

## 16. REVENUE AND FINANCING POLICY

Revenue and Financing Policy	
Responsibility	Deputy Chief Executive
First adopted	10 July 2003 (265/03)
Historic revision dates	31 January 2006 (026/06 – 028/06), 10 July 2006 (347/06); 2009 (137/09); 28 June 2012 (236/12), 18 June 2015 (15/165), 16 June 2016 (16/144), 1 Feb 2017, 29 March 2018 (18/80)
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Approval authority	Council
Consultation required	Special Consultative Procedure
Record number	Docset ID 397273
Associated documents	The Long Term Plan, Annual Plan and financial policies



### 1. Policy Objectives

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

### 2. Principles

The following principles guide the decisions that Council has made in relation to appropriate funding sources

1. Where there is a private benefit to a service, options such as targeted rates and user charges will be preferred methods of funding, providing that it is efficient to collect revenue.
2. Each generation of ratepayers should pay for the services they receive. Where appropriate, borrowing can assist to achieve this outcome.
3. Rates systems should be equitable, simple and easily understood.
4. Rates are not a charge for the use of a service.

### 3. Policy Statement

#### 3.1 Rating Section

##### Objectives

The objectives are:

- To ensure that the adopted rating system spreads the cost of rates as fairly and equitably as practical.
- Provides sufficient revenue to cover operating and capital expenditure not covered by other sources of revenue.
- To ensure that rating policy complies with the relevant legislation.

#### 3.2 Relationship to Revenue and Financing Policy

In developing the Revenue and Financing Policy, Council made an assessment of the public good and private benefit generated by each service provided. Arising from this assessment, Council identified the portion of cost for each service to be funded from rates revenue.

### 3.3 Considerations

In selecting a rate for each service funded wholly or partially by rates revenue, the following considerations will be taken into account:

- Who receives the primary benefit/s of the activity or service being delivered?
- What is the extent of wider public benefit compared to benefit/s being received by an individual, household or business?

### 3.4 Rating System

The legislation provides for different ways in which to levy a general rate. The options available are:

- The Annual Value System - requires valuations based on the rental value of property to be updated annually.
- The Land Value System - the cost of rates is based on the value of land without taking into account the value of any improvements.
- The Capital Value System - the total value placed on each property (land and improvements) should approximate a market value.

In Council's view the Capital Value System provides the most equitable outcome for ratepayers because it considers the total value of the property.

### 3.5 Summary of Rating System

Anomalies will always be present, whether the choice is the Land or the Capital Value System. However, in Council's view the Capital Value System (the system in current use) suits a mixed urban/rural district with a significant range of land values better than the land value system. Ratepayers understand it easily.

The Local Government (Rating) Act 2002 provides for different ways in which to set rates on property. However the Act does not direct Council to favour one method over another. Council has determined that:

- There will be one rating system for all properties within the district; and
- Capital value rating will be used as the basis for rating.

### 3.6 Uniform Annual General Charge / Additional Unit Rate

Section 21 of the Local Government (Rating) Act 2002 restricts the revenue raised in any one year from the Uniform Annual General Charge (UAGC) and certain targeted rates on a uniform basis (excluding water and sewerage charges) to 30% of the total rates revenue of Council.

The UAGC and/or the Additional Unit Rate (AUR) will be used as a rating mechanism across the full range of Council activities for which it is determined that a generally based rate is appropriate. Council will levy the UAGC on each separate rating unit and an AUR on each separately used or inhabited part of a rating unit beyond the first.

### 3.7 Targeted Rates

These can be levied as a rate in the dollar of capital value or land value of every separate rateable property within the district, or in only a part of the district (where the function, work or service will benefit only a part of the district). Council has used targeted rates for services where there is a high level of public good and/or where it is difficult to identify benefiting individuals within the district.

Council will use targeted rates when it is appropriate to collect revenue from one or more groups of ratepayers who receive a specific localised benefit. The services to be funded by a targeted rate include:

On a Capital Value Basis:

- Stormwater services
- Putāruru business promotion.

On a Uniform Basis:

- Additional unit rate (as described above)

- Hall rates (within each hall rating area)
- Community support - Pride in Putāruru (PIP)
- Refuse collection
- Tīrau Community Board (Ward)
- Community support – Tokoroa promotion
- Sewage disposal
- Water supply (including Athol)
- District recycling

### **3.8 Differential Rates**

Council is able to introduce differential rating using classifications relating to the following factors:

- Land use
- Zoning
- Property size
- Property location
- All such matters provided for in Schedule 2 of the Local Government (Rating) Act 2002.

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

### **3.9 Early Payment**

Council does not apply an early payment discount to ratepayers.

Council believes that the early payment discount favours those ratepayers who could pay all their annual rates at once and unfairly disadvantaged ratepayers who were not in a financial position to do this.

### **3.10 Penalty Policy**

Council will charge penalties for unpaid rates in accordance with Sections 57 and 58 of the Local Government Rating Act 2002. Our penalty policy and the dates on which penalties are to be applied are provided in the Funding Impact Statement which is included in every Long Term Plan and Annual Plan.

## **4. Other Sources of Funding**

### **4.1 Fees and Charges**

Fees and charges are charges imposed on some services offered by Council.

### **4.2 Financial Contributions**

Council will seek financial contributions under the provisions of the Resource Management Act. The Financial Contributions Policy is provided in the Long Term Plan

### **4.3 Subsidies and Grants**

Where available, subsidies and grants will be sought to the maximum level permitted, consistent with Council's ability to meet any local share requirement.

### **4.4 Loan Finance**

Loan finance is used for projects where there is a funding shortfall and potentially where there are inter-generational equity issues involved. Refer to the Liability Management Policy

#### 4.5 Investment Income and Capital

Council may resolve, as part of its Annual Plan or Long Term Plan, to make distributions annually from investment income and/or capital to reduce the cost of rates and charges. Refer to the Investment Policy

#### 4.6 Investment Income Reserves

Income received from reserve investments is applied in accordance with the purpose of the reserve.

#### 4.7 Council Created and Restricted Reserves

These are savings retained for specific projects, purchase of capital items, or where legislation restricts the use of the funds to a defined purpose(s).

#### 4.8 Miscellaneous Income

Miscellaneous income received is used for the general purposes of Council that are not funded from special rates and charges.

#### 4.9 Utilising Cash Surpluses

Cash surpluses derived from targeted rates, fees and charges may, at Council's discretion, be used to offset the cost of future years' expenditure. These are managed through targeted rate reserves.

#### 4.10 Capital Expenditure

Capital expenditure is funded from reserve funds set aside for this purpose, loan finance, investment income, and rates revenue. The specific source of funding for capital projects is determined within each year's adopted financial forecast.

### 5. Summary of Revenue and Financing Decisions as from 1 July 2018

In adopting the percentages in the table below, Council is happy with the budgeted revenue being within +/- 5% of the target. For some activities, Council adopted the budgeted revenue outside of these limits, and the reasons why have been included below the table.

Activity	General rating mechanisms (General Rate/UAGC/ Additional Unit Rate) %	Targeted Rates %	User Fees	LTP Revenue assumptions within +/- 5%
Animal Control	45		55	Yes
Building Consents and Inspections	50		50	No
Business and CBD Promotion – Tokoroa and Putāruru		100		Yes
Cemeteries	40		60	Yes
Community Advocacy, Grants and Support (including Visitor Centres)	100			Yes
Community Governance (Tīrau Community Board)		100		Yes
Community Halls		95	5	Yes
Compliance	95		5	Yes
District Governance	100			Yes

Activity	General rating mechanisms (General Rate/UAGC/ Additional Unit Rate) %	Targeted Rates %	User Fees	LTP Revenue assumptions within +/- 5%
District Promotion	100			Yes
District Recreation	100			Yes
Economic Development	100			Yes
Emergency Management	100			Yes
Health	80		20	Yes
Libraries	92		8	Yes
Parks and Reserves (including Sportsgrounds)	95		5	Yes
Pensioner Housing			100	Yes
Property Management	90		10	Yes
Public Toilets	100			Yes
Resource Management (consent processing)	65		35	Yes
Resource Management (policy and monitoring, including environmental protection and monitoring)	100			Yes
Roading (general roading activities)	100 (after subsidies)			Yes
Roading (CBD upgrade loan)	100			Yes
South Waikato Performing Arts Centre (The Plaza), and Tīrau Hall	100 (after hireage income)			Yes
South Waikato Sport and Events Centre	80		20	Yes
Stormwater		100		Yes
Swimming Pools - Indoor (Tokoroa)	80		20	Yes
Swimming Pools - Seasonal (Putāruru and Tīrau)	90		10	Yes
Talking Poles	100			Yes
Te Waihou Walkway*	100			Yes
Tokoroa Airfield	50		50	No
Tokoroa Council of Social Services**	85		15	No
Waste - Landfills and Refuse Disposal	20		80	No
Waste – Litter Collection	100			Yes
Waste - Refuse Collection		50	50	No
Waste - Recycling		100		Yes
Wastewater (Sewerage)		100		Yes
Water Supply		100***		Yes

UAGC = Uniform Annual General Charge. User charges are inclusive of general fees, administration fees, rentals, fines and license fees. Council by adopting the percentages in the table above is happy with a +/- 5% banding being applied.

\* Included in parks and reserves activity

\*\* Included in community advocacy, grants and support activity

\*\*\* Targeted rates includes water-by-meter charges as relevant

**Activities that are more than 5% outside the policy**

<b>Activity</b>	<b>GR target</b>	<b>GR in year 1 of LTP</b>	<b>Reason for adopting with a variance</b>
Building Consents and Inspections	50%	41%	Currently this activity is contributing more back to General rate than intended. As this might be a cyclical effect due to the volume of consents received rather than the pricing, Council has decided to leave the target at 50%.
Tokoroa Airfield	50%	73.2%	The expenses for the Airfield have increased significantly in 18/19. There may be some opportunity to increase fees over time as other services/facilities are developed, but it is unlikely to cover the cost of the additional expenses. This general rate target is to be reviewed during the airport strategy review.
Tokoroa Council of social Services	85%	91%	Currently the projected rental revenue is not sufficient to meet this target. Work to be done to increase revenue opportunities.
Waste - Landfills and Refuse Disposal	20%	5%	Revenue has increased partly due to increased volumes, but also due to the fee increase. Target is to remain at 20% until the review is completed of both the Waste Minimisation Plan and the Solid Waste Disposal.
Waste - Refuse Collection	50%	42%	Revenue has increased due to the increased cost of bags. The target has been revised from 55% to 50%.
Waste - Recycling	100%	93%	The level of rental for the recycling centre has been increased to bring it in line with commercial returns.

	<b>Community outcomes</b>	<b>Distribution of benefits</b>	<b>Capital expenditure - period of benefits</b>	<b>Action/inaction by others</b>	<b>Costs and benefits of separating this activity</b>	<b>Funding conclusion</b>
<b>Animal Control</b>	A quality regulatory service	<p>The Owner</p> <p>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>	This activity is focused on the current community. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	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.	<p>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.</p> <p>Offenders should, through a scale of fees, contribute towards the cost of investigations, impounding and prosecution.</p> <p>A combination of fees, charges and fines is the most efficient, effective and transparent way to fund the private benefit.</p>
<b>Building Control</b>	<p>Grow our economy</p> <p>A quality regulatory service</p> <p>Efficient Council operations.</p>	<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</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.

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		requirements of relevant legislation.				
<b>Business and CBD Promotion – Tokoroa and Putāruru</b>	Grow our economy Improved external image Community pride.	The benefits from this service are both to the business people in the Putāruru and Tokoroa Central Business Districts, with the residents of the ward benefiting from economic development. There is no benefit to residents and businesses in the Tīrau Ward.	The benefit is for current communities, specifically the business organisations in the commercial areas of Putāruru and Tokoroa. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	Actions by business organisations in the commercial area will impact on the cost of this activity.	This activity has a clear focus on growing the local economy. The nature of this activity indicates that it should be accounted for separately. There is an appropriate structure in place for the allocation of costs to this activity.	Council noted that business promotion organisations assist Council with community advocacy, liaison and the promotion of the district. The most effective, efficient and transparent method to fund this service is from rates revenue.
<b>Cemeteries</b>	Well managed infrastructure Quality services and facilities Sustainable Council operations.	There is little capital development work required for cemeteries. Funding is from current mechanisms. There are no significant intergenerational equity considerations.	The service primarily provides a private benefit for the family and friends of the deceased who are buried in the district. Records of interment have a clear relationship to the history of the community and are public information.	The number of plots required impacts on the level of service provided.	The nature of this activity indicates that it should be accounted for separately. Council has a structure that can allocate costs to this activity.	The most effective, efficient and transparent method for funding the private benefit (the recovery of cost of burial services) should continue to be user charges. The cost of maintaining cemetery grounds generates public benefit, this part of the service is to be funded from rates revenue.
<b>Community Advocacy, Grants and Support (Including Visitor Centres)</b>	Improved external image Quality services and facilities Community pride.	The beneficiaries of this activity are those who receive the grant and other support. There is a wider public benefit as the grants and support help support our community groups, contributing to a vibrant community.	There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	The impact of others should be minimal.	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.



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<b>Community Governance (Tirau Community Board)</b>	Cultural leadership.	The expenditure on this service is for the public good, but benefits are restricted to the ratepayers and residents within each ward served by the respective Boards.	There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.		The level of public interest within this community necessitates the separate disclosure. Council has appropriate systems in place to allocate costs to this activity.	The most appropriate funding source is a targeted ward rate.
<b>Community Halls</b>	Quality services and facilities Community pride.	The hall users are the direct beneficiaries of community halls. Users include education groups, recreation groups, sports groups, social groups and people hiring halls for other activities, including private functions. On a district-wide basis, halls provide options for the community at large.	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.	Direct users can have an impact on the standard and quality of facilities.	The level of interest in this activity warrants separate disclosure. Council has an appropriate structure in place to allocate the costs to this activity.	The most efficient, effective and transparent way to raise the cost of the public good (district and community allocation) element was a targeted rate on a uniform basis on each separate rating unit within a hall rating area. The funds raised for each hall should be used to meet the annual operating cost and make provision for covering the cost of planned major maintenance and capital expenditure in the years ahead. Council considered that the private benefit should be recovered from rental income and that each community hall committee should be responsible for setting the range of rentals applicable to its hall.

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<b>Compliance</b>	Grow our economy A quality regulatory service Efficient Council operations.	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.
<b>District Governance</b>	All of the outcomes are applicable.	The principal purpose is to represent the interests of all residents and ratepayers. Council, its Committees and the office of the Mayor benefit the district in that members are elected to provide a governance service including representation, policy setting, monitoring and review.	There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	Action or inaction by others does not impact on the need to undertake this activity.	This activity is distinct from other activities because it is the basis of local government – appropriate representation in decision making. Council has appropriate systems in place to allocate costs to this activity.	The most appropriate, effective, efficient and transparent method of Governance and promoting community wellbeing was to charge for this service through general rating mechanisms.
<b>District Promotion</b>	Grow our economy Improved external image Community pride.	The benefits of district promotion extend to the wider community. Everyone benefits through increased economic growth when the district is positively promoted and tourists are spending time and money within the district.	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.	Council considered that the most appropriate effective, efficient and transparent method of funding the public good allocation was general rating revenue.

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<b>District Recreation</b>	Community pride.	The members of our community who use this service benefit from improved health and fitness.	This activity is primarily about benefiting current communities. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	The involvement of the community in this activity can impact on the success or otherwise of this activity.	Council has a structure in place to allocate costs to this activity.	Council considered that the most effective, efficient and transparent method available for funding this public good service was general rating revenue.
<b>Economic Development</b>	Grow our economy Improve external image	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.
<b>Emergency Management</b>	A quality regulatory service.	The operation of the Civil Defence service involves maintaining a state of readiness so that the district is equipped to cope, should a civil emergency occur	This activity is about being prepared to respond in an emergency. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	There is minimal impact from others through natural disasters, although fires may result from human intervention.	Given the high community benefit it is appropriate that the activity is separately 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.	Council considered that the most effective, efficient and transparent method for funding these services was general rating revenues.
<b>Health</b>	Grow our economy	Licenses and inspection	This activity is about service delivery to current ratepayers and	Stakeholders must maintain high standards for the activity objectives	The regulatory nature of the relevant Acts makes it appropriate	Legislative limitations on fees, eg liquor licensing, places a restriction on

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	A quality regulatory service Efficient Council operations.	Where services provide independent certification that adequate standards have been met in the operation of an activity, eg hairdressers, food premises, liquor outlets, the benefits of the service are predominantly received from the holder of the certificate or licence.  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.	residents. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	to be achieved. The impact of this not occurring will result in increased costs for the activity.	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.	Council's ability to recover user charges. 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.
<b>Libraries</b>	Quality services and facilities Community pride Cultural leadership Efficient Council operations.	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.

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<b>Parks and Reserves (including Sportsgrounds)</b>	Quality services and facilities Community pride.	The benefits of sportsgrounds 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 Tokoroa Memorial Sportsground is managed under a contract with the South Waikato Sports and Leisure Board. The operation of this contract will impact on the cost 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. The funding source is rates revenue and 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 reserves represent a substantial cost of Council's activities and a key component of environmental infrastructure. There is no other logical grouping for this activity and, therefore, it is appropriate to separate this activity.
<b>Pensioner Housing</b>	Well managed infrastructure	The direct beneficiaries are the occupants who are housed in quality, affordable housing. .	Council believes that it has a social responsibility to continue to provide this service.	Actions of tenants may impact on the cost of providing these facilities if misuse occurs.	The Local Government Act 2002 defines pensioner housing as a strategic	Council does not seek a return on its investment in housing stock, but the cost of operations and

	<b>Community outcomes</b>	<b>Distribution of benefits</b>	<b>Capital expenditure - period of benefits</b>	<b>Action/inaction by others</b>	<b>Costs and benefits of separating this activity</b>	<b>Funding conclusion</b>
	Community pride.		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 inter-generational equity considerations for this activity.		asset. For this reason Council has elected to treat pensioner housing as a separate activity. Council has an appropriate structure in place to allocate cost to this activity.	on-going maintenance should be fully funded from rental income. The most appropriate, effective, efficient and transparent method of funding this service is rental income.
<b>Property Management</b>	Quality services and facilities.	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.	There are no significant inter-generational equity issues with this activity.	Tenants and lessees have the ability to impact on the quality and standard of the facilities.	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.	Council noted that there were no issues of fairness and equity which would alter the allocation of cost. 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.

	<b>Community outcomes</b>	<b>Distribution of benefits</b>	<b>Capital expenditure - period of benefits</b>	<b>Action/inaction by others</b>	<b>Costs and benefits of separating this activity</b>	<b>Funding conclusion</b>
<b>Public Toilets</b>	Improved external image Quality services and facilities.	There are considerable public benefits relating to maintaining public health and eliminating nuisance issues and attracting visitors. Private good can be indirectly attributed to business ratepayers in recognition of retail trade. Facilities for the travelling public meet the criteria of public good. The balance of the service is a private benefit.	There is a degree of inter-generational equity considerations for this activity as a major programme of investment occurs to upgrade existing and build new toilets.	Users have the ability to impact on the quality and standard of the facilities.	The special nature of public toilets and no other logical grouping necessitates separate disclosure of this activity. Council has an appropriate structure in place to allocate costs to this activity.	While the toilets remain free of charge, it is impossible to either identify or exclude people from using this service during "open hours". Currently there is no means of charging for the private good that businesses may get from travellers stopping to use public toilets. Council considered that the most effective, efficient and transparent method of funding the service was general rating revenue but has not excluded developing new user pays toilets in the future.
<b>Regulatory Services (Health, Liquor, Noise and Parking)</b>	Grow our economy A quality regulatory service Efficient Council operations.	Licenses and inspection Where services provide independent certification that adequate standards have been met in the operation of an activity, eg hairdressers, food premises, liquor outlets, the benefits of the service are predominantly received from the holder of the certificate or licence. Another important part of regulatory inspection work is providing information and advice to the developer as well as	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. Legislative limitations on fees, eg liquor licensing, also places a restriction on Council's ability to recover user charges. Council will to the extent possible fund the private benefit on a cost recovery basis using a

	Community outcomes	Distribution of benefits	Capital expenditure - period of benefits	Action/inaction by others	Costs and benefits of separating this activity	Funding conclusion
		<p>the general public about potential effects and/or relevant legislative requirements.</p> <p><b>Enforcement</b> There is a greater element of public good in the enforcement area.</p>				<p>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.</p>
<b>Resource Management (Planning)</b>	<p>Grow our economy Improved external image A quality regulatory service Efficient Council operations.</p>	<p><b>Consents and inspection</b> 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><b>Enforcement</b> 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 consents to</p>	<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.</p>	<p>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.</p>	<p>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.</p>	<p>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 designed to generate approximately 35% of revenue required to operate the service. The public good element of consenting work, and the policy and monitoring work, is to be funded from general rating revenue.</p>



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		<p>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><b>Policy</b> 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 planning.</p>				
<b>Roading</b>	<p>Grow our economy</p> <p>Well managed infrastructure</p> <p>Sustainable Council operations</p> <p>Efficient Council operations.</p>	<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 has no authority to levy user charges. The local public</p>	<p>Roading is a long-term asset. Council has identified long-term benefits of developing new roads and funds this through depreciation reserves, loans and NZTA subsidies.</p>	<p>Heavy vehicle and high volume users impact on the quality of the roading 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 heavier and higher users.</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 service was general rating mechanisms, after gaining as much revenue as possible from Central Government subsidies.</p>

	Community outcomes	Distribution of benefits	Capital expenditure - period of benefits	Action/inaction by others	Costs and benefits of separating this activity	Funding conclusion
		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.				
<b>South Waikato Performing Arts Centre (The Plaza) and Tirau Hall</b>	Improved external image Quality services and facilities Community pride Cultural leadership	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. The Tirau Hall provides a community facility able to be used for social and cultural purposes. Again, while the most direct beneficiaries are the	The theatre and hall 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.	Council has considered its allocation of district and community benefit in relation to these two facilities and the South Waikato Sport and Events Centre to the other community cultural/leisure facilities provided throughout the district. Council has determined that these three facilities will be funded from general rating mechanisms across the wider district. This will mean that one key facility will be funded district-wide in each of the three major urban areas. The other halls, located in rural areas, will not be funded district-wide – see the separate funding policy for these. Council

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		regular users and those who will attend meetings and events held in the hall, the wider community benefits from having a facility such as this.				considers that the most efficient and transparent method available for funding the public good allocation of the South Waikato Performing Arts Centre and the Tīrau Hall is general rating mechanisms. There will be some hireage revenue generated from these facilities however the net costs after recognition of that revenue will be met by rates.
<b>South Waikato Sport and Events Centre</b>	Improved external image Quality services and facilities Community pride Cultural leadership.	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 used to generate as much revenue as possible. 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. Council considered that in the interests of fairness and equity the proportion of user benefit should not exceed 20%.
<b>Stormwater</b>	Well managed infrastructure	Council is of the view that publicly owned stormwater control	There are inter-generational equity considerations especially	Users of the scheme can impact on this activity.	Stormwater is an activity closely monitored by the	Council considered that the most effective, efficient and transparent

	<b>Community outcomes</b>	<b>Distribution of benefits</b>	<b>Capital expenditure - period of benefits</b>	<b>Action/inaction by others</b>	<b>Costs and benefits of separating this activity</b>	<b>Funding conclusion</b>
	Sustainable Council operations	<p>services provide both community and district benefits. The community (including private) benefit is high as it reduces the risk of flooding and associated problems, including disruption to transport, property damage and risk to personal safety. 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>	within the urban environment related to public safety. Capital work will be funded by depreciation reserves and loan.		community. Given the high community benefit, Council considers it appropriate to separate this activity. Council has appropriate systems in place to allocate costs to this activity.	method for funding urban stormwater services is to charge a targeted rate in the dollar of rateable value within each 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.
<b>Swimming Pools</b>	Improved external image	The most direct beneficiaries are pool users. They include	The South Waikato Indoor Pools complex is primarily for current and	Swimmers impact on the cost of this activity and, to a lesser extent, the	There is sufficient interest to separate out this activity. It is	Ticket sales will be used to generate as much revenue as possible.

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	Quality services and facilities Community pride Sustainable Council operations	individuals, both children and adults, senior adults, clubs and schools. These groups are identifiable and 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.	future users of the facility. Any significant capital developments and renewals will be funded from the depreciation reserves or loan.	swimming club, schools and user groups	considered necessary to keep these facilities separate from other facilities to clearly 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.	However, it is considered that pricing is sensitive. An increase in prices could have an 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.
<b>Talking Poles and Waikato River Trails</b>	Improved external image Community pride Cultural leadership.	Council considered that support of these projects conveyed positive public benefits. They are important for both district promotion purposes, and for the on-going recreational and arts and cultural enjoyment of residents. It is recognised that these projects primarily provide public benefits.	The benefits are for current and future communities. However, there is minimal or no capital expenditure and no significant inter-generational equity consideration 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 these activities, which are distinct from other activities. Council has an appropriate structure in place to allocate costs to this activity.	Council considered that the most appropriate effective, efficient and transparent method of funding the public good allocation was general rating revenue.
<b>Tokoroa Airfield</b>	Improved external image	It was considered that private use of Council property conveyed private	There are inter-generational equity issues with this activity.	Users, tenants and lessees have the ability to impact on the quality	The nature of this activity indicates that it should be accounted	Council noted that there were no issues of fairness and equity

	<b>Community outcomes</b>	<b>Distribution of benefits</b>	<b>Capital expenditure - period of benefits</b>	<b>Action/inaction by others</b>	<b>Costs and benefits of separating this activity</b>	<b>Funding conclusion</b>
	Quality services and facilities Community pride.	benefits. However, there is public good in maintaining a local airport.	Capital spending is funded from reserves and loan.	and standard of the facilities.	for separately. Council has appropriate systems in place to allocate costs to this activity.	which would alter the allocation of cost. This activity is, wherever possible, supported by rental income however rates funding is also justified due to the public good element.
<b>Tokoroa Council of Social Services</b>	Community pride Cultural leadership.	The beneficiaries of this activity are to those who use the Tokoroa Council of Social Services. Council considered that this service, closely related to the community support and grants function, was primarily engaged in providing a public benefit for the community and district as a whole. Council did recognise that in providing this service the flow-on effect could generate private benefits. However, the public benefit was dominant and came first.	There are no inter-generational equity consideration. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	The impact of others should be minimal.	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. Private benefit is recognised in a funding allocation from user fee rentals.
<b>Urban Connector</b>	Quality services and facilities Community pride	The benefits extend to those who use the service as they have greater number of transport options available to access the services and facilities that they need. The wider community benefits because community members	There are no inter-generational equity considerations. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.	The impact of others should be minimal.	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.	This activity will be funded 35% by General Rates, 35% by User Fees and 30% from New Zealand Transport Agency subsidy.

	Community outcomes	Distribution of benefits	Capital expenditure - period of benefits	Action/inaction by others	Costs and benefits of separating this activity	Funding conclusion
		have greater transport options to available to access employment, education etc.				
<b>Waste - Landfills and Refuse Disposal</b>	Well managed infrastructure Sustainable Council operations	<p>The disposal of solid waste conveys significant private benefits to ratepayers and residents, however the operation of environmentally sound landfill and 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. A high standard of landfill site management also assists in reducing environmental damage at the local and national level.</p> <p>Appropriate disposal methods and aftercare (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 landfill sites are the direct and largest group of beneficiaries of this service. On the basis of the exacerbator pays,</p>	There are inter-generational equity considerations with this activity. The landfills will require monitoring after closure. Capital spending will be met from reserves and loans, and Government grants when they are approved.	Users of landfill sites impact on this service. The level of recycling also impacts on this activity.	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.	Council will retain a 70% private benefit, 30% public good split.

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		Council considered that the largest portion of economic benefit accrued to this group.				
<b>Waste – Litter Collection</b>	Improved external image Quality services and facilities Sustainable Council operations.	While the service provides significant private benefits, particularly to property owners in the central business districts, there are huge public benefits in ensuring that litter is not left on the streets, roadsides and public places. There is also a requirement to maintain public health standards in the interests of the community at large.	There are no inter-generational equity considerations with this activity. The benefits are for the current communities.	Those who litter will impact on the cost of this activity.	Council considered that removing litter from public places and improving the image of the district is an essential service and therefore it is necessary to separate this activity. Council has an appropriate system in place to allocate costs to this activity.	Council considered that the most appropriate, effective, efficient and transparent method for providing funding for this activity is through general rating mechanisms.
<b>Waste - Refuse Collection</b>	Quality services and facilities Sustainable Council operations.	Individual property owners benefit from the collection of rubbish but there is also a public benefit in relation to protection of public health, as required by the Health Act 1956. The collection activity is primarily private.	There are no capital works. The benefits are immediate, with no inter-generational equity	The urban properties within the collection area will impact on the cost of this service. However, there are very different demands on the service depending on factors such as the number of people residing in a home, the level of waste generated, the use or non-use of commercial refuse collection alternatives, the use of composting initiatives within the property, the level of recycling, etc.	Council has decided to separate this activity due to its nature (collection) being different from the ultimate landfill disposal management. Council has an appropriate system in place to separately allocate the costs to this activity.	The refuse collection service should be funded on a user pays basis
<b>Waste – Recycling</b>	Quality services and facilities	Individual property owners benefit from the	There would be capital expenditure if Council provides a building for	The number of properties within the collection area will impact on the cost of	Council has decided to separate this activity due to its	Council has considered that the most practical means of funding this



	<b>Community outcomes</b>	<b>Distribution of benefits</b>	<b>Capital expenditure - period of benefits</b>	<b>Action/inaction by others</b>	<b>Costs and benefits of separating this activity</b>	<b>Funding conclusion</b>
	Community pride Sustainable Council operations.	collection of recyclable waste materials	the recyclables activity which would introduce some inter-generational equity considerations for this activity.	this service. However, there are very different demands on the service depending on factors such as the number of people residing in a home, the level of waste generated, the use or non-use of commercial refuse collection alternatives, the use of composting initiatives within the property, the level of recycling, etc.	nature (recycling) being different from refuse collection and landfill disposal management. Council has an appropriate system in place to separately allocate costs to this activity.	activity is through targeted rate mechanisms. This will assist in encouraging people to recycle rather than dispose to landfill.
<b>Wastewater</b>	Well managed infrastructure Sustainable Council operations Efficient Council operations.	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. 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	This activity has inter-generational equity considerations. Depreciation funding or loans are used for capital renewal work.	Users of the sewerage schemes impact on the provision of this service. The size of the network capacity relative to current population minimise the impact that growth in the near future may have on provision of this service.	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.	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.

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		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.				
<b>Water Supply</b>	Well managed infrastructure Sustainable Council operations Efficient Council operations.	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 connected to the supply.	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 rate reserves, loans and where possible, government funding are appropriate funding sources for capital work.	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. However, the high cost of installing and maintaining a metered service currently makes the proposal uneconomic.

## 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
<b>265/03</b>	10/07/03	Policy adopted
<b>235/04</b>	24/06/06	Policy amended/confirmed as part of Long Term Council Community Plan process
<b>291/05</b>	23/06/05	Policy amended/confirmed as part of Annual Plan process
<b>026/06 to 028/06</b>	31/06/06	Refuse Collection, Economic Development and Governance activity
<b>347/06</b>	10/07/06	Policy amended/confirmed as part of Long Term Council Community Plan process
<b>358/07</b>	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
<b>134/09</b>	28/05/09	Policy amended/confirmed as part of Long Term Council Community Plan process
<b>236/12</b>	28/06/12	Policy amended/confirmed as part of Long Term Plan 2012-22 process
<b>165/15</b>	18/06/15	Policy amended/confirmed as part of Long Term Plan 2015-25 process
<b>16/144</b>	16/06/16	Policy amended/confirmed as part of Annual Plan 2016-17 process
<b>18/80</b>	29/03/18	Policy amended/confirmed for consultation as part of LTP 2018-28 process