 ha	4 285
5 3	5.001 – 10.0 ha	6 430
7 4	10.001 – 20.0 ha	8 570
9 5	20.001 – 30.0 ha	10 713
11 6	30.001 – 40.0 ha	12 857
13 7	40.001 – 50.0 ha	14 999
15 8	50.001 – 70.0 ha	16 1143
17 9	70.001 – 100.0 ha	18 1229
19 10	More than 100 ha	20 1432

He take | Issues

- 16 One new application for Rates Remission for Land Protected for Natural or Cultural Conservation Purposes was received for the 2023/24 financial year and is recommended for approval. This property is listed in Appendix 2, marked with an asterisk.
- 17 One property was incorrectly placed in remission bracket 2 in the 2022/23 year, the correct bracket for that property is remission bracket 3. The difference has been added to their remission amount for 2023/24, marked by a double asterisk in Appendix 2.
- 18 A total of 109 properties are recommended for remission.

Ngā kōwhiringa | Options**Mana whenua**

- 19 Mana whenua have not been consulted as part of this report.

Panonitanga Āhuarangi me te Taiao | Climate change and Environment

- 20 By encouraging landowners to protect and enhance natural ecosystems, Rates Remission for Land Protected for Natural or Cultural Conservation Purposes contributes to the vision and principles of the Climate Emergency Action Framework by directly sequestering and storing carbon.

Ahumoni me ngā rawa | Financial and resourcing

- 21 The total amount of rates remission allocated in 2023/24 would be \$33,208 (including GST), within the 2023/24 budget of \$46,211 (excluding GST).

Tūraru ā-Ture me te Whakahaere | Legal and Organisational Risk

- 22 There are no legal considerations.

Ngā pānga ki ngā kaupapa here | Policy impact

- 23 The granting of Rates Remission for Land Protected for Natural or Cultural Conservation Purposes is in accordance with Part 7 of the Rates Remission Policy (Attachment 1) contained in the Long Term Plan 2021-41.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT

- 24 This matter has a low level of significance under Council's Significance and Engagement Policy.

Te mahere tūhono | Engagement planning

- 25 Engagement planning is not required for the contents of this report.

Whakatairanga | Publicity

- 26 Advertising and publicity channels will not be used to communicate the decisions in this report.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Rates Remission Policy [↓](#)
2. Properties recommended to receive Rates Remission for Land Protected for Natural or Cultural Conservation Purposes in 2023/24, and recommended amounts [↓](#)

Rates remission policy

Rates remission policy

Development contributions policy

Significance and engagement policy



Rates remission policy

In order to allow rates relief where it is considered fair and reasonable to do so, the Council is required to adopt a policy specifying the circumstances under which rates will be considered for remission. There are various types of remission, and the circumstances under which a remission will be considered for each type may be different. The objectives, conditions and criteria relating to each type of remission are set out on the following pages.

This policy is prepared under section 109 of the Local Government Act 2002 and is made up of the following nine parts:

Māori freehold land

Part 1 Rates remission and rates postponement on Māori freehold land

Rates postponement

Part 2 Rates postponement for farmland located in the urban rating areas of the Kāpiti Coast district

Part 3 Optional Rates postponement

Rates relief

Part 4 Rates remission for Council community properties, sporting, recreation and other community organisations

Part 5 Rates remission for recreation, sporting and other community

organisations which lease or own private property for a period of one year or longer

Part 6 Rates remission of late payment penalty

Part 7 Rates remissions for land protected for natural or cultural conservation purposes

Part 8 Rates relief for residential rating units containing two separately habitable units

Part 9 Rates assistance

Part 10 Water Leak Rates remission

Part 1 – Rates remission and rates postponement on Māori freehold land

Policy objective

The objectives of this policy are to:

- recognise that certain pieces of Māori freehold land may have particular

conditions, features, ownership structures, or other circumstances that make it appropriate to provide for relief from rates;

- recognise where there is no occupier or person gaining an economic or financial benefit from the land;
- recognise that the Council and the community benefit through the efficient collection of rates; and
- meet the requirements of section 102 of the Local Government Act 2002 to have a policy on the remission and postponement of rates on Māori freehold land.

Policy conditions and criteria

Application for a remission or postponement under this policy should be made prior to the commencement of the rating year. Applications made after the commencement of the rating year may be

accepted at the discretion of the Council. A separate application should be made for each rating year.

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

- details of the rating unit or units involved;
- documentation that shows that the land qualifies as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court; and
- the objectives that will be achieved by the Council providing a remission.

The Council may investigate and grant remission or postponement of rates on any Māori freehold land in the district.

Relief and the extent thereof is at the sole discretion of the Council and may be cancelled and reduced at any time, in accordance with the policy.

The Council will give a remission or postponement of up to 100% of all rates for the year for which it is applied for based on the extent to which the remission or postponement of rates will:

- support the use of the land by the owners for traditional purposes;

- support the relationship of Māori and their culture and traditions with their ancestral lands;
- avoid further alienation of Māori freehold land;
- facilitate any wish of the owners to develop the land for economic use;
- recognise and take account of the presence of wāhi tapu that may affect the use of the land for other purposes;
- recognise and take account of the importance of the land in providing economic and infrastructure support for Marae and associated papakainga housing (whether on the land or elsewhere);
- recognise and take account of the importance of the land for community goals relating to:
 - the preservation of the natural character of the coastal environment;
 - the protection of outstanding natural features;
 - the protection of significant indigenous vegetation and significant habitats of indigenous fauna;
- recognise the level of community services provided to the land and its occupiers;
- recognise matters related to the physical accessibility of the land; and

- provide for an efficient collection of rates and the removal of rating debt.

The policy shall apply to owners of Māori freehold land who meet the relevant criteria as jointly approved by the Chair of the Council committee with responsibility for managing Council finances, and the Group Manager, Corporate Services.

This policy relates to Kāpiti Coast District Council rates only.

Part 2 - Rates postponement for farmland located in the urban rating areas of the Kāpiti Coast district

Policy objective

The objective of this policy is to encourage owners of farmland located in the urban rating areas to refrain from subdividing their land for residential, commercial, and industrial purposes unless doing so demonstrably supports intended outcomes of the Kāpiti Coast District Plan.

Policy conditions and criteria

The policy will apply to rating units that are:

- located in the urban rating area of a ward of the Kāpiti Coast district;
- individual or contiguous rating units, 10 hectares in area or more;
- farmland whose rateable value in some measure is attributable to the potential use to which the land may be put for

residential, commercial, industrial, or other non-farming development; and

- actively and productively farmed by the ratepayer or the farming business.

The application for rate postponement must be made to the Council prior to the commencement of the rating year.

Applications received during a rating year will be eligible for the commencement of the following rating year. No applications will be backdated.

A new application must be made for each financial year.

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

- details of ownership of the rating unit; and
- information on the farming activities.

If an application is approved the Council will request its valuation service provider to determine a rates postponement value of the land. The rates postponement value specifically excludes any potential value that, at the date of valuation, the land may have for residential purposes, or for commercial, industrial, or other non-farming use.

The rates postponed for any rating period will be the difference between the rates calculated according to the rateable land

value and the rates calculated according to the rates postponement land value.

Any objection to the rate postponement land value, determined by the Council and its valuation service provider, will not be upheld.

All rates whose payment has been postponed and which have not been written off become due and payable immediately on:

- the land (or any part of) ceasing to be farmland;
- the land being subdivided;
- the value of the land ceasing to have a portion of its value attributable to the potential use to which the land may be put for residential, commercial, industrial, or other non-farming development; or
- there being a change of ownership of the farmland.

Postponed rates may be registered as a charge against the land so that any postponed rates will be paid on or before the sale or transfer of the property.

Postponed farmland rates are written off after five years if a property is not subdivided or sold.

The policy shall apply to ratepayers who meet the relevant criteria as jointly approved by the Chair of the Council

Committee with responsibility for managing Council finances and the Group Manager, Corporate Services.

Part 3 – Optional Rates postponement

Policy objective

The objective of this policy is to assist residential ratepayers 65 years of age and over who want to defer the payment of rates by using the equity in their property. The policy also applies to those who may have financial difficulties or unusual circumstances, as long as they have the required equity in their property.

Policy criteria

Current and all future rates may be postponed indefinitely:

- if at least one of the applicants is 65 years of age or older; or
- in demonstrable cases of significant financial difficulty.

Only rating units defined as residential, that are owned by the applicant and used by the applicant as their sole or principal residence will be eligible for consideration of rates postponement.

For the year of application, the applicant must have applied for the government rates rebate before any rates will be postponed.

The postponed rates (including any GWRC postponed rates) will not exceed 80% of the available equity in the property.

The available equity is the difference between the Council's valuation of the property and the value of any encumbrances against the property, including mortgages and loans.

The property must be insured for its full value.

All rates are eligible for postponement except for:

- targeted rates for water supplied by volume; and
- lump sum options which are rates paid in advance

All applications for postponement must be made on the prescribed form.

Those applying for postponement of rates because they are experiencing significant financial difficulty should provide clear details and proof of their circumstances.

Policy conditions and criteria

The Council recommends that all applicants seek advice from an appropriately qualified and independent financial advisor on the financial impacts and appropriateness of postponing their rates.

The Council will postpone payment of the residual rates (the amount of rates payable after any optional payment has been made) if the ratepayer meets the above criteria

An administration fee will be charged on the postponed rates which will not exceed the administrative and financial costs to Council of the postponement.

If the property in respect of which postponement is sought is subject to a mortgage, then the applicant will be required to obtain the mortgagee's consent before the Council will agree to postpone rates.

The postponed rates, or any part thereof, may be paid at any time.

The applicant may choose to postpone a lesser amount of rates than the amount they may be entitled to under the terms of this policy.

Any postponed rates (under this policy) will be postponed until:

- a) the ratepayer's death;
- b) the ratepayer no longer owns the rating unit;
- c) the ratepayer stops using the property as his or her residence; or
- d) until a date specified by the Council.

Postponed rates will be registered as a statutory charge against the property to protect the Council's right to recover postponed rates. At present, the law does not allow councils to register such a statutory land charge against Māori freehold land. Accordingly, Māori freehold

land is not eligible for rates postponement (unless and until the law is changed so that the Council can register a statutory land charge).

For the rates to be postponed the Council will require evidence each year, by way of statutory declaration, of the ratepayer's property insurance and the value of encumbrances against the property, including mortgages and loans.

Review or suspension of policy

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. Any resulting modifications will not change the entitlement of people already in the scheme to continued postponement of all future rates.

The Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in the Council's rating information database.

The policy acknowledges that future changes in policy could include withdrawal of the postponement option.

Procedures

Applications must be on the required application form which is available on the Council's website.

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

The policy shall apply to ratepayers who meet the relevant criteria as approved by the Group Manager, Corporate Services (with sub-delegation to Chief Financial Officer).

Part 4 - Rates remission for Council community properties, sporting, recreation and other community organisations

Policy objective

The objectives of this policy are to:

- facilitate the on-going provision of non-commercial (non-business) community services and/or sporting and recreational opportunities that meets the needs of Kāpiti Coast district's residents;
- provide rating relief to Council community properties, sporting, recreation and other community organisations; and
- make membership of the sporting, recreation and other community organisations more accessible to the general public, particularly

disadvantaged groups. These include children, youth, young families, older persons and economically disadvantaged people.

Policy conditions and criteria

The policy may apply to land owned by the Council which is used exclusively or principally for community purposes, sporting, recreation, or to land which is owned and occupied by a charitable organisation and used exclusively or principally for sporting, recreation or other community purposes.

The policy does not apply to:

- organisations operated for private pecuniary profit, or those which charge commercial tuition fees; and
- groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

Under this policy the following rate remission may apply to the Council and those sporting, recreation and other community organisations which qualify:

- A 50% remission may apply to the Council rates and charges (excluding water and wastewater).

No second remission of rates will be made on those properties which have already received a rate remission for a financial year or those properties which are fully or partially non-rateable under the provisions of schedule one, part two, of the Local Government (Rating) Act 2002.

The policy requires that applications for rate remission from all qualifying organisations must be made to the Council prior to the commencement (by 30 June) of the rating year for which the remission is being applied. No applications will be backdated.

Organisations making an application must provide the following documents in support of their application:

- statement of objectives;
- full financial accounts;
- information on activities and programmes

The policy may automatically apply to land owned by the Council which is used exclusively or principally for community purposes, sporting and recreation.

The policy may apply to recreation, sporting and other community organisations who meet the relevant criteria as jointly approved by the Chair of the Council committee with responsibility for managing Council finances and the Group Manager, Corporate Services.

Part 5 - Rates remission for recreation, sporting and other community organisations which lease or own private property for a period of one year or longer

Policy objective

The objectives of this policy are to:

- facilitate the on-going provision of non-commercial (non-business) community services and/or recreational opportunities that meets the needs of Kāpiti Coast district's residents;
- provide rating relief to recreation, sporting and other community organisations; and
- make membership of the recreation, sporting and other community organisations more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, older persons, and economically disadvantaged people.

Policy conditions and criteria

The policy may apply to property leased or owned by a charitable organisation for a period of at least one year, is used exclusively or principally for recreation, sporting or community purposes, and the organisation is liable for the payment of the Council's rates under the property's lease agreement, or as the property owner.

The policy does not apply to:

- organisations operated for private pecuniary profit, or those which charge commercial tuition fees; and
- groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.

Under this policy the following rate remission may apply to those recreational, sporting and other community organisations which qualify:

- a 50% remission of the Council's rates and charges (excluding water and wastewater).

This 50% maximum rate remission may also apply to recreation, sporting and other community organisations that qualify and have a liquor licence. (Note: The reason for allowing recreation, sporting and other community organisations with liquor licences to also receive a 50% rate remission is because the change in social drinking patterns means that the liquor licenses no longer provide the same level of funding as was previously the case.)

No second remission of rates will be made on those properties which have already received a rate remission for a financial

year or those properties which are fully or partially non-rateable under the provisions of schedule one, part two, of the Local Government (Rating) Act 2002.

The policy requires that applications for rate remission must be made to the Council prior to the commencement (by 30 June) of the rating year for which the remission is being applied. No applications will be backdated.

Organisations making application must provide the following documents in support of their application:

- statement of objectives;
- full financial accounts;
- evidence of their lease or ownership of the property;
- evidence of the amount of rates paid to the property owner or to the Council for each financial year;
- information on activities and programmes;

The policy may apply to recreation, sporting and other community organisations who meet the relevant criteria as jointly approved by the chair of the Council committee with responsibility for managing Council finances and the Group Manager, Corporate Services.

Part 6 - Rates remission of late payment penalty

Policy objective

The objective of this policy is to enable the Council to act fairly and reasonably when rates have not been received by the penalty date.

Policy conditions and criteria

The policy will apply to a ratepayer who has had a penalty levied where it is demonstrated that the penalty has been levied because of an error by the Council. Remittance will be upon either receipt of an application from the ratepayer or identification of the error by the Council.

The policy may also apply to a ratepayer where the Council considers that it is fair and equitable to do so. Matters that will be taken into consideration include the following:

- the ratepayer's payment history; being two clear years history without penalty OR two years history without a previous penalty remission;
- the impact on the ratepayer of extraordinary events;
- the payment of the full amount of rates due; or
- the ratepayer entering into an agreement with the Council for the payment of their rates.

Under this policy the Council reserves the right to impose conditions on the remission of penalties. The policy shall apply to ratepayers who meet the relevant criteria as approved by the Group Manager, Corporate Services (with sub-delegation to the Chief Financial Officer).

Part 7 - Rates remission for land protected for natural or cultural conservation purposes

Policy objective

The objective of this policy is to preserve and promote natural resources and heritage land to encourage the maintenance, enhancement and protection of land for natural or cultural purposes.

Policy conditions and criteria

This policy supports the provisions of the Kāpiti coast district plan and the heritage strategy. It recognises that most heritage features are already protected by rules in the district plan and encourages landowners to maintain, enhance and protect heritage features by offering a financial incentive.

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

- properties that have a QEII covenant under section 22 of the Queen Elizabeth

the Second National Trust Act 1977 registered on their record(s) of title;

- properties that have a conservation covenant with the Department of Conservation registered on their record(s) of title;
- properties that have a site listed in the district plan heritage register (excluding any buildings);
- appropriately protected riparian strips; and
- heritage features that are protected by a section 221 consent notice (Resource Management Act 1991) registered on the record of title (excluding buildings).

This policy does not apply to land that is non-rateable under section 8 of the Local Government (Rating) Act 2002 and is liable only for rates for water supply or wastewater disposal.

Applications for rates remission in accordance with this policy must be in writing and supported by documentary evidence of the protected status of the rating unit, for example, a copy of the covenant agreement or other legal mechanism.

In considering any application for remission of rates under this policy, the Council committee responsible for the Council's environmental and natural heritage portfolio will consider the following criteria:

-
- the extent to which the preservation of natural or cultural heritage will be promoted by granting remission on rates on the rating unit;
 - the degree to which features of natural or cultural heritage are present on the land;
 - the degree to which features of natural or cultural heritage inhibit the economic utilisation of the land;
 - whether, and to what extent, public access to/over the heritage feature is provided for;
 - the extent to which the heritage feature is legally (e.g. covenanted) and physically (e.g. fenced) protected;
 - in respect of geological sites and wāhi tapu:
 - the importance of the place to the tāngata whenua;
 - the community association with, or public esteem for, the place;
 - the potential of the place for public education;
 - the representative quality and/or a quality or type or rarity that is important to the District;
 - the potential of the place as a wildlife refuge or feeding area;
 - the potential of the place for its diversity in flora and fauna.
 - in respect of ecological sites (areas of significant indigenous vegetation and significant habitats of indigenous flora) whether the site has:
 - Representativeness - the site contains an ecosystem that is under-represented or unique in the ecological district;
 - Rarity - the site contains threatened ecosystems; threatened species; and species that are endemic to the ecological district;
 - Diversity - the site has a diversity of ecosystems species and vegetation;
 - Distinctiveness - the site contains large / dense population of viable species; is largely in its natural state or restorable; has an uninterrupted ecological sequence; and contains significant land forms;
 - Continuity and linkage within landscape - the site provides, or has potential to provide, corridor/buffer zone to an existing area;
 - Cultural values - the site has traditional importance for Māori; recreational values; significant landscape value; protection of soil values; water catchment protection; recreation or tourism importance; and aesthetic coherence;
 - Ecological restoration - an ability to be restored; difficulty of restoration; and cost/time;
 - Landscape integrity - significance to the original character of the landscape; isolated feature (for example, does it stand out or blend in); and whether it has a role in landscape protection; and
 - Sustainability - size and shape of area; activities occurring on the boundaries which may affect its sustainability; adjoins another protected area; links; and easily managed.
- Where remission of rates is granted under this policy the landowner, in conjunction with the Council, will be required to develop a heritage management plan.
- The purpose of a heritage management plan is to set out a plan of action for managing a heritage feature within the Kāpiti coast district that is subject to rates remission.
- The heritage management plan will:
-

- be reviewed on an annual basis by the Council in conjunction with the landowner;
- may contain conditions which shall be complied with on an on-going basis, including requirements to fence off the area, undertake weed control and restoration, undertake pest control and keep stock out of the area; and
- will ensure that the site will be managed in a manner that protects and enhances the heritage feature.

The amount of remission will be determined on a case-by-case basis by the Council Committee responsible for the Council's environmental and natural heritage portfolio, taking into account the merits of the protected feature and the extent to which it meets the criteria specified in this policy.

In granting rates remission under this policy, the Council committee responsible for the Council's environmental and natural heritage portfolio may specify certain conditions before remission will be granted.

Applicants will be required to agree in writing to these conditions and to pay any remitted rates if the conditions are violated.

¹ A designated minor flat has a floor area less than 60m² in a rural zone and a floor area less than 54m² in an urban zone.

Part 8 – Policy for rates relief for residential rating units containing two separately habitable units

Policy objective

The objectives of this policy are:

Objective 1

To enable the Council to provide relief for ratepayers who own a residential rating unit containing two habitable units, where the second unit is:

- either a consented family flat or is designated a minor flat¹; and
- used only to accommodate non-paying guests and family

Objective 2

To enable the Council to provide relief for ratepayers who own a residential rating unit containing two habitable units, where the second unit is:

- designated a minor flat; and
- only rented out for less than one month each year.

Policy conditions and criteria

Objective 1

1.1 The Council may remit a second targeted rate for community facilities

and Districtwide water supply fixed rates set on a separately habitable portion of the rating unit, provided that:

- a) the ratepayer provides a written application each year;
- b) their rating unit contains two habitable units, where the second unit is either a consented family flat or is designated a minor flat;
- c) the second unit is used only for family and friends of the occupants of the first unit on a non-paying basis; and
- d) the application is accompanied by a statutory declaration of intent made by the ratepayer that declares that all the above conditions will be complied with in the ensuing year.

1.2 If a rating unit contains more than two habitable units used by non-paying guests and family, only one is entitled to remission.

Objective 2

2.1 The Council may remit a second targeted rate for community facilities

and Districtwide water supply fixed rates set on a separately habitable portion of the rating unit, provided that:

- a) the ratepayer provides a written application each year;
- b) their rating unit contains two habitable units, where the second unit is designated a minor flat;
- c) their rating unit contains two habitable units; where the second unit is only rented out for less than one month each year; and
- d) the application is accompanied by a statutory declaration of intent made by the ratepayer that declares that all the above conditions will be complied with in the ensuing year.

2.2 If a rating unit contains more than two habitable units used by non-paying guests and family, only one is entitled to remission.

Application process for Objectives 1 and 2

The application for remission must be made to the Council prior to the commencement (by 30 June) of the rating year for which the remission is being applied. Applications will not be backdated.

Decisions for remission of rates for rating units consisting of two separately habitable

units will be delegated to the Group Manager, Corporate Services (with sub-delegation to the Chief Financial Officer).

Part 9 - Rates assistance

Policy objectives

The objective of this policy is to set out the circumstances in which the Council will offer financial assistance (a remission of rates) to those people experiencing difficult financial circumstances.

Introduction

This policy is divided into three sections as follows:

1. People who are facing on-going financial difficulties:
 - a) Ratepayers who own their own home;
 - b) Ratepayers who own rental properties, who are applying jointly with and on behalf of a tenant facing difficult financial circumstances;
2. People who are facing temporary financial difficulties.

3. Water rate remission for vulnerable households relating to high water use.

1. On-going financial assistance

Policy conditions and criteria

General criteria

Application for on-going financial assistance must be made between 1 January and 30 June in the rating year in which the assistance is being applied for. Applications will be processed from 1 February onwards.

Funding will be available until such time as the rates assistance fund is fully subscribed in each financial year.

Ratepayers who own their own home

(A) A ratepayer who is experiencing on-going financial difficulty may be eligible for financial assistance (a remission of rates) of up to \$300 if they meet the following criteria:

- o the applicant owns the property; and
- o the applicant resides at the property; and
- o total household income before tax for the specified financial year, is less than or equal to the gross NZ Superannuation income level for a couple where both qualify; and
- o the applicant has first applied for the central government rates rebate; and

- expenditure on Kāpiti Coast District Council rates (after netting off any central government rates rebate) is more than 5% of net disposable income.

(B) Ratepayers who own rental properties, who are applying jointly with and on behalf of a tenant facing difficult financial circumstances

A tenant who is experiencing on-going financial difficulty can make a joint application with their landlord for financial assistance (a remission of rates) of up to \$300. Only the landlord, as the owner of the property, can receive this financial assistance (a remission of the Council's rates) from the Council. If the landlord receives a remission, they must pass it on to the tenant.

The tenant and landlord may be eligible for financial assistance if the following criteria have been met:

- the landlord is renting to a tenant whose total household income before tax for the specified financial year, is less than or equal to the gross NZ Superannuation income level for a couple where both qualify and proof of income is supplied;
- the landlord and tenant provide a joint application form and an explanation of the financial difficulty experienced with appropriate support;

- expenditure on Kāpiti Coast District Council rates is more than 5% of the tenant's net disposable income;
- the tenant has a rental agreement for no less than six months and a copy of the rental agreement is provided;
- the landlord provides proof of the current record of the rental paid; and
- proof at the end of the year that the full amount of annual rate remission has been forwarded on to the tenant.

Should the landlord receive the remission and then not continue to pass on the remission to the tenant, the amount of the remission will be subsequently charged to the relevant rateable property.

2. Temporary financial assistance

The Council will make available financial assistance (a remission of rates) of up to \$300 per rateable property for those applicants who are experiencing financial difficulties due to, for example, repair of water leaks, a serious health issue (including on-going serious health issues) or for essential housing maintenance.

Applications may be made throughout the year and will be considered until the available Rates assistance fund is fully subscribed.

Policy conditions and criteria

A ratepayer who has incurred significant one-off expenditure may be eligible for financial assistance (a remission of rates) of up to \$300 if they meet the following criteria:

- the applicant is the owner of the property;
- the applicant resides at the property;
- total household income before tax for the specified financial year, is less than or equal to the gross NZ Superannuation income level for a couple where both qualify; and proof of income is supplied;
- one-off expenditure has been incurred in relation to repairs for water leaks, a serious health issue or for essential housing maintenance within the same financial year and proof of expenditure and reasons for expenditure are provided;
- the applicant has also applied for the central government rates rebate and is receiving all relevant funding; and
- the effect of the one-off expenditure is to reduce net disposable income such that rates, net of any central government rates rebate, is more than 5% of net disposable income.

3. Water rate remission for vulnerable households relating to high water use

Applicants may apply for this remission in May with applications being assessed and applied to individual water rate accounts in June.

Criteria for approving water rate remission

Applications will be assessed against the following Criteria:

(A) Ratepayer: owner of property – water variable charge paid by property owners

A property owner with two or more dependents living at the property may apply for a water rate remission provided that:

- the applicant owns the property;
- the applicant resides at the property;
- the property owner is receiving a working for families tax credit;
- total water rate charges from 1 July to 30 April have exceeded \$311

(B) Landlord and tenant: water variable charge – paid by landlord and on-charged to tenant

A tenant with two or more dependents living at the property may apply for a water rate remission provided that:

- the tenant has a rental agreement for no less than six months and a copy of the rental agreement is provided;
- the tenant resides at the property and the property is also classified as residential;
- the tenant is receiving a working for families tax credit;
- total water rates charges from 1 July to 30 April have exceeded \$311;
- their landlord is informed and agrees to adjust any on-charged variable water charge to their tenant by the amount remitted by the Council.

Should the landlord receive the remission and then not continue to pass on the remission to the tenant, the amount of the remission will be subsequently charged to the relevant rateable property.

General conditions

- no rates remission will be provided for any variable charge for water use where that water use is for other than internal or essential household use.

Assessment

All rates remission applications will be treated on a case-by-case basis and will be approved/declined by the Group Manager, Corporate Services (with sub-delegation to the Chief Financial Officer). Other information or evidence may also be requested in certain circumstances (for example, information supporting what change of circumstance may have occurred to cause temporary financial difficulty).

Part 10 – Water Leak Rates remission

Policy Objectives

To enable Council to provide relief for ratepayers who have incurred excess volumetric water rates charges due to a leak on their private water supply pipes.

Policy conditions and criteria

Council may remit water consumption rates (districtwide water supply volumetric rates) where all of the following apply:

- A remission application has been received

- The leak was on a private water supply pipe. Private Water supply pipe is the section of pipe between the point of supply and the ratepayers' premises through which water is conveyed to the premises. The private water supply pipe will not include any check meter installed on the pipe.
- It does not include:
 - Reasonably discernible water loss from leaking taps, shower heads, toilet cisterns or other water appliances.
 - Water loss from property sprinkler or other irrigation system, pools, ponds or similar systems,
 - leaking hot water systems or plumbing relating to a faulty hot water system.
- The leak has been repaired upon discovery or within 21 days from the date of notification from Council
- Proof of the leak being repaired has been provided

The amount of the remission will be determined by the difference between the average of the four previous quarterly volumetric water rates charges prior to the leak as deemed reasonable by Council and

the consumption as recorded by the water meter over and above that average.

In the absence of four previous quarterly readings, normal water consumption estimates may be assessed using the mean water use for an equivalent sized household using the invoice usage comparison chart; plus any other identified water use.

Remissions for a Private Water Leak will be considered on a case by case basis, limited to the period where the leak was identified and fixed and the last invoice. Remission for any particular property will generally be granted only once every year, unless there are extenuating circumstances.

Any remission will only be applied to the Districtwide Water supply volumetric rates and the Districtwide water supply fixed rate will still apply.

All rates remission applications will be treated on a case-by-case basis and will be approved/declined by the Group Manager, Corporate Services (with sub-delegation to the Chief Financial Officer). Other information or evidence may also be requested in certain circumstances to enable an application to be considered.

Appendix 2 - Properties recommended to receive Rates Remission for Land Protected for Natural or Cultural Conservation Purposes in 2023/24, and recommended amounts.

Location address	Valuation number	Remission amount 2022-23 (including GST)
47 Oriwa Crescent, Otaki	1509124100	\$143.00
96 Otaki Gorge Road, Otaki	1488109601	\$143.00
146 Rahui Road, Otaki	1486155800	\$143.00
150 Taylors Road, Otaki	1486120208	\$143.00
140 Taylors Road, Otaki	1486120207	\$143.00
70 Otaki Gorge Road, Otaki	1488108900	\$143.00
81 Forest Lakes Road, Otaki	1486119900	\$143.00
168 Taylors Road, Otaki	1486120212	\$285.00
158 Taylors Road, Otaki	1486120209	\$285.00
331 Otaki Gorge Road, Otaki	1488106600	\$285.00
91A Ringawhati Road, Otaki	1486154000	\$285.00
67 Waihoanga Road, Otaki	1488158704	\$285.00
568 Otaki Gorge Road, Otaki	1488157510	\$285.00
Otaki Gorge Road, Otaki	1488107000	\$285.00
387,405 Otaki Gorge Road, Otaki	1488107600	\$285.00
State Highway 1 South, Otaki	1486117000	\$285.00
1070 State Highway 1 South, Ōtaki *	1488127500	\$285.00
State Highway 1 South, Otaki	1486122400	\$430.00
362 - 428 Otaki Gorge Road, Otaki	1488120000	\$430.00
98 Old Coach Road North, Otaki	1486103300	\$430.00
243 State Highway 1 North, Otaki	1486124200	\$570.00
204 Te Hapua Road, Waikanae	1489001100	\$570.00
566 Rahui Road, Otaki	1488151200	\$570.00
1313 Otaki Gorge Road, Otaki	1488159001	\$713.00
908 Otaki Gorge Road, Otaki	1488164700	\$1,229.00

1400 Otaki Gorge Road, Otaki	1488165809	\$1,432.00
15 Catley Road, Te Horo	1488124001	\$143.00
115 Arcus Road, Te Horo	1488127403	\$143.00
37 Sandown Road, Te Horo	1487132037	\$143.00
3 Hadfield Road, Te Horo	1490003207	\$285.00
58 Hadfield Road, Te Horo	1490005304	\$285.00
92 Old Hautere Road, Te Horo	1488118100	\$285.00
564 State Highway 1, Te Horo	1490003212	\$285.00
69 Mickell Road, Te Horo	1488166504	\$285.00
244,246,294 Old Hautere Road, Te Horo	1488119600	\$285.00
53 Mangaone South Road, Reikorangi	1490018900	\$143.00
518 Mangaone South Road, Reikorangi	1490023401	\$143.00
298 Mangaone South Road, Reikorangi	1490025000	\$430.00
432 Mangaone South Road, Reikorangi	1490023400	\$1,143.00
16 Elizabeth Street, Waikanae	1496002100	\$143.00
2 Kereru Street, Waikanae	1496065000	\$143.00
79 Belvedere Avenue, Waikanae	1495128900	\$143.00
5 Matata Place, Waikanae	1496055362	\$143.00
54 Kohekohe Road, Waikanae	1494149000	\$143.00
95 Belvedere Avenue, Waikanae	1495129700	\$143.00
87 Belvedere Avenue, Waikanae	1495129300	\$143.00
129 & 129B Belvedere Avenue, Waikanae	1495171400	\$143.00
31 Jacks Bush Road, Waikanae	1489016204	\$143.00
2 Jacks Bush Road, Waikanae	1489016200	\$143.00
15 Manu Grove, Waikanae	1495107600	\$143.00
17 Jacks Bush Road, Waikanae	1489016207	\$143.00
27 Jacks Bush Road, Waikanae	1489016205	\$143.00
19 Jacks Bush Road, Waikanae	1489016206	\$143.00
190 Te Hapua Road, Waikanae	1489001101	\$143.00
20-24 Reikorangi Road, Waikanae	1488515600	\$143.00

200 Reikorangi Road, Waikanae	1488516102	\$143.00
111 Ngatiawa Road, Waikanae	1490018701	\$143.00
207 Te Hapua Road, Waikanae	1489001114	\$143.00
11 Kakariki Grove, Waikanae	1496066800	\$143.00
44 Manu Grove, Waikanae	1495108800	\$143.00
188 Ngarara Road, Waikanae	1489015600	\$143.00
8 Jacks Bush Road, Waikanae	1489016201	\$285.00
16 Jacks Bush Road, Waikanae	1489016203	\$285.00
7 Morrison Road, Waikanae	1489000603	\$285.00
94 Huia Street, Waikanae	1496035150	\$285.00
60 Octavius Road, Waikanae	1490005605	\$285.00
66 Maurice Smith Way, Waikanae	1489017300	\$285.00
176 Te Hapua Road, Waikanae	1489000800	\$285.00
126 Te Hapua Road, Waikanae	1489000702	\$285.00
227 Te Hapua Road, Waikanae	1489001113	\$285.00
218 Pukenuamu Road, Waikanae	1489000213	\$285.00
99 State Highway 1, Waikanae	1489019600	\$285.00
248 Ngarara Road, Waikanae	1489015200	\$285.00
231 Te Hapua Road, Waikanae	1489001115	\$430.00
234 Te Hapua Road, Waikanae	1489001105	\$430.00
234 Te Hapua Road, Waikanae **	1489001104	\$142.00
233 Te Hapua Road, Waikanae	1489001111	\$430.00
310-312 Te Hapua Road, Waikanae	1489001116	\$430.00
152 Te Hapua Road, Waikanae	1489000700	\$570.00
182 Te Hapua Road, Waikanae	1489000900	\$570.00
303 Reikorangi Road, Waikanae	1488516805	\$570.00
51 Te Ara Kawakahia, Waikanae	1489015218	\$1,143.00
153 Peka Peka Road, Peka Peka	1489012401	\$285.00
2 Riwai Street, Paraparaumu	1525141700	\$143.00
14 Riwai Street, Paraparaumu	1525142300	\$143.00

117 Ruapehu Street, Paraparaumu	1525164400	\$143.00
54 Makora Road, Paraparaumu	1526004900	\$143.00
46 Ruahine Street, Paraparaumu	1525131500	\$143.00
4 Ocean Vista Lane, Paraparaumu	1530150010	\$143.00
2 Ocean Vista Lane, Paraparaumu	1530150011	\$143.00
217 State Highway 1, Paraparaumu	1526205500	\$143.00
116 Ruapehu Street, Paraparaumu	1525141401	\$143.00
2 Greendale Drive, Paraparaumu	1526035027	\$143.00
12 Greendale Drive, Paraparaumu	1526035026	\$143.00
67 Aston Road, Paraparaumu	1515013800	\$143.00
30-34 Greendale Drive, Paraparaumu	1526035024	\$285.00
153 State Highway 1, Paraparaumu	1526203500	\$285.00
222 Valley Road, Paraparaumu	1530006403	\$285.00
184 State Highway 1, Paraparaumu	1526227100	\$285.00
156 Maungakotukutuku Road, Paraparaumu	1540004400	\$285.00
95 Panorama Drive, Paraparaumu	1530150001	\$285.00
16 Aston Road, Paraparaumu	1515012422	\$285.00
524 State Highway 1, Paraparaumu	1515013802	\$285.00
69 Aston Road, Paraparaumu	1515013803	\$285.00
331 Valley Road, Paraparaumu	1540004300	\$430.00
80 Waterfall Road, Paraparaumu	1540004100	\$570.00
71 Aston Road, Paraparaumu	1515012400	\$570.00
362 State Highway 1, Paraparaumu	1515011907	\$713.00
366 State Highway 59, Paekakariki	1540002404	\$285.00
528 State Highway 1, Paekakariki	1540002500A	\$570.00
Total		\$33,208.00

10.5 REGIONAL COLLABORATION ON A WATER SERVICES DELIVERY PLAN

Kaituhi | Author: **Sean Mallon, Group Manager Infrastructure and Asset Management**

Kaiwhakamana | Authoriser: **Darren Edwards, Chief Executive**

TE PŪTAKE | PURPOSE

- 1 Provide an overview of the Government's intended legislative changes to give effect to Local Water Done Well policy, including the requirement on councils to develop a water service delivery plan.
- 2 Ask the council to sign a Memorandum of Understanding (MoU) to collaboratively develop a water service delivery plan working including consideration of future delivery models with the other councils in the Wellington region.
- 3 Ask the council to nominate an elected member to be council's representative on the Advisory Oversight Group for the joint water service delivery plan process.

HE WHAKARĀPOPOTO | EXECUTIVE SUMMARY

TE TUKU HAEPAPA | DELEGATION

- 4 The Council has authority to make this decision.

TAUNAKITANGA | RECOMMENDATIONS

That the Council:

- a) **Notes** the Government's intended legislative changes to give effect to Local Water Done Well policy, including the requirement on councils to develop a water service delivery plan
- b) **Approves** signing of an MoU to jointly develop a water service delivery plan with the other councils in the Wellington region;
- c) **Agrees** to delegate authority to the Chief Executive to finalise the MoU, consistent with discussions and any amendments made by the council;
- d) **Agrees** to nominateas the elected member to be council's representative on the Advisory Oversight Group for the joint water service delivery plan process.

TŪĀPAPA | BACKGROUND

- 5 Change is coming to how water is regulated and managed by local authorities. The Government has repealed the Water Service Entities Act 2022 and set out the process and legislative changes required to give effect to their Local Water Done Well policy.
- 6 Local Water Done Well policy is based on a clear premise that change is required and will happen. The policy is still under development, but indicatively will be based on the following requirements:
- 7 **Councils to develop a water services plan:** Within a year, councils must develop a plan to transition to a new water service delivery model that can meet regulatory and investment requirements.

- 8 **Increased regulation in relation**
 - Water quality regulation
 - Infrastructure investment regulation
- 9 **Financial sustainability** – water services models must be financially sustainable, based on:
 - Revenue sufficiency
 - Ringfencing to fund investment
 - Funding for growth
- 10 The Government has signalled that it intends to give effect to this policy through two further pieces of legislation (refer Figure 1 below).

Figure 1



- 11 The first new bill (stage 2 in figure 1), is expected to be introduced and enacted mid-2024. This bill is being informed by an expert Technical Advisory Group. This legislation is expected to set out a clear framework for councils to develop a future water service delivery plan within 12 months of enactment. It is also expected to set out the foundations for economic regulation and streamline requirements for establishing council-controlled organisations under the Local Government Act. This will enable councils to move to different models, should they choose to do so.
- 12 The second bill (Stage 3 in figure 1), is expected to be introduced in late 2024 and enacted by mid-2025. This is expected to set out provisions relating to long-term requirements for financial sustainability, provide for a complete economic regulation regime, and a new range of structural and financing tools, including a new type of financially independent council-controlled organisation.
- 13 The second bill will also establish regulatory backstop powers, to be used when required to ensure effective delivery of financially sustainable or safe water services. In addition, it will make amendments to the water regulator's legislation to be used to ensure delivery of financially sustainable or safe water services.
- 14 All legislation to support the implementation of Local Water Done Well is expected to be passed by mid-2025 – ahead of the local government elections in October 2025.

HE KŌRERORERO | DISCUSSION

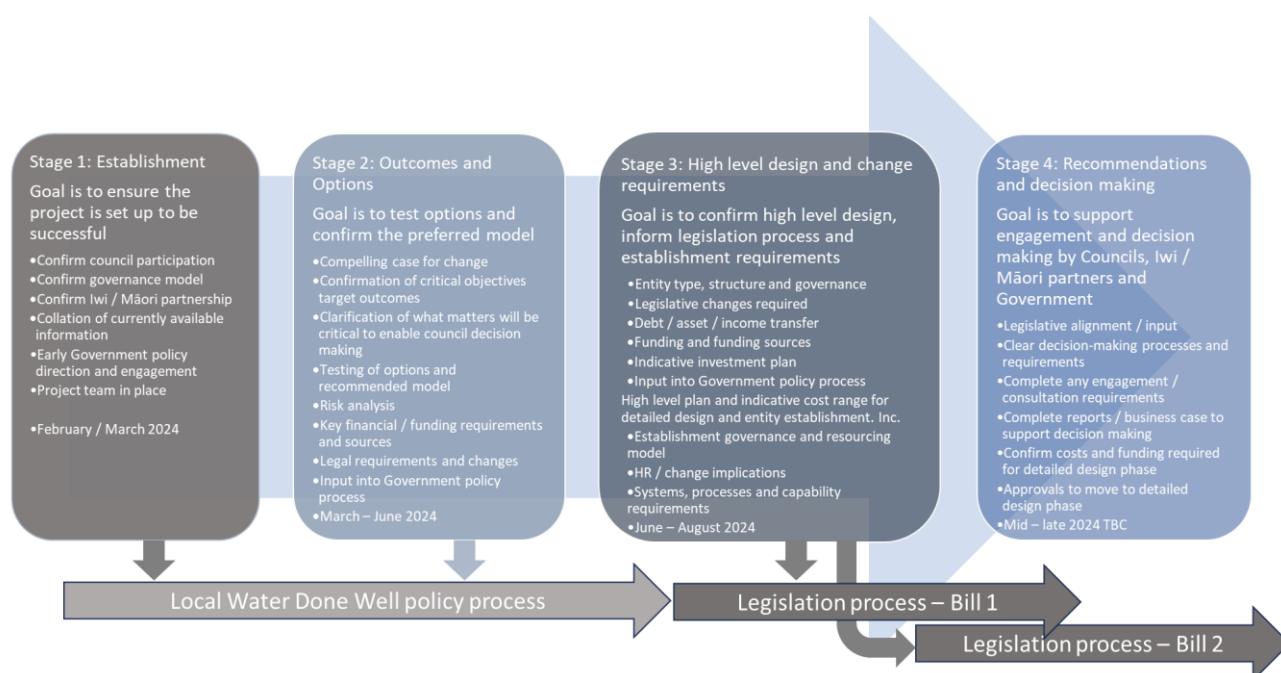
- 15 The need for change to how water services are funded and delivered has been the subject of several major reviews, policy processes and legislative reform since at least 2016. Two major reviews (the Havelock North Drinking Water Inquiry 2016-2017, the Three Waters Review - 2017-2019), all concluded that councils were struggling to maintain and renew their ageing water infrastructure.
- 16 These reviews have confirmed that significant and sustained investment is required over the coming decades to ensure councils can continue to enable growth, provide safe drinking water, improve environmental water quality, and are resilient to future seismic and climate change events. This level of investment is not possible for local government under current borrowing settings and any attempts to increase expenditure through rates will be unaffordable for communities.
- 17 For council, the key issues being faced are:
 - 17.1 Council has invested heavily in its 3 waters Infrastructure assets to ensure they are fit for purpose and provide a resilient and robust network for our community. This investment currently reflects a projected level of debt as at 30 June 2024 of close to \$154 Million. This level of debt significantly limits Councils ability to continue to invest in the needs of the community in other critical services we provide.
 - 17.2 The level of future investment required in our 3 waters under current council financial settings will continue to put pressure on Council borrowing limits and is not able to continue to load debt onto balance sheets. A new approach is needed that will address the balance sheet limitations for council.
 - 17.3 Ongoing increases to rates will be unacceptable and unaffordable. Investment cannot be based on borrowing only and must also be based on a balance of funding between current and future users to ensure a fair share of the true cost of the service. To ensure long term financial sustainability, water investment for asset renewals must be structured on an equitable intergenerational basis.
 - 17.4 The ability to meet increased regulatory requirements (both costs and processes), for environmental, drinking water and economic regulation will be challenging and costly.
- 18 Based on direction from Government to date and expected legislative change, council will be required to develop a water service delivery plan by around mid-2025. Council has options to develop this independently, or to work with other councils in the region.
- 19 Developing the plan independently would reduce some complexities of process and decision-making requirements.
- 20 Working with other councils in the region offers the opportunity to collectively engage in legislative process, to ensure a sustainable, workable future model is identified and can then be implemented. This may include a specific model for council or some form of joint model with other councils.
- 21 While there is no mandated future model, it is expected that the legislation will create a new type of CCO / COC (Council Owned Company). This indicates that the Government has a preferred model in mind.
- 22 In the context of other demands and pressures on council, there is value in considering a collective approach. This does not commit council to any particular model but allows for consideration of a collective approach in conjunction with other models.

He take | Issues

- 23 The water services plan and future models and options to be considered will need to respond to agreed objectives and consider future approaches that are workable, affordable, sustainable and meet the needs of communities and the environment.

- 24 The key deliverable from this joint process would be a joint water services plan for the region, including options for future delivery models based on strategic option selection and high-level design. This process and outputs do not preclude any council from choosing to develop its own water services plan.
- 25 Critical success factors are that the water services delivery plan and any future model:
- 25.1 Is supported by all councils and Iwi / Māori partners which are part of this process
- 25.2 Is supported by the Government *and* enabled through legislative change
- 25.3 Is based on a sustainable funding model
- 25.4 Enables commitment from councils and Government to move to subsequent phases to deliver the plan – detailed design and implementation
- 26 The high-level process and timing for this approach is shown in Figure 3. This is still being developed and would be tested and refined working with the AOG.

Figure 3



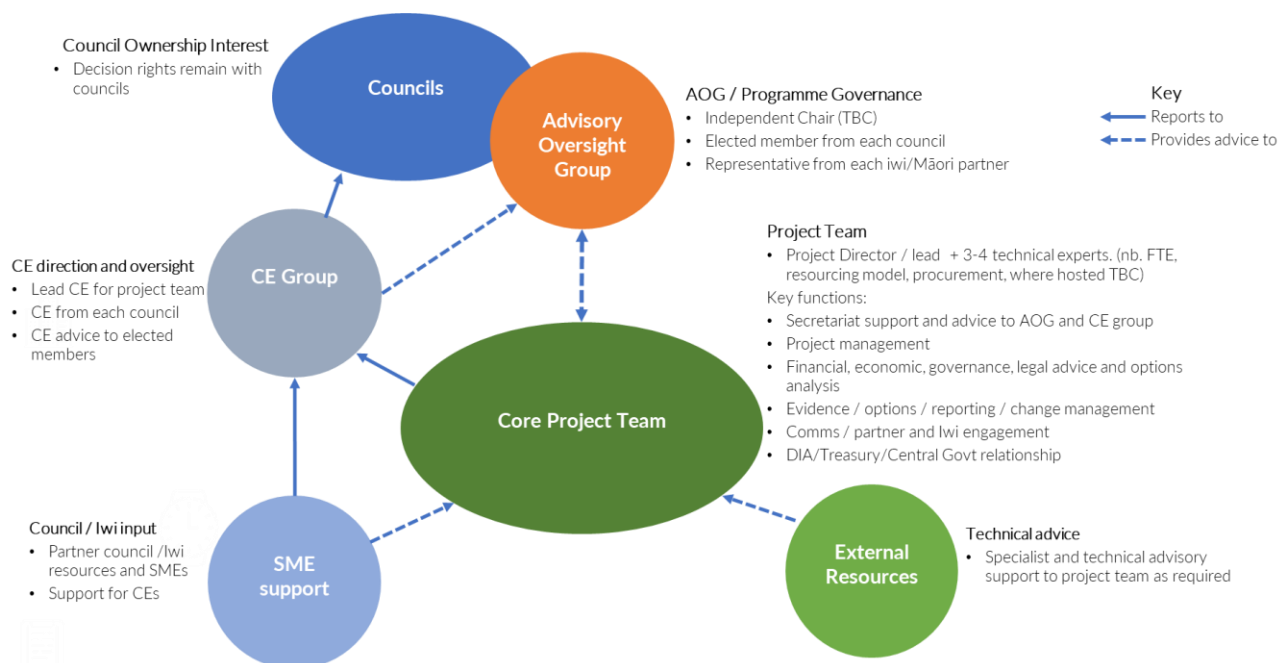
- 27 This process anticipates a staged approach to development of a water services plan aligned with the development of legislation. This would be focused on clear testing of options based on agreed outcomes by around mid-2024. This would inform the development of a high-level design for a future model to support any required engagement and decision-making happening around late 2024. This would enable the completion of the water services plan by early to mid-2025, aligned with the expected requirements of legislation.

Ngā kōwhiringa | Options

- 28 Informed on these considerations, an approach to enable regional collaboration on a water services plan has been developed for council's consideration. This is based on a collaborative and non-binding partnership between councils in the Wellington region to work through this process robustly and efficiently.
- 29 Importantly, the process would not transfer any formal decision-making responsibilities or delegations from council. Any future decisions on a water service plan, preferred models or commitments to future change would remain with council.
- 30 A commitment to regional collaboration would be confirmed by signing a joint MoU. The draft MoU is attached see (Attachment 1).

- 31 As part of this approach, councils would establish a joint governance oversight group called the 'Advisory Oversight Group' (AOG) made up of elected members. Iwi / Māori partner representatives will also form part of this group, with the approach to be confirmed working with Iwi / Māori partners during the establishment phase.
- 32 The AOG would be chaired by an independent chair with suitable expertise in local government, financial models and large scale utility operations.
- 33 The draft terms of reference for the AOG is appended to the MoU, see Attachment 1. The AOG is not a formal joint committee and has no formal decision making rights. Support would be provided by Chief Executives and a joint project team.
- 34 Formation of the AOG and signing of the MoU would signal a commitment by councils and Iwi / Māori partners to work together through a collaborative and non-binding process. Council can choose to exit this process at any stage.
- 35 The proposed structure for a Wellington regional collaborative approach is shown below in Figure 2.

Figure 2



Mana whenua

- 36 Changes to water management will raise a range of significant issues for Iwi / Māori including water quality, priorities for investment and how to give effect to te mana o te wai.
- 37 As part of this process, council will need to confirm an approach of how to effectively work with Iwi / Māori partners. This approach would be confirmed working with Iwi / Māori partners during the establishment phase.

Panonitanga Āhuarangi me te Taiao | Climate change and Environment

- 38 The ongoing impacts of climate change on councils 3 waters assets has a significant potential impact both on operational costs associated with more frequent and intense rainfall events, and capital expenditure on increased network capacity and treatment plant improvements.

Ahumoni me ngā rawa | Financial and resourcing

- 39 There are no immediate financial implications of this paper.

- 40 The financial implications of committing to this process will be confirmed as part of the establishment phase of the project and are expected to be met using existing three waters transitional funding.
- 41 The medium to longer term implications of legislative change and any future water services plan are expected to be significant. These will be a key consideration for the process and any future decisions required of council.

Tūraru ā-Ture me te Whakahaere | Legal and Organisational Risk

- 42 The proposed legislative changes and water services plans will raise a range of legal issues and considerations for councils to work through. These are expected to be confirmed as part of the two proposed bills to be introduced during 2024 and enacted by mid-2025.

Ngā pānga ki ngā kaupapa here | Policy impact

- 43 At this early stage there are policy implications. As work progressing any policy related issues would need to be considered as part of the process. This would include councils current policy with regard to control and management of the Districts water supply assets.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT

Te mahere tūhono | Engagement planning

- 44 It is expected that the proposed legislative changes and water services plans will be of considerable interest to communities, partners and other stakeholders.
- 45 The process will need to consider how this is effectively undertaken, including any statutory requirements for engagement in relation water services plans or future delivery models.

Whakatairanga | Publicity

- 46 It is proposed to release a media statement once council has made a decision on this paper.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Draft MOU Water Services Review [📄](#)

Attachment 1: Memorandum of Understanding

Water Services Delivery Plan for the Wellington region

DRAFT

Regional approach to a water services plan

Regional approach to a water services plan

Based on direction from Government and expected legislative changes, councils will be required to develop a water service delivery plan by around mid-2025.

The signatories to this Memorandum of Understanding (MoU) have committed to a process of working together to develop a water services plan including consideration of future delivery models.

This process is based on a collaborative and non-binding partnership approach between councils in the Wellington region to work through this process robustly and efficiently.

The future model and options to be considered will need to respond to agreed objectives and consider future approaches which are workable, affordable, sustainable and meets the needs of communities and the environment.

Outputs from this process

The key deliverable from this joint process is a joint water services plan, including for a future delivery models based on strategic option selection and high-level design. This process and outputs do not preclude any council from choosing to develop its own water services plan.

Critical success factors are that the water services delivery plan and any future model:

- Is supported by all councils and Iwi / Māori partners which are part of this process
- Is supported by the Government *and* enabled through legislative change
- Is based on a sustainable funding model
- Enables commitment from councils and Government to move to subsequent phases to deliver the plan – detailed design and implementation

This MoU outlines the expectations on signatories and the Terms of Reference (ToR) for the Advisory Oversight Group (AOG) for this process.

Changes to three waters

Change is coming to how water is regulated and managed by local authorities. The Government has repealed the Water Service Entities Act 2022 and has set out the process for legislative change to give effect to the Local Water Done Well policy through two further stages of legislative change which are expected to be passed by mid-2025.

Local Water Done Well policy is based on a clear premise that change is required and will happen. The policy is still under development, but indicatively will be based on the following requirements:

- **Councils to develop a water services plan:** Within a year, councils must develop a plan to transition to a new water service delivery model that can meet regulatory and investment requirements.
- **Increased regulation in relation**
 - Water quality regulation
 - Infrastructure investment regulation
- **Financial sustainability** – water services models must be financially sustainable, based on:
 - Revenue sufficiency
 - Ringfencing to fund investment
 - Funding for growth

Regional approach to a water services plan

In the context of this change, the signatories to this MoU have agreed to work with other councils in the region as this offers the opportunity to collectively engage in this legislative process to ensure a sustainable, workable future model is identified and can then be implemented. This may include a specific model for council or some form of joint model with other councils.

This approach will enable regional collaboration on a water services plan based on a collaborative and non-binding partnership between councils in the Wellington region to work through this process robustly and efficiently.

The process does not transfer any formal decision-making responsibilities or delegations from any council. Any future decisions on a water service plan, preferred models or commitments to future change would remain with each council.

Advisory Oversight Group

As part of this approach, councils have agreed to establish a joint governance oversight group called the 'Advisory Oversight Group' (AOG) made up of elected members. Iwi / Māori partner representatives will also form part of this group, with the approach and membership to be confirmed working with Iwi / Māori partners during the establishment phase.

The AOG would be chaired by an independent chair with suitable expertise in local government, financial models and large scale utility operations.

The draft terms of reference for the AOG is appended to this MoU, see **Appendix X**. The AOG is not a formal joint committee and has no formal decision-making rights. Support would be provided by Chief Executives and a joint project team.

Formation of the AOG and signing of the MoU signals a commitment by councils and Iwi / Māori partners to work together through a collaborative and non-binding process.

Dated: Endorsed on behalf of signatory councils by members of the AOG on **DATE**.

SIGNATURES OF MEMBERS ON BEHALF OF ORGANISATIONS – **TO BE INSERTED**

COUNCIL

COUNCIL

APPENDIX 1: Terms of Reference for the Advisory Oversight Group

Water services plan process for Wellington regional councils

Councils in the Wellington region have committed to a process of working together to develop a water services plan including consideration of future delivery models. This process represents a collaborative partnership approach between councils in the Wellington region and Iwi / Māori partners. The value proposition of the process is to ensure that the region can collaboratively work through this process robustly and efficiently.

Outcomes and options

The water services plan and future models and options to be considered will need to respond to agreed objectives and consider future approaches that are workable, affordable, sustainable and meet the needs of communities and the environment.

The key deliverable from this joint process would be a joint water services plan for the region, including options for future delivery models based on strategic option selection and high-level design. This process and outputs do not preclude any council from choosing to develop its own water services plan.

Critical success factors are that the water services delivery plan and any future model:

- Is supported by all councils and Iwi / Māori partners which are part of this process
- Is supported by the Government *and* enabled through legislative change
- Is based on a sustainable funding model
- Enables commitment from councils and Government to move to subsequent phases to deliver the plan – detailed design and implementation

Advisory Oversight Group

As part of this approach, councils have agreed to establish a joint governance oversight group called the 'Advisory Oversight Group' (AOG) made up of elected members. Iwi / Māori partner representatives will also form part of this group, with the approach to be confirmed working with Iwi / Māori partners during the establishment phase.

Decision making and delegations

The AOG does not have any formal decision-making responsibilities or delegations. These remain with each council, including any future decisions on preferred models or commitments to future change.

The AOG is not a formal joint committee. Formation of the AOG forms part of the commitment by councils and Iwi / Māori partners to work together through a collaborative and non-binding process.

Where direction on the process or options being considered is required from the AOG, this will as far as possible be undertaken by consensus.

Key tasks and partnerships outcomes

The AOG will work in partnership to:

- Provide political oversight and alignment of this process to demonstrate visible and collaborative leadership
- Build trust and stronger organisational relationships
- Build better understanding of partners' perspectives and identify shared objectives and areas of alignment
- Operate at a strategic level owning key relationships for the future water model process and supporting the mitigation of any escalated risks
- Test and confirm the direction for the process including investment objectives, options analysis and required analysis in order to provide confidence and certainty to stakeholders and the community
- Provide advice and direction and to assist the responsible staff to manage and resolve issues and risks including alignment with wider strategic regional issues, the expectations of key partners, stakeholders and the community.
- Assist information sharing, efficient and effective working including opportunities to collaborate, and provide a stronger voice when advocating to others including a shared story for the people of the Wellington region and for investment

Advisory Oversight Group membership and structure

Membership

The Advisory Oversight Group shall consist of:

- An independent Chair (with an agreed Deputy Chair in the event that the Chair is unavailable)
- An elected representative from each of the partner councils
- Representative from Iwi / Māori partners – to be confirmed working with Iwi / Māori partners
- Any other person considered necessary by the AOG to ensure the effective functions of the group

Attendance at meetings would include council CEs.

Structure for AOG

- A quorum is the majority of members, or half the members where there is an even number of members. No business may be transacted at a meeting if a quorum is not present.
- Members are expected to attend all meetings, except in exceptional circumstances, as notified to and agreed by the Chair.
- In the event that the Chair is unavailable, the Deputy Chair shall chair the meeting.
- In the event that any member is unavailable for a meeting, any of the partners may nominate an alternate. **Or** There will be no alternate appointments.
- The AOG will be supported by a Secretariat and Project Team. The role and focus of this Secretariat is set out below.
- The AOG shall meet at least XXX, or as otherwise required. Meetings shall be hosted by one of the partners as agreed. Invites and coordination of meetings shall be managed by XXX.
- Wider invites to relevant partner organisations [such as DIA], shall be determined by the meeting Agenda.

- The meetings are not public but shall be transparent in terms of agenda and outcomes. Effort will be made to distribute any meeting papers at least 3 working days ahead of the meeting date. Recognising that the AOG does not hold any formal decision-making powers or delegations, papers shall be brief and avoid duplication with matters best dealt with through existing council decision making processes and delegations.
- Membership shall be reviewed and reconfirmed on an annual basis or if the project moves beyond confirmation of a plan for future water to the implementation of this model.

Senior managers group

The AOG will be supported by a Senior Managers group of the partners. This will consist of CEs or nominees from each partner organisation (CE or GM level).

This group will be chaired by a nominated Chair (with an agreed Deputy Chair in the event that the Chair is unavailable).

The role and focus of the Senior Managers Group is to ensure advice and support to the AOG is effective and efficient, including:

- Provide senior management oversight and alignment of this process to demonstrate visible and collaborative leadership
- Testing and confirm the direction for the process including objectives, options analysis and required analysis in order to provide confidence and certainty to stakeholders and the community
- Provide advice and direction and to assist the responsible staff to manage and resolve issues and risks including alignment with wider strategic regional issues, the expectations of key partners, stakeholders and the community.
- Support the identification, mitigation or management of key risks and issues
- Assist information sharing, efficient and effective working, and provide a stronger voice when advocating to others including a shared story for the people of the Wellington region and for investment
- Ensure that the project team is resourced and supported.

Project team and Secretariat – role, responsibilities and membership

Support for the AOG will be provided by the project team based on a small core team supported by resources from partners. Detail to be confirmed through the project scope, based on expectation of:

- Project Director reporting to the senior managers group. This role will lead the project and be responsible for coordination of the Agenda for AOG meetings (including actions) and programme design and delivery across the partners (nb. role description and tasks to be defined)
- 3-4 technical resources (size, resourcing model, procurement, where hosted TBC) providing expertise and workstream leadership for:
 - Secretariat support for AOG and Senior Managers group
 - Project management
 - Financial and options analysis
 - High level design of financial, funding, legal, governance etc elements for the preferred option
 - Evidence/options/reporting; change management

- Comms planning and deliver for partner and iwi engagement
 - DIA relationship
 - Operational requirements
- Nb. Other resources and functions to be confirmed by agreement of the scope and timeline e.g. financial analysis, options analysis, change management / HR requirements etc as detailed in the project plan.

Funding

Funding required for this process will include the independent Chair, Project lead, workstream leads, secretariat and programme resources.

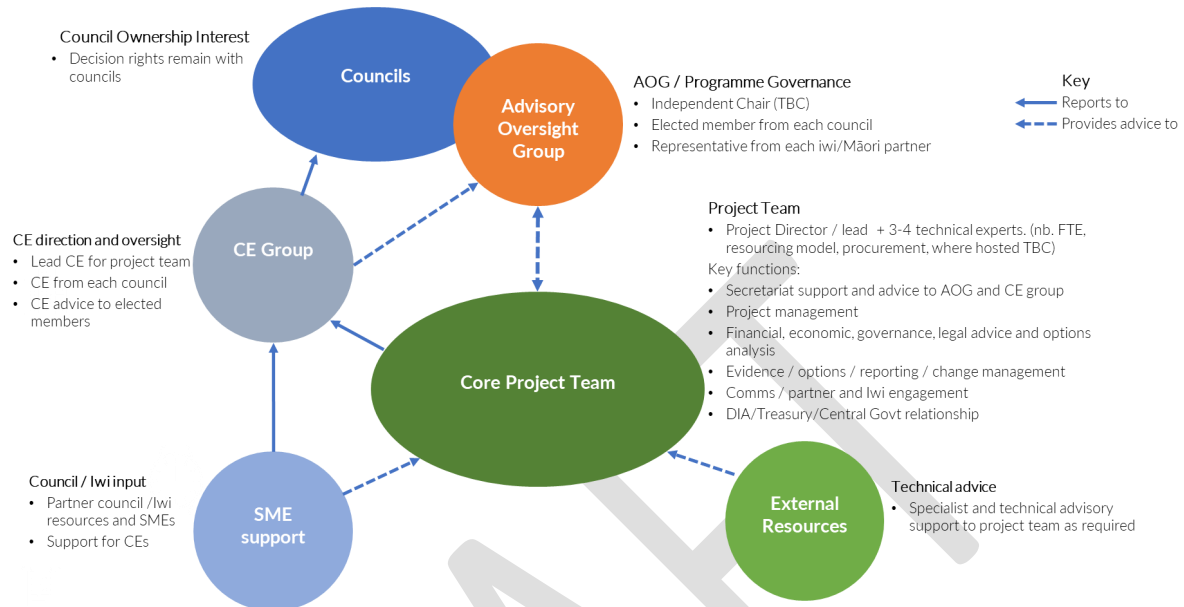
The partners will confirm a budget. A funding plan shall be developed with the costs split on an agreed basis. This budget and funding plan shall be reviewed and updated at least on an annual basis.

Communications and media protocols

The partners commit to working together to ensure a coordinated communications and engagement approach to ensure a no surprises basis. This includes utilisation of agreed key messages and communications plan along with any developed communications brand and website as required.

The partners will develop and agree a communications plan that sets out key messages, protocols and channels in more detail as required for each phase of the project. This shall be reviewed and updated at least on an annual basis.

Attachment 1: Structure of Advisory Oversight Group and supporting functions



Attachment 2: Charter / Project scope

Under development

10.6 REPORTS AND RECOMMENDATIONS FROM STANDING COMMITTEES

Kaituhi | Author: **Anna Smith, Senior Advisor, Democracy Services**

Kaiwhakamana | Authoriser: **Sean Mallon, Group Manager Infrastructure and Asset Management**

TE PŪTAKE | PURPOSE

- 1 This report presents any reports up and recommendations to Council made by Standing Committees from 17 November 2023 to 15 March 2024.

HE WHAKARĀPOOTO | EXECUTIVE SUMMARY

- 2 Due to the Christmas break, there were only a small number of Committee and Subcommittee meetings held during the period 17 November 2023 to 15 March 2024. There were no recommendations made to Council from Committees and Subcommittees during this period, though the topics covered are outlined in further detail below.

TE TUKU HAEPAPA | DELEGATION

- 3 The Council has the authority to consider recommendations made from Standing Committees to the Council.

TAUNAKITANGA | RECOMMENDATIONS

- A. That the Council receives this report.

TŪĀPAPA | BACKGROUND

- 4 During the period of 17 November 2023 to 15 March 2024, Standing Committee and Subcommittee meetings took place on the following dates:

Strategy, Operations and Finance Committee	Thursday, 7 December 2023
Grants Allocation Committee (Waste Levy)	Thursday, 7 December 2023
Risk and Assurance Committee	Thursday, 15 February 2024
Strategy, Operations and Finance Committee	Thursday, 22 February 2024
Climate and Environment Subcommittee	Tuesday, 27 February 2024
Social Sustainability Subcommittee	Thursday, 7 March 2024

- 5 Items discussed at each of the meetings listed in paragraph 4 are noted below:

- 5.1 On Thursday, 7 December 2023 the Strategy, Operations and Finance Committee met to discuss:
- Kāpiti Health Advisory Group Terms of Reference
 - Climate Change and Resilience Strategy – Direction of Travel
 - Direction of Travel – Kapiti Coast Economic Development Strategy Refresh
 - Elevate Ōtaki and Next Steps

- 5.2 On Thursday, 7 December 2023 the Grants Allocation Committee (Waste Levy) met to discuss:
- Waste Levy Grant Applications 2023/24 – Business Waste Reduction
 - Waste Levy Grant Applications 2023/24 – Community Projects
- 5.3 On Thursday, 15 February 2024 the Risk and Assurance Committee met to discuss:
- An update and proposal from the Chair of the Risk and Assurance Committee
 - Emergency Management 101
 - Health and Safety Quarterly Report: 1 October 2023 – 31 December 2023
 - Top 10 Organisational Risk Report
 - Quarterly Treasury Compliance
 - Progress Update Regarding Audit Control Findings 2022/23
 - Internal Audit Work Programme – Progress Update
 - Internal Audit 2023 Outcomes Report
 - Internal Audit Work Programme 2024
 - Legislative Compliance 1 October to 31 December 2023
 - Forward Work Programme 2024 for Risk and Assurance Committee
 - Litigations and External Investigations Report
- 5.4 On Thursday, 22 February 2024 the Strategy, Operations and Finance Committee met to discuss:
- Update on Operations Strategies: Economic Development, Climate Change and Resilience, Environment and Health
 - Update on the Strategy, Operations and Finance Committee Work Programme
 - Update on Resource Consents
 - Health Strategy Direction of Travel for Consultation
- 5.5 On Tuesday, 27 February 2024 the Climate and Environment Subcommittee met to discuss:
- Update on Pest Control in the District
 - Environment Strategy – Direction of Travel
 - Climate Action Grants Progress Update and Recommendations
- 5.6 On Thursday, 7 March 2024 the Social Sustainability Subcommittee met to discuss:
- Kāpiti Health Advisory Group
 - Rapid Rehousing Advocate Funding and Homelessness Issues

6 In addition, the following meeting took place:

Te Whakaminenga o Kapiti	Tuesday, 12 December 2023
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7 Details with regards to the discussion items of the meetings listed in paragraph 6 are noted below:

7.1 On Tuesday, 12 December 2023 Te Whakaminenga o Kapiti met to discuss:

- Draft Calendar of Meetings 2024
- Waitangi Day Commemorations 2024
- Marae Grants
- Māori Economic Development Grants 2023/2024
- Update on Long-Term Plan 2024-2034

HE KŌRERORERO | DISCUSSION

He take | Issues

8 Within the reports and recommendations considered by Standing Committees from 16 November 2023 to 15 March 2024, there were no recommendations made to Council.

Ngā kōwhiringa | Options

9 Options are not required for this report.

Tangata whenua

10 Mana whenua were not specifically consulted for this report.

Panonitanga āhuarangi | Climate change

11 There are no climate change considerations relevant to this report.

Ahumoni me ngā rawa | Financial and resourcing

12 There are no direct financial and resourcing considerations relevant to this report.

Ture me ngā Tūraru | Legal and risk

13 There are no legal considerations relevant to this report.

Ngā pānga ki ngā kaupapa here | Policy impact

14 This report has no current or future impact on Council policies.

TE WHAKAWHITI KŌRERO ME TE TŪHONO | COMMUNICATIONS & ENGAGEMENT

Te mahere tūhono | Engagement planning

15 An engagement plan is not required for this report.

Whakatairanga | Publicity

16 No publicity is required with regards to this report.

NGĀ ĀPITI HANGA | ATTACHMENTS

Nil

11 TE WHAKAŪ I NGĀ ĀMIKI | CONFIRMATION OF MINUTES**11.1 CONFIRMATION OF MINUTES**

Author: Maria Cameron, Advisor Democracy Services

Authoriser: Darren Edwards, Chief Executive

TAUNAKITANGA | RECOMMENDATIONS

That the minutes of the Council meeting of 29 February 2024 be accepted as a true and correct record.

NGĀ ĀPITI HANGA | ATTACHMENTS

1. Minutes of Council Meeting 29 February 2024 [↓](#)

**MINUTES OF THE KĀPITI COAST DISTRICT COUNCIL
COUNCIL MEETING
HELD IN THE COUNCIL CHAMBER, GROUND FLOOR, 175 RIMU ROAD, PARAPARAUMU
ON THURSDAY, 29 FEBRUARY 2024 AT 9.31AM**

PRESENT: Mayor Janet Holborow, Deputy Mayor Lawrence Kirby, Cr Glen Cooper, Cr Martin Halliday, Cr Sophie Handford, Cr Rob Kofoed, Cr Liz Koh, Cr Jocelyn Prvanov, Cr Nigel Wilson

IN ATTENDANCE: Ms Kim Tahiwī (Ngā Hapū o Ōtaki), Mr Cam Butler, Mr Richard Mansell, Mr Glen Olsen, Mr Darren Edwards, Mr Mark de Haast, Mr Sean Mallon, Ms Kris Pervan, Mr Gareth Eloff, Ms Laura Willoughby, Mr Tim Power, Ms Kate Coutts, Ms Steffi Haefeli, Ms Sarah Wattie, Mr Evan Dubisky, Ms Jessica Mackman, Mr Stephen Cross, Mr Darryn Grant

WHAKAPĀHA | APOLOGIES: Cr Kathy Spiers, Cr Shelly Warwick, Mr André Baker (Ātiawa ki Whakarongotai), and Mr Bede Laracy (Chair of the Raumati Community Board)

1 NAU MAI | WELCOME

The Mayor welcomed everyone to the meeting, and acknowledged the recent passing of Fa'anānā Efeso Collins by inviting everyone to stand for a moment of silence.

2 KARAKIA | COUNCIL BLESSING

At the invitation of the Mayor, Cr Sophie Handford read the Council blessing.

3 WHAKAPĀHA | APOLOGIES

APOLOGY

RESOLUTION CO2024/1

Moved: Deputy Mayor Lawrence Kirby
Seconder: Cr Martin Halliday

That the apology received from Cr Kathy Spiers, Cr Shelly Warwick, Mr André Baker (Ātiawa ki Whakarongotai), and Mr Bede Laracy (Chair of the Raumati Community Board) be accepted.

CARRIED

**4 TE TAUĀKĪ O TE WHAITAKE KI NGĀ MEA O TE RĀRANGI TAKE |
DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

There were no declarations of interest relating to items on the agenda.

5 TE WHAKATAKOTO PETIHANA | PRESENTATION OF PETITION

There were no petitions presented.

6 NGĀ WHAKAWĀ | HEARINGS

There were no hearings.

7 HE WĀ KŌRERO KI TE MAREA MŌ NGĀ MEA E HĀNGAI ANA KI TE RĀRANGI TAKE | PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA

Kevin Burrows and Jacky Renouf, on behalf of the Older Persons' Council, spoke to Item 10.1 Affordable Housing Trust: Trust Establishment.

John Le Harivel spoke to Item 10.1 Affordable Housing Trust: Trust Establishment.

David Ogden, on behalf of Grey Power, spoke to Item 10.1 Affordable Housing Trust: Trust Establishment and Item 10.3 Governance Structure and Delegations Review. Mr Ogden answered members' questions.

8 NGĀ TAKE A NGĀ MEMA | MEMBERS' BUSINESS**(a) Leave of Absence**

There were no requests for a leave of absence.

(b) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

There were no matters of an urgent nature.

9 TE PŪRONGO A TE KOROMATUA | MAYOR'S REPORT

There was no Mayor's Report tabled.

10 PŪRONGO | REPORTS**10.1 AFFORDABLE HOUSING TRUST: TRUST ESTABLISHMENT**

Kris Pervan, Group Manager Strategy and Growth, and Stephen Cross, Programme Manager Housing, spoke to the report; and alongside Darryn Grant, Strategic Development Director and Tim Power, Legal Counsel answered members' questions.

RESOLUTION CO2024/2

Moved: Cr Martin Halliday

Seconder: Cr Liz Koh

That the Council:

- A. **Approve** in principle the Trust Deed attached at Appendix 1 for the establishment of an independent housing trust in Kāpiti, including:
 - A.1 Trust Board composition described at clause 2 of Schedule 2 of the Trust Deed
 - A.2 The appointment process for Trustees described at Schedule 2 of the Trust Deed.
- B. **Delegate** the power to finalise the Trust Deed, including any required amendments made on legal advice that do not affect the fundamentals of the Trust, to the Chief Executive and Mayor
- C. **Approve** 'Kāpiti Coast Affordable Housing Trust' as the placeholder name for the Trust
- D. **Approve** in principle the draft Relationship Framework Agreement (RFA; attached at Appendix 3)

- E. **Delegate** the power to finalise the RFA, including any required non-substantive amendments, to the Chief Executive and Mayor
- F. **Note** the skills and experience required by Trustees set out at clause 4.3 of Schedule 2 of the Trust Deed
- G. **Approve** the appointment of an Independent Recruitment Consultant to assist Council to appoint the Council-appointed Trustee to assist the Panel to appoint independent trustees
- H. **Delegate** to the Chief Executive the power to appoint the Council-appointed Trustee
- I. **Note** the establishment plan for the Trust will proceed in three stages:
 - I.1 Stage 1: Council-led: February to June 2024
 - I.2 Stage 2: Joint Council and Trust-led: July to December 2024
 - I.3 Stage 3: Trust-led: January 2025 onwards.
- J. **Note** the next steps for the project including further decisions needed by Council to be discussed at the meeting of 2 May 2024.

CARRIED

10.2 AMENDMENTS TO COUNCIL DELEGATIONS TO STAFF

Sarah Wattie, Manager Governance and Legal Services, spoke to the report.

RESOLUTION CO2024/3

Moved: Cr Nigel Wilson

Seconder: Mayor Janet Holborow

That the Council:

- A. **Adopts** the revised *Council Delegations to Chief Executive and Staff* as shown in Attachment 1 to the report 'Amendments to Council Delegations to Staff'.
- B. **Adopts** the revised *Resource Management Act 1991 Delegations to Staff* as shown in Attachment 2 to the report 'Amendments to Council Delegations to Chief Executive and Staff'.

CARRIED

Cr Martin Halliday left the meeting at 10.20 am and returned to the meeting at 10.20am.

10.3 GOVERNANCE STRUCTURE AND DELEGATIONS REVIEW

Steffi Haefeli, Manager Democracy Services spoke to the report and alongside Darren Edwards, Chief Executive, answered members' questions.

Recommendation C within Item 10.3 on the agenda was revised by Council to include the Climate and Environment Subcommittee.

RESOLUTION CO2024/4

Moved: Cr Nigel Wilson

Seconder: Cr Sophie Handford

- A. That the Council, as appended in Appendix 1, adopts the amended membership of the Strategy, Operations and Finance Committee, the Social Sustainability Subcommittee and the Climate and Environment Committee as a result of Chris Gerretzen's resignation from

Te Ātiawa ki Whakarongotai Charitable Trust.

- B. That Council, as appended in Appendix 1, adopts the amended delegations for the Social Sustainability Subcommittee and the Climate and Environment Subcommittee to include:
 - B.1 the authority to approve criteria for and disbursement of grant funding as approved through the Long-term Plan or Annual Plan.
- C. That Council, as appended in Appendix 1, adopts the amended delegations for the Social Sustainability Subcommittee and the Climate and Environment Subcommittee to include the authority to receive and consider regular updates in relation to regional transport matters.
- D. That Council, as appended in Appendix 1, adopts the amended delegations for the Risk and Assurance Committee to include:
 - D.1 the authority to review the Annual Plan and Long-term Plan reports and consultation documents, including any audit reports, and make recommendations ahead of the plans being approved by Council.
 - D.2 the authority to receive six-monthly updates on Council's emergency management, resilience and recovery, and make recommendations to Council on opportunities for improvement.
- E. That Council, as appended in Appendix 1, adopts the amended appointment of Councillor Martin Halliday as an alternate representative to the Regional Transport Committee.

CARRIED

Cr Rob Kofoed left the meeting at 10.28am and returned to the meeting at 10.29am.

Cr Glen Cooper left the meeting at 10.36am and returned to the meeting at 10.37am.

10.4 REPORTS AND RECOMMENDATIONS FROM COMMUNITY BOARDS

Jessica Mackman, Acting Team Leader Democracy Services spoke to the report. Sean Mallon, Group Manager Infrastructure and Asset Management, and Sarah Wattie, Manager Governance and Legal Services answered members' questions.

Recommendation C and D within Item 10.4 on the agenda were revised by Council, and a further recommendation E was added.

RESOLUTION CO2024/5

Moved: Cr Nigel Wilson

Seconder: Deputy Mayor Lawrence Kirby

- A. That Council receives this report.
- B. That Council notes the three recommendations from the Paraparaumu Community Board meeting on 5 December 2023:
 - B.1 That Council considers renaming the path alongside Wharemauku Stream to Dianne Ammundsen Path, as this decision was previously deferred in 2017.
 - B.2 That Council considers alternative concepts from local artists for the proposed artworks at the skate park and adjoining areas in Maclean Park.
 - B.3 That Council considers prioritising local artists for future procurement processes across Kapiti Coast district.
- C. That Council requests council staff to investigate naming the path alongside Wharemauku Stream to Dianne Ammundsen Path or another appropriate name, and that a report is brought to Council or the community board(s) with relevant delegations to consider.

D. That Council notes that the recommendations relating to the Maclean Park project regarding the procurement of local artists has been responded to by council staff and the matter is being resolved.

E. That Councillors will take this matter to the Public Art Panel for their consideration.

CARRIED

11 TE WHAKAŪ I NGĀ ĀMIKI | CONFIRMATION OF MINUTES

11.1 CONFIRMATION OF MINUTES

RESOLUTION CO2024/6

Moved: Deputy Mayor Lawrence Kirby

Seconder: Cr Jocelyn Prvanov

That the minutes of the Council meeting of 14 December 2023 be accepted as a true and correct record.

CARRIED

12 TE WHAKAŪNGA O NGĀ ĀMIKI KĀORE E WĀTEA KI TE MAREA | CONFIRMATION OF PUBLIC EXCLUDED MINUTES

13 PURONGO KĀORE E WĀTEA KI TE MAREA | PUBLIC EXCLUDED REPORTS

RESOLUTION TO EXCLUDE THE PUBLIC

PUBLIC EXCLUDED RESOLUTION CO2024/7

Moved: Deputy Mayor Lawrence Kirby

Seconder: Cr Nigel Wilson

That, pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987, the public now be excluded from the meeting for the reasons given below, while the following matters are considered.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
12.1 - Confirmation of Public Excluded Minutes	Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons Section 7(2)(i) - the withholding of the information is necessary to enable Council	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

	to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	
13.1 - Reappointment of District Licensing Committee List Member	Section 7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.2 - Acquisition of Land	Section 7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.3 - Property Acquisition	Section 7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.4 - Disposal Update	<p>Section 7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>Section 7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
13.5 - Verbal Property and Strategic Development Update	Section 7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations	Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in

	(including commercial and industrial negotiations)	the disclosure of information for which good reason for withholding would exist under section 6 or section 7
CARRIED		

The Kaunihera | Council meeting went into public excluded session at 10.57am.

RESOLUTION CO2024/13

Moved: Deputy Mayor Lawrence Kirby

Seconder: Cr Martin Halliday

That the Kaunihera | Council moves out of a public excluded meeting.

CARRIED

The Kaunihera | Council came out of public excluded session at 2.53pm.

13.1 APPOINTMENT OF DISTRICT LICENSING COMMITTEE LIST MEMBERS

The following resolution was passed to release the report (excluding appendices) and the resolutions from public excluded business.

RESOLUTION CO2024/9

Moved: Cr Nigel Wilson

Seconder: Cr Liz Koh

- A. That Council reappoint Susie Mills to the District Licensing Committee as list member effective from 29 February 2024.
- B. That Council acknowledge Trevor Knowles and Philip Parkinson for ten years (two terms) of dedicated service as list members of the District Licensing Committee.
- C. That Council approves the release of this report 'Reappointment of District Licensing Committee List Member' (excluding appendices) and the resolutions from public excluded business.

CARRIED

At the invitation of the Chair, Kim Tahiwī (Ngā Hapū o Ōtaki) closed the meeting with karakia.

The Kaunihera | Council meeting closed at 2.53pm.

.....
HEAMANA | CHAIRPERSON

RESOLUTION TO EXCLUDE THE PUBLIC

PUBLIC EXCLUDED RESOLUTION

That, pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987, the public now be excluded from the meeting for the reasons given below, while the following matters are considered.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
12.1 - Confirmation of Public Excluded Minutes	<p>Section 7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>Section 7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>Section 7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>Section 48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7</p>

