

Revenue and Financing POLICY

About this Policy

This Policy aims to clarify how Council will fund operating and capital expenditure in order to meet the current and future needs of the community.

Revenue and Financing Policy



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Associated Documents:	The Long Term Plan, Annual Plan and financial policies	

1. Policy and Scope

This policy explains the choices South Waikato District Council (SWDC) has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also illustrates the SWDC's compliance with LGA section 101(3) which sets out the factors the Council must consider in making these decisions. A comprehensive analysis of how the Council has complied with LGA s101(3) is included in the Funding Needs Analysis.

The Policy recognises that land is a taonga tuku iho of special significance and the importance of retaining that land and facilitating its occupation, development and use for the benefit of its Maori owners, their whanau and hapu.

The Council believes it has a role to encourage owners of Māori land to retain that land and to develop it in ways that benefits its owners, their whanau, and their hapū.

2. Principles

The following principles guide will be applied when considering the use of funding sources.

Strong Financial Management

- We will adopt a prudent Financial Strategy, which supports our current credit rating.
- The everyday costs of running the district will be met from everyday revenues.
- The main source of everyday revenue will be general rates.

District-Wide Focus

- Funding priorities will be established on a district-wide basis.

Strong Asset Management

- We will prioritise funding maintenance and renewals in accordance with Asset Management Plans, with these being regularly updated to reflect changing needs and emerging risks that will ensure resilience of our assets and services.

Beneficiary Pays

- Those who benefit from growth pay a fair share of the cost of that growth.
- When a private benefit can be identified, and it is efficient to collect revenue, user charges will be considered.
- Targeted rates could be used to fund our portion of new projects where costs and beneficiaries of these activities can be easily identified.
- Growth cells will be completed to an approved level of service.

Affordability for Ratepayers

- Rates certainty will be a key consideration.
- Affordability of rates will be considered.
- We will explore external funding options for new agreed discretionary projects wherever possible.
- Asset sale proceeds will be used to pay down debt.

Balancing these principles can be challenging at times. The Council must use its judgement in assessing many options in the development of budgets or acquisition of assets and the choice of funding sources to enact these.

3. Policy

Funding Sources for Operating Costs

Operating costs are the everyday spending on services the Council provides. This includes contributions to the wear and tear of assets used (depreciation), interest charges on borrowing for capital projects and overhead costs.

We must consider the funding of each activity individually. Some activities may be best funded by user charges, such as building consent fees, others with targeted rates, such as waste water, and others from the general rate, such as road maintenance.

The funding sources for operating costs are described in the following sections.

User Charges

User charges are applied to services where it is identified these is a benefit to an individual or group. User charges are a broad group of fees charged directly to an individual or entity and includes:

- | | | |
|--|-----------------------|-----------------------------|
| • Entry fees | • Permits | • Private Works |
| • Services fees | • Regulatory charges | • Memberships |
| • Hire | • Fines and penalties | • Planning and consent fees |
| • Rent, lease, licences for land and buildings | • Connection fees | • Statutory charges |
| | • Deposits | • Retail sales |

The price of the service is based on a number of factors, including:

- The cost of providing the service;
- The estimate of the users' private benefit from using the service;
- The impact of cost on encouraging/discouraging behaviour;
- The impact of cost on demand for the service;
- Market pricing, including comparability with other Councils;
- The impact of rates subsidies if competing with local businesses;
- Cost and efficiency of collecting the user charge;
- The impact of affordability on users;
- Statutory limits; and
- Other matters as determined by the Council.

The Council's ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, regulation sets the fees at a level that is below cost and in other cases, where provided by legislation (e.g. Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. The Council considers it appropriate to incorporate overhead charges and depreciation when determining the cost of providing the service.

Where goods and services are sold commercially, and taking into consideration legislative limitations, the Council's preference is to charge a market price. This includes leases, rents and licences for land and buildings.

Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.

Revenue from user charges is allocated to the activity which generates the revenue.

Grants, Sponsorship Subsidies and Other Income

Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can therefore be budgeted for. Some other types are unexpected or unpredictable and may not be able to be prudently budgeted (e.g. reparation payments, civil defence and other reimbursements, legal settlements and insurance claims).

SWDC expects to continue to receive substantial subsidies from central or its agents for road maintenance.

Investment Income

The Council's approach to investments is documented in its Treasury Management Policy. These investments generate income such as dividends, interest and rents.

Income from assets is receipted to the activity that owns the asset.

Development Contributions, financial Contributions, Proceeds from Sale of Assets and Lump Sum Contributions

Generally, the Council does not collect revenue from these funding sources to fund operating costs.

Development contributions revenue funds the interest cost on debt for growth-related capital projects.

Reserve Funds

SWDC maintains a small number of cash-funded reserve funds. Some of these reserves may be used to meet operating cost (e.g. cemetery maintenance). Generally, reserve funds are used for the purposes they were created for.

Borrowing

Borrowing is generally undertaken at a whole of Council level subject to constraints on rates increases and debt levels set by the Financial Strategy.

The Council generally plans to fund all cash operating costs from sources other than borrowing. However, in specific circumstances, where the Council decides it is prudent to do so, it may fund some operating costs from borrowing.

Rates

Having appropriately exhausted all other funding sources, we fund all remaining operating expenses from rates. For many activities this is the main funding source.

The above matters are all considered when determining the funding required from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by s101(3)(a) of the LGA.

The Council may choose to establish targeted rates to fund operating costs.

Further information on rates can be found in later in this document.

Summary of Sources of Funding for Operating Costs

The Council will apply the funding source preferences noted above to each activity in its Funding Needs Analysis. Table 1 shows the degree to which (expressed as a range) each funding source is used to fund operating costs following the LGA s101(3)(a) assessment.

The s103(3)(a) assessment may be modified by the s101(3)(b) assessment. The latter assessment requires the Council to consider the overall impact of any allocation of liability for revenue needs on the community. SWDC's consideration of s101(3)(b) is included later in this policy.

Table 1 indicates the primary and secondary funding sources of the revenue required for each activity and are indicative only. They may change over time as a result of changes in expenditure requirements. It is possible that actual funding may differ from budgeted funding sources.

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Activity	General Rates	Targeted Rates	Fees & User Charges	Subsidies & Grants
Resource Management	x		X	
Building Control	x		X	
Animal Welfare	x		X	
Health and Alcohol	x		X	
Transport and Rooding	X			X
Water Supply		X		
Wastewater		X		
Stormwater		X		
Solid Waste and Recycling	x	X	x	x
Pools	X		x	
Libraries	X		x	
Parks and Reserves	X			x
Economic Development	X			
Community Development	X			
South Waikato Event Centre	x		X	
Democracy	X			
Iwi Liaison	X			
Business Support	X	x	x	
Property	X		x	
Emergency Management	X			x
Project Management Office	X			
Strategic Planning	X			
Infrastructure Strategy	X			

X = Primary Funding Source

x = Secondary Funding Source

Table 1 Summary of Funding Sources by Activity s101(3)(a) Only

Funding Sources for Capital Costs

Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs are described in the sections that follow.

User Charges

User charges are not often for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.

Council charges for capital works that are solely for private benefit (eg a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (eg a rural seal extension for dust suppression).

Grants, Subsidies, and Other Income

Council relies on significant subsidies for capital works relating to the transport activity. Grants and subsidies may be available for other activities from time to time. Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims and legal settlements.

Grants, subsidies and other income are used wherever they are available.

Development Contributions

Council collects development contributions (DCs) to fund capital costs necessary to service growth, in accordance with the Development Contributions Policy (DC Policy).

DCs are applied on an activity and catchment basis, as identified by the DC Policy. Projects identified in the DC Policy may be either completed projects (with debt yet to be repaid from future development contributions) or future projects planned in the period from which DCs may be collected.

Most contributions received are used to repay development contributions debt and interest on that debt. A portion may pay for capital expenditure in the year it is received, depending on projects.

It is important to note that, in addition to the requirements of s103 and s101(3), the DC Policy describes funding matters in more detail as required by s106(2)(c).

Financial Contributions

Council collects financial contributions under the Resource Management Act 1991 to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the Operative and Proposed South Waikato District Plan. Council receives most contributions as revenue by the vesting of assets although some may be paid directly to us.

Proceeds from the Sale of Assets

From time to time assets are disposed of. Usually these are low value items and the revenue is received by the activity that owns the asset.

Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt, unless otherwise resolved by Council. Council may also determine whether to add value to these assets to maximise the return on investment. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction.

Reserve Funds

We maintain some reserve funds for capital projects and will approve the use of the funds when a project meets the specific criteria for accessing the reserve.

Borrowing

Council must borrow to fund its asset programme. The amount of borrowing available is restricted by the Financial Strategy debt limits.

Borrowing funds, both principal and interest components, are generally repaid by future rates.

Borrowing spreads the cost of a project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefits of long-lived assets contribute to their cost.

Lump Sum Contributions

When undertaking a major project, Council has the option to seek lump sum contributions to the capital cost of the project from those who are identified in the “capital project funding plan”. Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed, ratepayers may choose to pay the lumpsum or not. If nil, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

Generally, Council does not plan to seek lump sum contributions.

Rates

Rates are mostly used to fund everyday expenses including depreciation and interest costs relating to borrowing.

Each year, Council calculates its operating cash surplus which determines the amount of rates funding available to fund capital projects or debt repayment. The greatest portion of this rates funding is allocated to pay for depreciation (which is a non-cash operating cost). These funds are used to fund capital replacement and/or renewal projects.

A portion of the rates funds the capital (principal) repayment of debt.

Council may establish targeted rates to fund specific capital projects. Targeted rates are more likely to be considered where a benefit can be linked to an identifiable individual or group, either arising from the use of the asset or as a consequence of a decision. For clarity, this may include the growth portion of any project or groups of projects that are unable to be funded from a DC Policy.

Potential Future Funding Sources

Infrastructure Funding and Financing Act (IFF)

The IFF, which was enacted in August 2020, enables Council to access a new off-balance sheet funding mechanism to support delivery of infrastructure projects.

The Council may explore options for the application of the IFF tool.

Council has not yet negotiated any IFF deals, and as such, the 2024-34 LTP does not reflect any potential off-balance sheet funding arrangements.

Summary of Sources of Funding for Capital Costs by Activity

As described in the Financial Strategy, Council has a challenge to manage growth, affordable rates increases and debt. To achieve the appropriate balance between these variables Council will take the following approach:

- Council will set the annual rate increase;
- The existing rating base plus an estimate for growth determines the rates income;
- Activity operating revenue and expenditure budgets are determined within rate income restraints;
- An amount is budgeted for development contributions payments, which is set aside to fund growth projects or growth debt and interest, as determined by the DC Policy;
- The net cash operating costs is determined (net of cash revenue budgets);
- This leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise, the funds will be available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by specific activities and is available to funds any capital costs; and
- Council will then set the limit on debt, which determines the maximum debt funding available for capital costs.

This process is intended to result in the following funding sources being available to fund capital costs:

- Cash from general rates, for use on all activities;

- Cash from targeted rates, for example, for use on installing water meters in all townships;
- Cash from development and financial contributions, for growth projects and related interest costs;
- Cash from grants and subsidies, targeted to capital projects; and
- Cash from borrowing.

Council will use the following guidelines when considering the funding of capital projects:

- All projects are first funded from grants; subsidy or other income, which are budgeted as operating revenues;
- Growth related projects for network infrastructure to meet increased demand are funded from DCs, as allowed under the DC Policy;
- Reserve funds for other purposes are considered;
- Targeted rating options may be considered;
- Debt; and
- Projects that have exhausted previous funding sources are funded from general rates.

A single project may have a mix of each of the above funding options.

Council will not compete with the private sector for delivery of project unless there is a market failure.

Whenever Council resolves to fund a separate project, it will consider the sources of funds above, the Revenue and Financing Policy and LGA s101(3) to determine an appropriate funding policy for that project. Generally, Council will resolve the funding in setting the budget for the project at the time it is proposed in an Annual Plan or LTP.

Overall Funding Consideration

Council is required by LGA s101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. This allows Council, as a final measure, to modify the overall mix of funding that would otherwise apply after the s101(3)(a) analysis.

The following adjustments have been made:

The Financial Strategy has the guiding financial principle that those who benefit from growth pay a fair share of the cost of that growth. Growth drives both operating and capital costs. Council will use all available funding sources to ensure that those who benefit from or create growth contribute an appropriate share towards the costs of providing infrastructure to meet the demands of that growth. This includes financial contributions, development contributions, user charges and general and targeted rates.

Council considers the benefits of services associated with the development of land are realised from the time the development is started.

Council may waive or discount fees and charges where it is considered appropriate to do so. Some matters considered in deciding whether it is appropriate to waive fees are for social reasons, broader economic benefit, the promotion of events and facilities, commercial reasons, due to poor service or to minimise risk.

Council may remit rates where it is considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policy. These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (eg additional or no provision of services).

Council may use accounting provisions and/or reserve funds to spread the cost of activities over multiple years to smooth the cost to users and ratepayers.

Council may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 in the DC Policy.

Rates

Council's final consideration of funding by rates comes:

- After considering how other funding sources will be used to fund operating and capital costs;
- After that has been applied to activities in the Funding Needs Analysis; and/or
- After being adjusted for the overall funding considerations.

The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regard to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

General Rates

The general rate is allocated to all rateable properties based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

The Council has determined in its Funding Needs Analysis that all or part of the following activities should be funded from the general rate and the UAGC.

Resource Management	Parks and Reserves	Emergency Management
Building Control	Economic Development	Project Management Office
Animal Welfare	Community Development	Strategic Planning
Health and Alcohol	South Waikato Event Centre	Infrastructure Strategy
Transport and Roading	Democracy	Libraries
Solid Waste and Recycling	Iwi Liaison	Property
Pools	Business Support	

Differential Rating

Council believes that it is able to operate a rating system that meet the requirements of the revenue and financing principles, without differential rating.

UAGC

The level of the UAGC will be determined based on the overall impact of rates to individual ratepayers and categories. There is no direct allocation of any activity nor is there a calculation methodology for determining the UAGC amount.

Targeted Rates

Council collects targeted rates to fund activities as identified in the Funding Needs Analysis or as a result of overall funding considerations.

Name	Activities Funded	Basis for Rate
Metered Water Supply	Water Distribution and Water Treatment and Storage Activities	Uniform amount per water meter plus charges based on consumption as defined in the Funding Impact Statement
Non-metered Water Supply	Water Distribution and Water Treatment and Storage Activities	Uniform amount as described in the Funding Impact Statement
Solid Waste Collection	Refuse and recycling collection Activities	Uniform amount as described in the Funding Impact Statement
Wastewater	Wastewater Collection and Wastewater Treatment and Disposal Activity	Uniform amount as defined in the Funding Impact Statement
Stormwater	Stormwater Management Activities	On a capital value basis as defined in the Funding Impact Statement
Clean Heat	Replacement of Home Heating	Based on extent of service provided

Council may introduce new targeted rates when setting rates for any year as documented in the relevant year's Funding Impact Statement and Rates Resolution.

References

- Funding Needs Analysis, s101(3), provides the background and analysis to explain the funding decisions Council has made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
- The DC Policy provides further analysis, as required by s106(2)(c). This explains why the Council has chosen to use DCs to fund the capital costs needed to meet increased demand for infrastructure.
- The Investment and Liability Management Policy places restrictions on the use of the proceeds from asset sales.
- The Rating Policy further clarifies funding requirements by documenting matters not included in the Funding Impact Statement, rates resolutions or the Revenue and Financing Policy. It includes detailed definitions and maps for rating areas.
- The Funding Impact Statement is included in each Long Term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation of the first year of the 2024

Long Term Plan

Together the above documents form the necessary components to lawfully charge under the LGA for Council's revenue requirements. Council must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for setting of rates.

Relevant Delegations

Any changes to this Policy require Council approval.

References and Relevant Legislation

Local Government Act 2002.

Local Government (Rating) Act 2002.

Annotations

Res No	Date	Subject/Description
265/03	10/07/03	Policy adopted
235/04	24/06/06	Policy amended/confirmed as part of Long Term Council Community Plan process
291/05	23/06/05	Policy amended/confirmed as part of Annual Plan process
026/06 to 028/06	31/06/06	Refuse Collection, Economic Development and Governance activity
347/06	10/07/06	Policy amended/confirmed as part of Long Term Council Community Plan process
358/07	28/06/07	Policy amended/confirmed as amendment to LTCCP. Change to rate:fee ratio, Business Promotion Activity Funding and The Plaza Activity Funding. Defining Separately Used or Inhabited Parts of a Rating Unit
134/09	28/05/09	Policy amended/confirmed as part of Long Term Council Community Plan process
236/12	28/06/12	Policy amended/confirmed as part of Long Term Plan 2012-22 process
165/15	18/06/15	Policy amended/confirmed as part of Long Term Plan 2015-25 process
16/144	16/06/16	Policy amended/confirmed as part of Annual Plan 2016-17 process
18/80	29/03/18	Policy amended/confirmed for consultation as part of LTP 2018-28 process
C21/155	27/05/21	Policy amended/confirmed for consultation as part of LTP 2021-31 present

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	Community outcomes	Distribution of benefits	Capital expenditure - period of benefits	Action/inaction by others	Costs and benefits of separating this activity	Funding conclusion
Animal Welfare	Thriving Community	<p>The Owner; The benefits are in the knowledge that if a dog is lost, once found; it can be identified and the owner can be notified. If the dog misbehaves it can be identified and dealt with accordingly and there is a register of the owners who have responsibilities in owning a dog.</p> <p>The whole community benefits; through dog control and registration, local and national education and stock control, and, more especially, through public safety.</p>	pound upgrade does have intergenerational equity considerations	The level of responsibility of dog and stock owner's impacts on the cost of this activity and the level of complaints received for this activity.	This activity is distinct from any other Council activity. Council has appropriate systems in place to allocate costs to this activity.	The animal control service relates to dog ownership which is an individual's choice. For this reason Council considers that dog owners should, in addition to registration fees, contribute to the cost of both dog and stock public safety and nuisance avoidance. Offenders should, through a scale of fees, contribute towards the cost of investigations, impounding and prosecution. A combination of fees, charges and fines is the most efficient, effective and transparent way to fund the private benefit.
Building Control	Robust Economy	<p>The holder of the consent receives benefits by being assured that the building work has been completed in compliance with the appropriate building code. This ensures that the building is safe and built to the appropriate standard.</p> <p>Members of the general public receive benefits by being able to receive advice about the requirements of relevant</p>	This activity is about service delivery to current ratepayers and residents. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	The most efficient, effective and transparent method of funding the private benefit is a cost recovery basis using a range of fees and charges. The public good element is to be funded from rates revenue.

	Community outcomes	Distribution of benefits	Capital expenditure - period of benefits	Action/inaction by others	Costs and benefits of separating this activity	Funding conclusion
		legislation and having locally provided service and guidance hub				
Community Development	Thriving Community	<p>The beneficiaries of this activity are those who receive grants and other support. There is a wider public benefit as grants and other assistance help support our community groups, contributing to a vibrant community.</p> <p>The South Waikato Performing Arts Centre represents a portion of Council's contribution to the cultural and leisure infrastructure of the district. The most direct beneficiaries are the regular users and those who attend or will attend events held in these venues. The community benefits from having multiple cultural/leisure opportunities to enjoy and the district's reputation is enhanced by the provision of a broad spectrum of cultural/leisure choices.</p>	There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	The impact of others should be minimal. Misuse by theatre users can impact on the quality of these facilities.	As this is a key leadership role for Council, it is appropriate that the results and associated costs are separately disclosed. Council has an appropriate structure in place to allocate costs to this activity.	Council considered that the most effective, efficient and transparent method for funding this public good service was general rating mechanisms.
Democracy	Thriving Community	The expenditure on	There is minimal or no		The level of public interest	The most appropriate

	Community outcomes	Distribution of benefits	Capital expenditure - period of benefits	Action/inaction by others	Costs and benefits of separating this activity	Funding conclusion
		this service is for the public good.	capital expenditure and no significant inter-generational equity considerations for this activity.		within this community necessitates the separate disclosure. Council has appropriate systems in place to allocate costs to this activity.	funding source is general rates.
Regulatory	Thriving Community	There is a greater element of public good in the enforcement area.	This activity is about service delivery to current ratepayers and residents. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	Stakeholders must maintain high standards for the activity objectives to be achieved. The impact of this not occurring will result in increased costs for the activity.	The regulatory nature of the relevant Acts makes it appropriate to combine the various requirements of these Acts together into a separate activity. Council has appropriate systems in place to separately allocate costs to this activity.	It is sometimes difficult to recover costs in the enforcement area, in particular when complaints are received. Income from the exacerbator is unpredictable and not significant eg parking infringements
Economic Development	Robust Economy	Economic growth and development results in improved job opportunities for our residents, helping to improve prosperity.	The benefits are for current and future communities. However, there is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	The involvement of the community can impact on the success or otherwise of this activity.	The benefit received from this activity is not always tangible. For this reason, it is important that Council keeps track of its contribution to this activity, which is distinct from other activities. Council has an appropriate structure in place to allocate costs to this activity.	The most appropriate effective, efficient and transparent method of funding the public good allocation is general rating revenue.
Emergency Management	Thriving Community	The operation of the Civil Defence service involves maintaining a state of readiness so that the district	This activity is about being prepared to respond in an emergency. There is capital expenditure	There is minimal impact from others through natural disasters, although fires	Given the high community benefit it is appropriate that the activity is separately	Council considered that the most effective, efficient and transparent method for funding these

	Community outcomes	Distribution of benefits	Capital expenditure - period of benefits	Action/inaction by others	Costs and benefits of separating this activity	Funding conclusion
		is equipped to cope, should a civil emergency occur	that has inter-generational equity considerations for this activity eg generators, communication equipment and response vehicle	may result from human intervention.	disclosed. The nature of this activity indicates that it should be accounted for separately. Council has appropriate systems in place to allocate costs to this activity.	services was general rating revenues.
Health and Alcohol	Thriving Community	<p>Food and Alcohol Premises, Licenses, noise control and inspection/verification</p> <p>Where services provide independent certification that adequate standards have been met in the operation of an activity, eg hairdressers, food premises, alcohol outlets, the benefits of the service are predominantly received from the holder of the certificate or licence.</p> <p>Another important part of regulatory inspection work is providing information and advice to the developer as well as the general public about potential effects and/or relevant legislative requirements.</p> <p>Enforcement</p> <p>There is a greater element of public good in the enforcement area.</p>	This activity is about service delivery to current ratepayers and residents. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	Stakeholders must maintain high standards for the activity objectives to be achieved. The impact of this not occurring will result in increased costs for the activity.	The regulatory nature of the relevant Acts makes it appropriate to combine the various requirements of these Acts together into a separate activity. Council has appropriate systems in place to separately allocate costs to this activity.	<p>Legislative limitations on fees, eg alcohol licensing, places a restriction on Council's ability to recover user charges.</p> <p>Council will to the extent possible fund the private benefit on a cost recovery basis using a range of fees and charges designed to generate approximately 20% of revenue required to operate the service. The public good element is to be funded from general rating revenues eg noise control activity.</p>

	Community outcomes	Distribution of benefits	Capital expenditure - period of benefits	Action/inaction by others	Costs and benefits of separating this activity	Funding conclusion
Libraries	Thriving Community	The library service provides a mix of community, district and private benefits. The direct beneficiaries are the users of services provided by the district libraries. There is a public good in terms of community learning and support that is provided by the library service.	Council utilises depreciation and loan funding as a source of funding, recognising that a relevant and accessible collection, and facilities that are fit for purpose are the keys to providing a library service for future generations. There are both current and future benefits.	Charges are levied to reflect misuse of library books and materials.	The Library activity is distinct from other core activities. With no alternative providers, it is considered appropriate to separate this activity. Council has an appropriate structure in place to allocate costs to this activity.	Council wishes to ensure equitable access to the library and because of this, the most effective, efficient and transparent method available within the limitations of statute for funding the community wellbeing generated by providing a library service was user fees and general rating revenue.
Parks and Reserves	Thriving Community Sustainable Environment	The benefits of sportsgrounds, cemeteries and parks and reserves include the encouragement of health and fitness, enhancement of community amenities and contributes to public pride and general wellbeing.	Capital development will benefit future generations. Funding should be from depreciation reserves and loan funding.	Misuse of the facilities will impact on the costs of providing these services. .	The activity collectively represents a substantial cost and provides a key component of the infrastructure. There is no logical grouping into which the activity could be added. Council has an appropriate structure in place to allocate costs to this activity.	Sportsgrounds: the encouragement of sport and recreation within the district and the improvement of its image are important objectives, which Council has recognised in setting its user charges. Council considered that the most effective, efficient and transparent method available for funding the sports grounds was general rating mechanisms and a small amount of admission fees and user charges. Parks and reserves: the collection of parks and

	Community outcomes	Distribution of benefits	Capital expenditure - period of benefits	Action/inaction by others	Costs and benefits of separating this activity	Funding conclusion
						reserves represent a substantial cost of Council's activities and a key component of environmental infrastructure. Cemeteries: Are funded primarily by User charges.
Property	Thriving Community Robust Economy	<p>It was considered that private use of Council property conveyed private benefits. However, some of the properties in this group are held for the public good and their strategic importance.</p> <p>Hall users are the direct beneficiaries of community halls. On a district-wide basis, halls provide options for the community at large.</p> <p>The direct beneficiaries of Council Housing are the occupants who are housed in quality, affordable housing.</p>	<p>Council's involvement in halls is largely historical. There is no planned replacement programme. Inter-generational equity has been considered, but Council has resolved to fund projects as they arise.</p> <p>Council believes that it has a social responsibility to continue to provide this service albeit on a rationalised basis. Council involvement is being maintained and no significant capital development is proposed in the foreseeable future. The focus is on ensuring that the housing units are maintained to a good standard. There are no significant</p>	<p>Tenants and lessees have the ability to impact on the quality and standard of the facilities. Hall users can have an impact on the standard and quality of facilities.</p>	<p>Council's direct management of these properties necessitates separate division of this activity. The nature of this activity indicates that it should be accounted for separately. Council has appropriate systems in place to allocate costs to this activity.</p>	<p>Council noted that there were no issues of fairness and equity which would alter the allocation of cost.</p> <p>This activity is, wherever possible, supported by rental income. In some cases encumbrances on the properties or market rentals limit income, resulting in a shortfall between income and expenditure. There will always be a need for rating support. The value of the support required from rates varies from year to year as properties are sold, and varies from property to property according to individual circumstances.</p> <p>For Council Housing the cost of operations and on-going maintenance should be fully</p>

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			inter-generational equity considerations for this activity.			funded from rental income. The most appropriate, effective, efficient and transparent method of funding this service is rental income.
Resource Management	Sustainable Environment Thriving Community Robust Economy	<p>Consents and inspection Where services provide resource consents to individuals or developers, the benefits of the service are predominantly received from the holder of the consent. Another important part of consent work is providing information and advice to the public about the requirements of relevant legislation.</p> <p>Enforcement There is a greater element of public good in the enforcement area. At present, most enforcement work is undertaken in response to a complaint from the public about an activity. Where possible, the costs of enforcement work are recovered from the exacerbator. There is also a monitoring fee on all resource</p>	This activity is about service delivery to current ratepayers and residents. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity. District Plan costs where capitalised are loan funded?	Stakeholders must maintain high standards for the activity objectives to be achieved. The impact of this not occurring will result in increased costs for the activity.	The nature of this activity makes it appropriate to separate it from other activities that Council carries out. Council has appropriate systems in place to separately allocate costs to this activity.	Council considered that, with the exception of policy and monitoring work, the most efficient, effective and transparent method of funding the private benefit (the applicant allocation) is a cost recovery basis using a range of fees and charges. The public good element of consenting work, and the policy and monitoring work, is to be funded from general rating revenue.

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		<p>consents to help cover the costs of inspection. Where people are not meeting the conditions of the consent, further action may be taken and costs recovered.</p> <p>Policy The main purpose is to prepare plans which set standards or guidelines for the sustainable management of the environment and benefits for the community as a whole. The District Plan sets the standards to ensure the resources in the district will be available for future generations. It is appropriate that the community as a whole meets the costs of policy planning.</p>				
Transport and Rooding	Thriving Community Robust Economy	<p>Central Government collects user charges from the motorist via petrol excise tax, road user charges and registration fees.</p> <p>The balance of the cost is raised from local ratepayers. Council contends that this should be treated as a public good element as it</p>	<p>Rooding is a long-term asset. Council has identified long-term benefits of developing new roads and funds this through depreciation, loans and NZTA subsidies.</p>	<p>Heavy vehicle and high volume users impact on the quality of the rooding network. This exacerbator situation is covered to a certain extent by the NZTA subsidy being partly sourced from road user charges and excise tax which are weighted towards</p>	<p>The size and nature of this activity is unique to Council. The practical management of this activity is such that it operates as one activity. Council has an appropriate structure in place to allocate costs to this activity.</p>	<p>Council considered that the most effective, efficient and transparent method available for funding the public good, after Government subsidies, was general rating mechanisms, after gaining as much revenue as possible from Central Government subsidies.</p>

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		has no authority to levy user charges. The local public good element is predominantly about providing access and opportunity for use. Council considered the issues and, on both an economic and public wellbeing basis, determined that the allocation of the ratepayer contribution was considered to be 100% public good.		heavier and higher users.		User fees for bus services will contribute towards public transport costs.
South Waikato Events Centre	Thriving Community	The most direct beneficiaries are the regular users and those who will play sport or attend events held in the centre. The community benefits from having contemporary facility to enjoy and the district's reputation is enhanced by having the facility.	The South Waikato Sport and Events Centre, will benefit the community and users, currently and in the future. Council proposes to fund significant development through built-up reserves, depreciation reserves and loan funding.	Misuse by users can impact on the quality of these facilities.	It is necessary to keep these facilities separate from other activities to clearly identify the cost to the community. Council has established a structure which caters for easy allocation of costs to these activities.	Fees collected from using the SWSEC will be set at a level which recovers the primary operating costs. However, it is considered that pricing is sensitive. Prices that are considered by users as being too high could have an adverse effect on usage and, in particular, for people in the lower socio-economic areas of the community.
Stormwater	Sustainable Environment	Council is of the view that publicly owned stormwater control services provide both community and district benefits. The community (including private) benefit is high as it reduces the risk of flooding and associated	There are inter-generational equity considerations especially within the urban environment related to public safety. Capital work will be funded by	Users of the scheme can impact on this activity.	Stormwater is an activity closely monitored by the community. Given the high community benefit, Council considers it appropriate to separate this activity.	Council considered that the most effective, efficient and transparent method for funding urban stormwater services is to charge a targeted rate in the dollar of rateable value within each

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		<p>problems, including disruption to transport, property damage and risk to personal safety.</p> <p>Stormwater services provide similar benefits to the district, albeit on a smaller scale. These benefits include maintaining high standards of public health, keeping roadways clear of flood water and minimising inconvenience for the public at large. This is particularly important because of the close settlement within urban areas.</p> <p>Stormwater services on a private property that are for the benefit of that property or are to mitigate the effects of stormwater runoff from that property on downstream properties are the responsibility of the property owner.</p>	depreciation and loans.		Council has appropriate systems in place to allocate costs to this activity.	urban stormwater drainage area. The choice of a capital value targeted rate in part recognises that larger properties have the potential to discharge more water into the stormwater system.
Pools	Thriving Community	The most direct beneficiaries are pool users. They include individuals, both children and adults, senior adults, clubs and schools. These groups are identifiable and	The South Waikato Indoor Pools complex is primarily for current and future users of the facility. Any significant capital developments	Swimmers impact on the cost of this activity and, to a lesser extent, the swimming club, schools and user groups	There is sufficient interest to separate out this activity. It is considered necessary to keep these facilities separate from other facilities to clearly	Ticket sales will be used to generate as much revenue as possible. However, it is considered that pricing is sensitive. An increase in prices could have an

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		<p>therefore excludable. Community benefit is based on option values in that residents have an additional leisure activity choice. Quality leisure facilities enhance the reputation of the district (district image) and assist in promoting the South Waikato as a place in which to invest, live and work.</p>	<p>and renewals will be funded from the depreciation or loans.</p>		<p>demonstrate the benefits and costs to the community. There is no alternative grouping into which this activity could be added. There is an appropriate structure in place for the allocation of costs to this activity.</p>	<p>adverse effect on pools usage and, in particular, for people in the lower socio-economic areas of the community. This was felt to be an appropriate, effective, efficient and transparent way of funding the public good. Council considered that admission fees (ticket sales) were the most appropriate, efficient, effective and transparent method of funding the private benefit.</p>
Solid Waste	Sustainable Environment	<p>The disposal of solid waste conveys significant private benefits to ratepayers and residents, however the operation of environmentally sound transfer station sites also assists in maintaining local public health standards. It also reduces the incidence and impact of illegal dumping of solid waste, and the consequent reduction of district aesthetic values. Appropriate disposal methods and aftercare</p>	<p>There are inter-generational equity considerations with this activity. The landfills require monitoring after closure. Capital spending will be met from depreciation and loans, and Government grants when they are approved.</p>	<p>Users of transfer stations sites impact on this service. The level of recycling also impacts on this activity. Those who litter will impact on the cost of this activity. The urban properties within the kerbside collection areas will impact on the cost of this service.</p>	<p>Council has decided to separate this activity due to its nature (disposal) being different from collection and recycling. Council has an appropriate system in place to separately allocate the costs to this activity.</p>	<p>Council will fund the primarily private benefit funding through user charges with the balance relating to public good split for litter and transfer station operations covered by general rates. The refuse collection service should be funded on a user pays basis</p>

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		<p>(including monitoring of closed landfill sites) assists in reducing the possibility of future environmental damage. These matters are public good benefits.</p> <p>Users of transfer stations are the direct and largest group of beneficiaries of this service. On the basis of the exacerbator pays, Council considered that the largest portion of economic benefit accrued to this group.</p> <p>Individual property owners benefit from the kerbside collection service.</p>				
Wastewater	<p>Sustainable Environment</p> <p>Thriving Community</p> <p>Robust Economy</p>	<p>Council decided that the direct beneficiaries of a sewage collection and treatment service are the users of that service. This applies whether the user is a club, charitable organisation, commercial or industrial enterprise, or a private residence. In addition, a benefit accrues whether the property is connected to the system or could be connected to the system.</p>	<p>This activity has inter-generational equity considerations. Depreciation funding or loans are used for capital renewal work with growth assets funded through debt..</p>	<p>Users of the sewerage schemes impact on the provision of this service.</p>	<p>The empowerment by the Local Government Act 2002 and the safety requirements necessitate separate disclosure of the activity. Council has an appropriate structure in place to allocate costs to this activity.</p>	<p>Of all the funding tools available, Council considered that the most efficient, effective and transparent method available was a targeted rate on a uniform basis on each serviced rating unit.</p>

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		While the service provides predominantly private benefits, the community at large benefits from the elimination of public health risks arising from open sewers and inadequate septic tank facilities. Environmentally sound treatment services reduce the adverse impact on receiving waterways. This improves the environment downstream from the treatment plants and benefits property owners in the adjacent rural areas within and beyond the district boundaries.				
Water Supply	Sustainable Environment Thriving Community Robust Economy	Council considered that with the major exceptions of community health and safety, firefighting, street cleaning, public toilets, parks, reserves and swimming pools; the benefits accruing from this service were primarily private and that this decision applied to both commercial and domestic customers	The greater requirements of newly enhanced national drinking water standards will necessitate the need for significant capital development. There is an intergenerational equity component for this activity. Depreciation funds, targeted water rates, loans and	The users of the schemes impact on the provision of these services.	The public expectation of Council's provision of this service necessitates the separate disclosure of this activity. Council has appropriate systems in place to allocate costs to this activity.	Consideration has been given to the introduction of a domestic metered water supply..

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		connected to the supply.	where possible, government funding are appropriate funding sources for capital work.			

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