

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)
Next review date	2018
Review frequency	Three yearly, at the time of preparation of LTP, or more frequently if required
Approval authority	Council
Consultation required	Special Consultative Procedure
Record number	318777
Associated documents	The Long Term Plan, Annual Plan and financial policies

Policy Objectives

To provide funding mechanisms for the South Waikato District Council.

Principles

In performing its role, a local authority must act in accordance with the following principles:

1.	A local authority should: <ul style="list-style-type: none"> • Conduct its business in an open, transparent and democratically accountable manner • Give effect to its identified priorities and desired outcomes in an efficient and effective manner.
2.	A local authority should make itself aware of, and should have regard to, the views of all of its communities
3.	When making a decision, a local authority should take account of: <ul style="list-style-type: none"> • The diversity of the community and the community's interests, within its district or region • The interests of future as well as current communities
4.	A local authority should provide opportunities for Māori to contribute to its decision-making processes.
5.	A local authority should collaborate and co-operate with other local authorities and bodies as it considers appropriate to promote or achieve its priorities and desired outcomes, and make efficient use of resources
6.	A local authority should undertake any commercial transactions in accordance with sound business practices
7.	A local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region
8.	In taking a sustainable development approach, a local authority should take into account: <ul style="list-style-type: none"> • The social, economic and cultural wellbeing of people and communities • The need to maintain and enhance the quality of the environment • The reasonably foreseeable needs of future generations.

Definitions

Exacerbator: a person or event who contributes to the deterioration of a situation or to a cost that would not have eventuated had it not been for their actions.

Excludability: when a person is prevented from consuming or using the service.

Fees and Charges: fees charged to the community for use of specific services and facilities provided by Council.

Financial Year: Council's financial year runs from 1 July to 30 June the following year.

Infrastructural Assets: essential services such as water, stormwater, sewerage and roading. They also include associated assets such as pump stations, treatment plants, street lights and bridges.

Inter-generational equity (principle): many expenditure items have long service lives, eg infrastructural assets, community facilities. Current ratepayers should not be expected to fund the benefits future ratepayers will receive, so there is some degree of spreading the cost, eg loan raising and the use of Depreciation Reserves.

Local Government Act 2002: the key piece of legislation that defines the regulations and responsibilities for all local authorities, including the South Waikato District Council.

Uniform Annual General Charge (UAGC): a rate that is set under section 15 of the Local Government (Rating) Act 2002. The rate is assessed on every separately rateable property and the charge does not vary with the value of the property.

Background

1. Financial Management

A local authority must manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

A local authority must make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs of the local authority identified in those plans.

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

1. In relation to each activity to be funded:
 - The community outcomes to which the activity primarily contributes.
 - The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
 - The period in or over which those benefits are expected to occur
 - The cost and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
2. The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural wellbeing of the community.

2. Revenue and Financing Policy

A policy adopted under Section 102(4)(a) of the Local Government Act 2002 must state the local authority's policies in respect of the funding of operating expenses and capital expenses from the sources listed below:

- General Rates, including: choice of valuation system, differential rating and (Uniform Annual General Charge (UAGC)
- Targeted rates
- Fees and charges
- Interest and dividends from investments
- Borrowing
- Proceeds from asset sales
- Development contributions

- Financial contributions under the Resource Management Act 1991
- Grants and subsidies
- Any other source.

The sources referred to in Section 4.2.1 above are as follows:

The Revenue and Financing Policy must also show how the local authority has, in relation to the sources of funding identified in the policy, complied with Section 101(3) of the Local Government Act 2002.

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 and 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, Council considered and sought to reflect the following principles:

- Council activities - incorporating the principles of community outcome, patterns of benefits in public goods/general equity, the beneficiary pays principle, inter-generational equity and the exacerbator paying for negative effects they cause.
- Funding sources for each activity – ensuring that, in addition to a community outcome, there is fairness and equity, significant adjustment difficulties are balanced and comply with Council policy and are in the best interests of ratepayers and residents.
- Funding system for Council – the aggregation of funding for each activity is modified to take community wellbeing into account.

3.4 Rating System

The legislation provides for different ways in which to levy a general rate. However, there is no legislation that directs Council to favour one method over another. The key is to select a method that is effective, efficient and transparent for the district in allocating the cost of the general rate. The options available are:

- The Annual Value System requires valuations based on the rental value of property to be updated annually. This method is not considered suitable for a mixed rural/urban district. It is generally more applicable to a major city council.
- The Land Value System is used by a number of local authorities. The cost of rates is based on the value of land without taking into account the value of any improvements. Urban ratepayers expect to pay similar rates to their neighbours and, as such, land value rating might be seen to be more fair and equitable than the capital value system as the rate is based only on land value, not the improvements on this land. The contra argument to this approach is that the activities funded from the general rate are principally public goods and, as such, Council is levying a tax, not pricing services. Land value rating penalises owners of vacant urban property, or properties with modest improvements, and tends to shift the cost of the rates burden from urban property owners to rural landowners with much higher property values.

- The Capital Value System is easy to understand in that the total value placed on each property (land and improvements) should approximate a market value. As with the land value system, there are points for and against this system. There is the perception that the capital value system moves the rates burden from rural to urban property owners and, in addition, that it penalises commercial development, whether urban or rural.

3.5 Summary on 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 and certain targeted rates on a uniform basis (excluding water and sewerage charges) to 30% of the total rates revenue of Council.

The Uniform Annual General Charges and/or the Additional Unit Rate 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 Uniform Annual General Charge on each separate rating unit and an Additional Unit Rate on each separately used or inhabited part of a rating unit beyond the first.

By rating using these mechanisms Council is cognisant of the section 21 limit and will ensure that the rates that are set are within the requirements of that section.

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 tended to use 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
- Tirau 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.

Before considering the mechanics of differential rating, it is necessary to consider what reasons Council might have for introducing it and what purpose it might serve. Differential rating can be applied in a number of ways. It has been used to shift the incidence of rates away from residential properties and onto commercial and industrial properties. The reasons advanced in support of this are that:

- Businesses will be registered for GST and therefore the cost to the business of rates is the GST exclusive value, whereas residential ratepayers have to absorb the GST inclusive cost of rates
- For businesses, rates are a tax-deductible expense and therefore some part of the rate cost is met through reduced tax on business profits.

In considering these arguments, the following factors need to be taken into account:

- There may be some practical difficulty in identifying the properties used for commercial and industrial purposes. Within the district there will be a number of properties used both for commercial/industrial and residential purposes – notably farming properties – but also the properties of tradespeople operating from home. Into which category do they fall?
- Before a business can deduct the expense from its taxable income it must make a profit. The businesses within the district generally have to compete with businesses from outside the district and adding to their costs is likely to make them less competitive, to the detriment of the district as a whole.

Hence, the use of a differential rate weighted against industrial and commercial properties is not recommended.

Differentials have been employed by Councils to alleviate the consequence of major changes as between different categories of property upon revaluation. Similarly, differentials may establish proportions of rating revenue to be raised from categories of property irrespective of changes to valuations.

While such differentials may ease, but by no means eliminate the fluctuations in rates that occur upon property revaluations, such provision also assumes that the starting point was fair and reasonable and will remain so over time. Over time the risk is that differentials so employed may set anomalies in place as easily as remedy them.

A further use of differential rating is to try and define classes of property that consume a greater or lesser proportion of Council services and to use differentials to adjust rates accordingly. Theoretically this is an attractive proposition, but its implementation has a number of practical and conceptual difficulties. These include:

- To what extent is it reasonable to differentiate between properties for rating purposes? Ultimately all businesses and residents in the district are to some extent mutually dependent upon each other. Elaborate differentials allocating the cost of services from one section of the community to another ignore this inter-dependence.
- In many cases, the issue is not one of how much of any service a particular property or class of properties uses, but what is the cost of having or not having the service available for use.
- If this approach is considered, it also has to be determined how fine a level of distinction is to be drawn. Ultimately each property and/or its occupants use different levels of Council services, but it is not possible to identify that and set rates accordingly.
- If this system is to be applied, some objective method of measuring the level of service consumed by the various classes of property needs to be developed, eg, water meters. Otherwise the differentials applied are easily subject to arbitrary adjustment. At the same time any measurement method used would have to be administratively simple or the cost of administering the scheme would become excessive.

Council is open to considering ratepayers' submissions on differential rating where they can substantiate that the rate burden without a differential would be so anomalous as to be unreasonable, taking into account the dual nature of rates as both tax and service charge. **However, Council has been able to operate a rating system that appears to meet the requirements of the revenue and financing principles outlined previously, without resorting to differential rating, and is of the view that that situation has not materially changed.**

For this reason, Council will not set rates differentially.

3.9 Early Payment

Sections 54 and 55 of the Local Government (Rating) Act 2002 empowers Councils to accept early payment of rates.

Council no longer has a policy of applying early payment discounts to ratepayers.

The increase in interest received did not cover the cost of the discount provided by Council. Furthermore Council believes that the early payment discount favoured 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 generally used to the extent permitted by legislation to recover the private benefits associated with Council services, where it is administratively efficient to do so.

4.2 Financial Contributions

Council will seek financial contributions under the provisions of the Resource Management Act. Policy on this matter is set out in the District Plan and in our Financial Contributions Policy provided elsewhere in this 10 Year 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 in rare cases 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 2015

	General rating mechanisms (General Rate/UAGC/ Additional Unit Rate) %	Targeted Rates %	User Fees
Animal Control	40		60
Building Consents and Inspections	50		50
Business and CBD Promotion – Tokoroa and Putāruru		100	
Cemeteries	40		60
Community Advocacy, Grants and Support (including Visitor Centres)	100		
Community Governance (Tirau Community Board)		100	
Community Halls		95	5
District Governance	100		
District Promotion	100		
District Recreation	100		
Economic Development	100		
Emergency Management (civil defence and rural fire)	100		
Libraries	90		10
Parks and Reserves (including Sportsgrounds)	95		5
Pensioner Housing			100
Property Management	90		10
Public Toilets	95		5
Regulatory services (other than Animal Control and Building)	80		20
Resource Management (consent processing)	65		35
Resource Management (policy and monitoring, including environmental protection and monitoring)	100		
Roading (general roading activities)	100 (after subsidies)		
Roading (CBD upgrade loan)	100		
South Waikato Performing Arts Centre (The Plaza), and Tirau Hall	100 (after hireage income)		
South Waikato Sport and Events Centre	80		20
Stormwater		100	
Swimming Pools	80		20

	General rating mechanisms (General Rate/UAGC/ Additional Unit Rate) %	Targeted Rates %	User Fees
Talking Poles	100		
Te Waihou Walkway*	100		
Tokoroa Airfield	40		60
Tokoroa Council of Social Services**	80		20
Waste - Landfills and Refuse Disposal	30		70
Waste – Litter Collection	100		
Waste - Refuse Collection		55	45
Waste - Recycling		100	
Wastewater (Sewerage)		100	
Water Supply		100***	

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

6. Animal Control

6.1 Overview

The purpose of this service is to ensure that animals, predominantly dogs, do not become a nuisance to the community.

6.2 Reasons for involvement in the activity

Council is legally required to undertake this activity under the Dog Control Act 1996. The community identified the need for animal control including both dogs and straying animals.

6.3 Method of service delivery

This service is provided in-house. This is an area of key community interest. Contracting out this type of work may not meet customers' expectations and Council believes it can and does deliver a cost-efficient quality service. Monitoring and regulatory roles are a core competency of Council.

6.4 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry exist, but are not total. The other indicators include market failure, merit goods and exacerbator pays.

6.5 Funding decisions

Community outcome:

- A quality regulatory service

6.6 Distribution of benefits

The Owner

Council recognises its statutory requirement to maintain a register of dogs and that dog ownership is a private choice. The cost of registration is a private cost. 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.

The Community

The whole community benefits through dog control and registration, local and national education and stock control, and, more especially, through public safety and nuisance avoidance.

Offenders

This group includes dog owners with both registered and unregistered dogs and stock owners. The cost of investigating complaints, impounding dogs and stock and prosecution of offenders is, wherever possible, an exacerbator's cost.

6.7 Capital expenditure - period of benefits

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.

6.8 Action/inaction by others

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.

6.9 Costs and benefits of separating this activity

This activity is distinct from any other Council activity. Council has appropriate systems in place to allocate costs to this activity.

6.10 Funding conclusion

Council noted that much of the work of the animal control service related to dog ownership and that dog ownership was an individual's choice. This choice (an option value) conveyed a private benefit. For this reason Council considered 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.

Council considers that a combination of fees, charges and fines is the most efficient, effective and transparent way to fund the private benefit and exacerbator allocations.

Council has also determined that each rating unit should make a contribution towards the cost of the service in recognition of the public good element. Legislation requires Council to provide the animal control function and public safety is paramount.

General rating mechanisms	40%
User fees	60%

7. Building Consents and Inspections

7.1 Overview

The purpose of this service is to:

- Ensure that buildings are safe and sanitary, to protect property owners and residents and to maintain standards
- Maintain Building Consent Authority accreditation.

7.2 Reasons for involvement in the activity

The Council is legally required to undertake activities specified in various Acts, including:

- Building Act 2004
- Fencing of Swimming Pools Act 1987.

7.3 Method of service delivery

This service is provided in-house. This is an area of key community interest. Contracting out this type of work may not meet customers' expectations and Council believes it can and does deliver a cost-efficient quality service. Monitoring and regulatory roles are a core competency of Council.

7.4 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry exist, but are not total. The other indicators include market failure, merit goods and exacerbator pays.

7.5 Funding decisions

Community outcomes:

- Grow our economy
- A quality regulatory service
- Efficient Council operations.

7.6 Distribution of benefits

Where services provide independent certification that adequate standards have been met in the construction of a building, 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.

7.7 Capital expenditure - period of benefits

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.

7.8 Action/inaction by others

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.

7.9 Costs and benefits of separating this activity

The extent and regulatory nature of this activity makes it appropriate to make this a separate activity. Council has appropriate systems in place to separately allocate costs to this activity.

7.10 Overall impact on current and future wellbeing

This activity is primarily geared towards economic and social needs of current communities.

7.11 Funding conclusions

Council considered that 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 50% of the revenue required to operate the service. The public good element is to be funded from rates revenue.

7.12 The funding is:

General rating mechanisms	50%
User fees	50%

8. Business and CBD Promotion – Tokoroa and Putāruru

8.1 Overview

Business Promotion is involvement in the commercial areas of the urban communities. Council recognises that the buoyancy of the district's towns is dependent on the central business areas. Its focus is to provide assistance to the business communities through contracts.

The town centre businesses of Putāruru and Tokoroa, through their business promotion organisations, along with community organisations in Arapuni, Ttrau and Atiamuri, manage retail and other promotional programmes in their respective areas of interest.

The scope of activity undertaken benefits not only the immediate business area, but also the wider community. Council collects funds to finance the activities of the business promotion organisations through the rating system, both through a ward targeted rate and a targeted rate on the businesses involved. This complies with the Local Government (Rating) Act 2002. Support from business people for the collection of the targeted rate requires the approval of a strong majority of the ratepayers within the rateable areas concerned.

8.2 Reasons for involvement in the activity

During previous Long Term and Annual Plan processes, the community clearly identified economic development and promotion of the district as the first priority for Council spending outside its core activities.

The key objective is to attract new businesses to the district to increase employment and to slow the rate of population decline.

This will increase the wealth of the district for the benefit of the whole community. The CBD businesses, in recognition of the value they receive from the service providers, pay both the targeted rates in recognition of the direct benefits they receive.

8.3 Method of service delivery

The service is provided by contractors.

8.4 Principal indicators

Excludability and rivalry exist, but are not strong, as indicated in the allocation between private benefit and public good.

8.5 Funding decisions

Community outcomes:

- Grow our economy
- Improved external image
- Community pride.

8.6 Distribution of benefits

Council considered that the benefits from this service were both direct to the business people in the Putāruru and Tokoroa Central Business Districts, and of wider benefit to residents in the ward and visitors to the area, with no benefit to Ttrau.

8.7 Capital expenditure - period of benefits

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.

8.8 Action/inaction by others

Actions by business organisations in the commercial area will impact on the cost of this activity.

8.9 Costs and benefits of separating this activity

This activity has a clear focus on growing the local economy. The level of interest necessitates separate disclosure of the costs to the community. 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.

8.10 Overall impact on current and future wellbeing

This activity is primarily geared towards economic, social and cultural needs of current communities.

8.11 Funding conclusion

Council noted that both business promotion organisations for Putāruru and Tokoroa assist Council with community advocacy, liaison and the promotion of the district. For this reason, Council considered that the most effective, efficient and transparent method to fund this service is rates revenue.

8.12 The funding is:

Putāruru:

- Pride in Putaruru – 100% Ward based Targeted Rate on a uniform basis
- Mainstreet Putaruru - 100% Targeted Rate \$ of Capital Value within defined business promotion area.

Tokoroa

- Targeted (Ward) Rate on a uniform basis in CBD defined area.

9. Cemeteries

9.1 Overview

The purpose of this service is to ensure that appropriate burial facilities are readily accessible to all. The Council maintains cemeteries in Putāruru, Tīrau and Tokoroa.

The service consists of:

- Burial and placement service
- Cemetery maintenance
- Interment and placement record management.

9.2 Reasons for involvement in the activity

Council is required under the Burials and Cremations Act 1964 to establish and maintain cemeteries where sufficient provision is not otherwise made.

9.3 Method of service delivery

Because of the specialist nature of a cemetery and because it is generally not viewed as having commercial viability, private provision of this service has not occurred. Council therefore owns the cemeteries within the district. Delivery of service is contracted out as competitive markets for this work exist and it offers best value for money for Council. Administration and planning is undertaken by Council staff as there are synergies with other

public servicing functions, coupled with a public expectation for Council to directly control and manage this activity.

9.4 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry are the main features of this service. The other indicators include market failure, merit goods, existence values and option values.

9.5 Funding decisions

Community outcomes:

- Well managed infrastructure
- Quality services and facilities
- Sustainable Council operations.

9.6 Capital expenditure - period of benefits

There is little capital development work required for cemeteries. Funding is from current mechanisms. There are no significant intergenerational equity considerations.

9.7 Distribution of benefits

The service primarily provides a private benefit for the family and friends of the deceased who may live within or outside the district.

Most funeral costs are met by the estate or family of the deceased and represent a private benefit.

The cost of establishing and maintaining grounds, which are in the nature of a reserve and open to the general public, provides a public service. Small cemeteries require a disproportionate level of maintenance in relation to the revenue generated. Records of interment have a clear relationship to the history of the community and are public information.

9.8 Action/inaction by others

The number of plots required impacts on the level of service provided.

9.9 Costs and benefits of separating this activity

The nature of this activity indicates that it should be accounted for separately. Council has a structure that can allocate costs to this activity.

9.10 Overall impact on the current and future wellbeing

This activity is geared to meeting needs of current and future communities.

9.11 Funding conclusion

Council considered that 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. However, revenue is directly related to the number of interments and, therefore, support from the public purse needs to be flexible. As the cost of maintaining cemetery grounds generates public benefit, this part of the service is to be funded from rates revenue.

9.12 The funding for this service is:

General rating mechanisms	40%
User fees	60%

10. Community Advocacy, Grants and Support (including Visitor Centres)

10.1 Overview

Facilitation and advocacy are key leadership roles for Council. They are provided in accordance with the democratic process.

The key issues are facilitating and promoting events, programmes and information based on community wellbeing.

10.2 Reasons for involvement in the activity

Community advocacy and liaison

With Central Government increasingly stepping away from the provision of social services, the community has given Council a clear message that it has a role as an advocate to retain these services in the district. Recent work in this area includes advocacy over the retention of health services, and co-sponsorship and support for a number of community organisations.

Grants and community support

The grants and community support programme is designed to inject funds into areas where, for a small investment, a great deal of community benefit can be obtained. This also includes co-ordination and facilitation support where there is no other alternative.

Visitor Centres

Council has a key role in providing information about the district to visitors and residents. One way that Council does this is through providing Visitor Centres.

10.3 Method of service delivery

Community Advocacy and Liaison

This service is delivered directly by Council as it has a high level of inter-dependence with Council's governance function.

Grants and community support

Grants are disbursed to community groups. Co-ordination and facilitation activities are delivered through a combination of in-house and contract-for-service where the work area is not a core competency of Council.

Visitor Centres

Specific elements of service delivery such as tourism and visitor information services are delivered under contract.

10.4 Principal indicators

Excludability and rivalry exist but are not total. The other indicators include market failure, merit goods, option and prestige values.

10.5 Funding decisions

Community outcomes:

- Improved external image
- Quality services and facilities
- Community pride.

10.6 Distribution of benefits

The beneficiaries of this activity are those who receive the grant and other support. Council considered that this service, closely related to the Governance 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.

10.7 Capital expenditure - period of benefits

There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.

10.8 Action/inaction by others

The impact of others should be minimal.

10.9 Costs and benefits of separating this activity

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.

10.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards economic, social and cultural needs of current communities.

10.11 Funding conclusion

Council considered that the most effective, efficient and transparent method for funding this public good service was general rating mechanisms.

10.12 The funding is:

General rating mechanisms 100%

11. Community Governance (Tirau Community Board)

11.1 Overview

Community Boards and Advisory Committees are part of the Council's consultation process. Members provide a 'grass roots' advisory service concerning many issues relating to their community. Community Governance is shaped at a ward level. This currently only applies to the Tirau Ward.

11.2 Reasons for involvement in the activity

The role of a Community Board is to:

- Represent and act as an advocate for the interests of the community
- Consider and report on any matter referred to it by the territorial local authority and any issues of interest to the Community Board
- Make an annual submission to the territorial local authority on expenditure in the local authority
- Maintain an overview of services provided by the territorial authority within the community
- Communicate with community organisations and special interest groups in the community
- Undertake any other responsibilities delegated by the local authority.

11.3 Method of service delivery

Governance and advisory services are delivered by elected Board Members. Support for these functions is delivered by in-house services. This is regarded as a core competency by Council. The district has one elected Community Board. It represents and provides an advisory service to Council on behalf of the ratepayers and residents in the Tirau Ward. Residents of either the Tokoroa or Putāruru Wards may apply, within guidelines approved by statute, to be represented by either an elected Community Board or a Council-appointed Advisory

Committee. Funding for any future Community Board or Advisory Committee would be on the same basis as the existing Community Board.

11.4 Principal indicators

This is a non-excludable, non-rival, public service providing a public good.

11.5 Funding decisions

Community outcomes:

- Cultural leadership.

11.6 Distribution of benefits

Council decided that expenditure on this service was for the public good, but benefits are restricted to the ratepayers and residents within each ward served by the respective Boards. Council considered that all members of the community should have access to elected members.

11.7 Capital expenditure - period of benefits

There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.

11.8 Costs and benefits of separating this activity

This activity is distinct from other activities because it is the basis for local government – appropriate representation in decision-making. The level of public interest within this community necessitates the separate disclosure. Council has appropriate systems in place to allocate costs to this activity.

11.9 Overall impact on the current and future wellbeing

This activity is primarily geared towards economic, social, cultural and environmental needs of current communities.

11.10 Funding conclusion

The most appropriate funding source is a targeted ward rate. Council considered that the most appropriate, effective, efficient and transparent method of Governance and promoting community wellbeing was to charge for this service through a targeted ward rate.

11.11 The funding is:

Targeted Rate on a uniform basis (on each separate rating unit within the Tirau Ward) 100%

12. Community Halls

12.1 Overview

The purpose of this service is to provide public gathering and meeting places at appropriate community focal points throughout the district.

The South Waikato community halls are located at Arapuni, Puketurua, Tapapa, Upper Atiamuri and Waotu. The Lichfield Hall was destroyed by fire on 16 June 2000, and has been re-established in association with the Lichfield School Hall. The Okoroire Hall was demolished in 2011 and this hall district merged with Tapapa. Council receives a grant from Rotorua District Council towards the upkeep of the Upper Atiamuri Hall, and pays a contribution towards the upkeep of the Piarere Hall in the Matamata-Piako District. The Arapuni Hall is owned by the Crown and leased to Council at a peppercorn rental.

12.2 Reasons for involvement in the activity

The rural halls have been an important gathering place for rural communities over decades. They continue to be maintained and administered by Council, but the management of halls is the responsibility of the hall committees.

Halls continue to be an integral part of the smaller communities in the district. A number of halls have been built in recent years by other groups, some of which are available for use by the community.

12.3 Method of service delivery

These facilities cannot generate sufficient income to meet their costs. While the hall management is the responsibility of the respective communities of interest, ownership is in Council's hands. The significant public good associated with these facilities justifies ongoing community funding for the retention of halls.

12.4 Principal indicators

Excludability and Rivalry exist, but are not strong. The other indicators include external influences, market failure, merit goods, option, existence, bequest and prestige values and, to a minor extent, exacerbator pays.

12.5 Funding Decisions

Community outcomes:

- Quality services and facilities
- Community pride.

12.6 Distribution of benefits

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.

Community benefit is based on the wellbeing of members of the community who may wish to have such a facility available for social functions. Those people who live within a hall area have greater option values than those who live at a greater distance from a hall. In some instances the community hall is also a Memorial Hall or displays a memorial board honouring the memory of service personnel from that area. In many cases the community hall is a significant social focal point for the local community. On a district-wide basis, halls provide options for the community at large.

12.7 Capital expenditure - period of benefits

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.

12.8 Action/inaction by others

Direct users can have an impact on the standard and quality of facilities.

12.9 Costs and benefits of separating this activity

The level of interest in this activity warrants separate disclosure. Council has an appropriate structure in place to allocate the costs to this activity.

12.10 Funding conclusion

Council took into account the importance of community halls as the social focal point for communities (particularly rural). It also took into account its responsibility to act in the interests of its ratepayers, residents and community usage of the facility.

Council considered that 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.

12.11 Each hall to be funded in the range:

Targeted Rate on a uniform basis on each separate rating unit (within hall rating area) 95%

User Rental Income 5%

13. District Governance

13.1 Overview

The democratic process ensures ultimate oversight of the affairs of Council. It must ensure that procedures meet all statutory requirements and provide opportunities for participation by residents, stakeholders and community groups within the district. In terms of the Local Government Act 2002, Council must demonstrate that it is providing opportunities for Māori to contribute to Council decision-making processes.

A key responsibility is to ensure that information on Council's policies, plans and strategies are made available and that meaningful consultation occurs. Council has identified advocacy in respect of issues facing the district, as an important role.

13.2 Reasons for involvement in the activity

Council is a creature of statute and provided for under:

- The Local Government Act 2002
- The Local Government Official Information and Meetings Act 1987
- The Local Electoral Act 2001.

13.3 Method of service delivery

Governance services are delivered by an elected Mayor and Councillors. Support for these functions is delivered by in-house services. This is a core competency of Council. The community is represented by a district Mayor, elected at large, and ten Councillors, who are elected on a Ward basis. The cost of this function includes both the direct cost of Members undertaking their statutory roles and the cost of support services.

There are three elements of Governance under the Act. They are:

- Representing the community
- Setting policy
- Monitoring and review.

13.4 Principal indicators

This is a non-excludable, non-rival public service providing a public good.

13.5 Funding decisions

Community outcomes:

- All of the outcomes are applicable.

13.6 Distribution of benefits

Council recognises that district Governance is a pure public good. Individual residents and ratepayers cannot be excluded from receiving the benefit and there are no rival providers for this activity. 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.

13.7 Capital expenditure - period of benefits

There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.

13.8 Action/inaction by others

Action or inaction by others does not impact on the need to undertake this activity.

13.9 Costs and benefits of separating 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.

13.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards economic, social and cultural needs of current communities.

13.11 Funding conclusion

The most appropriate funding source was general rating mechanisms. Council considered that the most appropriate, effective, efficient and transparent method of Governance and promoting community wellbeing was to charge for this service through general rating mechanisms.

13.12 The funding is:

General rating mechanisms 100%

14. District Promotion

14.1 Overview

The overall aim of this activity is to improve the awareness and positive perceptions of the district, to attract investment, increase employment opportunities, and broaden the industrial and commercial rating base.

14.2 Reasons for involvement in the activity

The community has, through a number of community processes, identified promotion and economic development of the district as important priorities for Council spending outside its core activities. District promotion is a critical factor to ensure the economic success of the district and residents and ratepayers expect Council to play a lead role in this.

14.3 Method of service delivery

Council sees the co-ordination, public relations, facilitation and planning roles as its core competency with a high level of inter-dependence with other Council facilities. It therefore delivers this work with its own resources.

14.4 Principal indicators

Excludability and Rivalry exist, but are not total. The other indicators include external influences, market failure, merit goods, options, existence, bequest and prestige values and exacerbator pays.

14.5 Funding decisions

Community outcomes:

- Grow our economy
- Improved external image

- Community pride.

14.6 Distribution of benefits

Council considered that the promotion of the district, encompassing economic development and public relations, conveyed positive public benefits. This service is crucial to the continuing prosperity of the district. Council recognised that the service primarily provides public benefits but there are private benefit spin offs.

14.7 Capital expenditure - period of benefits

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.

14.8 Action/inaction by others

The involvement of the community can impact on the success or otherwise of this activity.

14.9 Costs and benefits of separating 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.

14.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards economic needs of the community.

14.11 Funding conclusion

Council considered that the most appropriate effective, efficient and transparent method of funding the public good allocation was general rating revenue.

14.12 The funding is:

General rating mechanisms 100%

15. District Recreation

15.1 Overview

Council provides for the co-ordination and facilitation of sporting and recreational opportunities within schools and the community at large. This is an important aspect in the promotion of sport and recreation as part of a healthy lifestyle.

15.2 Reasons for involvement in the activity

The community has given Council a clear message through Annual Plan processes that it has a role in the promotion of community wellbeing.

15.3 Method of service delivery

This service is delivered under contract to Council. Council is not properly resourced to adequately support the function, as it requires a high level of out of district networking and resource access.

15.4 Principal indicators

There are significant non-excludable and non-rival indicators for this service. The other indicators include market failure. The leaning towards public wellbeing is very strong.

15.5 Funding Decisions

Community outcomes:

- Community pride.

15.6 Distribution of benefits

There is significant public support and approval for this service. The indicators are those of public wellness in that the service is aimed at the promotion of community wellbeing participation, health and fitness. There is a high public benefit element.

15.7 Capital expenditure - period of benefits

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.

15.8 Action/inaction by others

The involvement of the community in this activity can impact on the success or otherwise of this activity.

15.9 Costs and benefits of separating this activity

Council's role in promotion of community wellbeing, as indicated by the community, makes it necessary to separate this activity. Council has a structure in place to allocate costs to this activity.

15.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards the social needs of current communities.

15.11 Funding conclusion

Council considered that the most effective, efficient and transparent method available for funding this public good service was general rating revenue.

15.12 The funding is:

General rating mechanisms 100%

16. Economic Development

16.1 Overview

The key aims of this service are to increase employment opportunities, attract investment and broaden the industrial and commercial rating base.

16.2 Reasons for involvement in the activity

The community has previously identified economic development and promotion of the district as important priorities for Council spending outside its core activities. The key objective is to retain and attract new businesses to the district to increase employment and to prevent population decline. Economic development is a critical factor to ensure the economic success of the district, residents and ratepayers expect Council to play a lead role in this.

16.3 Method of service delivery

Council retains in-house service delivery for policy, advice and management of the activity.

16.4 Principal indicators

Excludability and rivalry exist, but are not total. The other indicators include external influences, market failure, merit goods, options, existence and exacerbator pays.

16.5 Funding decisions

Community outcomes:

- Grow our economy
- Improve external image.

16.6 Distribution of benefits

Council considered that the promotion of the district, encompassing economic development and public relations, conveyed positive public benefits. This service is crucial to the continuing prosperity of the district. Council recognised that the service primarily provides public benefits but there are private benefit spin offs.

16.7 Capital expenditure - period of benefits

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.

16.8 Action/inaction by others

The involvement of the community can impact on the success or otherwise of this activity.

16.9 Costs and benefits of separating 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.

16.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards economic needs of the community.

16.11 Funding conclusion

Council considered that the most appropriate effective, efficient and transparent method of funding the public good allocation was general rating revenue.

16.12 The funding is:

General rating mechanisms 100%

17. Emergency Management (Civil Defence and Rural Fire)

17.1 Overview

The principal aim of this activity is to be prepared for natural hazards and emergencies. The service includes Civil Defence and a Rural Fire service.

17.2 Reasons for involvement in the activity

The Council is required to prepare and implement a Civil Defence Plan across the district under the Civil Defence Emergency Management Act 2002. The Council is also a Rural Fire Authority under the Forest and Rural Fires Act 1977. In addition to responsibility in the case of rural fires, Council is also responsible for the issue of fire permits during high risk periods and to ensure compliance with legislation.

17.3 Method of service delivery

Both Civil Defence and Rural Fire have a strong planning and coordination function. There is a regulatory component in the issue of fire permits. These functions are core competencies of Council and delivered by Council. Actual rural fire control is delivered under agreement both by the Fire Services Commission and private contractor. The South Waikato District Council Rural Fire Authority will be transitioning into the Pumicelands Enlarged Rural Fire District.

17.4 Principal indicators

Strong public good indicators. Rural Fire has some private benefit element. Non-excludability and non-rivalry are the principal but not exclusive features of Emergency Management. The other indicators include market failure, merit goods, existence values, option values and exacerbator pays.

17.5 Funding decisions

Community outcomes:

- A quality regulatory service.

17.6 Distribution of benefits

Civil Defence

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. Civil Defence is considered to have a high district and community benefit as the function is for the safety and wellbeing of all who live in the South Waikato.

The allocation of public good and wellbeing was assessed as 100%.

Rural Fire

This service has a high degree of public benefit in that it is associated with the protection of personal property and life. The benefit accrues primarily to both public and private property owners. All costs incurred in providing this service are deemed to be for the public good.

The allocation of public good was assessed as 100%.

It was noted that where there is an identified offender (being the fire starter rather than the beneficiary, if not the same person), they will be pursued to contribute to the cost of the fire-fighting service provided.

17.7 Capital expenditure - period of benefits

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.

17.8 Action/inaction by others

There is minimal impact from others through natural disasters, although fires may result from human intervention.

17.9 Costs and benefits of separating this activity

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.

17.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards environmental and community wellbeing needs of current communities.

17.11 Funding conclusion

Council noted that it did not intend to make charges for this service other than rural fire exacerbator fees. However, as exacerbator funding cannot be determined in advance, no percentage recognition of this source of revenue is to be included in this policy.

Council considered that the most effective, efficient and transparent method for funding these services was general rating revenues.

17.12 The funding is:

Civil Defence - General rating mechanisms 100%

Rural Fire - General rating mechanisms 100%

18. Libraries

18.1 Overview

Council provides a wide range of professional library services to meet the diverse recreational, educational, reading and information needs of the community. These services include but are not limited to large-print collections, Māori, Pacific Island and other ethnic collections, an audio visual collection, internet, inter-library loan services and a toy library. There is also a significant trend for libraries being used as community spaces. A core principle of public libraries is providing equal opportunity access to the whole community.

18.2 Reasons for involvement in the activity

There are no other potential providers of a total district public library service.

18.3 Method of service delivery

Historically, libraries were community organisations, taken over by local authorities due to public demand. Library services are provided directly by Council because of the high level of public good involved and little opportunity for commercialising the library operations. A facilities management contract is not considered tenable at this time because of the absence of a competitive market.

18.4 Principal indicators

Excludability and Rivalry exist, but are not total. The other indicators include externalities, market failure, merit goods, option, existence, bequest and prestige values and exacerbator pays.

18.5 Funding decisions

Community outcomes:

- Quality services and facilities
- Community pride
- Cultural leadership
- Efficient Council operations.

Distribution of Benefits

Council considers that a professional library service provides a mix of community, district and private benefits. The direct beneficiaries of a library service are borrowers, information seekers, community based groups, pre-school and school groups and users of services provided by the district libraries.

Council recognised that, in addition to private benefits, the library provides an educational service, considerable facilities for children, a service for people where English is a second language, and a place for the unemployed and the elderly. There is also a growing demand from community groups to use the libraries as a space to gather, increase awareness and share resources with the wider public. Additionally, schools and pre-school organisations such as kindergartens and Kohanga groups are using library resources to support their teaching and informational needs. Individually, customers are using the library for recreational and educational reading

and there is a growing demand for using the public internet computers for research, professional development, social networking and making use of escalating online activities such as banking, job applications and email. While there is minimal usage by commercial ratepayers, there are socioeconomic benefits for businesses in having modern infrastructure and services for their staff, both in terms of recruitment and retention.

18.6 Capital expenditure - period of benefits

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.

18.7 Action/inaction by others

Charges are levied to reflect misuse of library books and materials.

18.8 Costs and benefits of separating this activity

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.

18.9 Overall Impact on the current and future wellbeing

This activity is primarily geared towards the social and cultural needs of current communities.

18.10 Funding conclusion

Council's ideal allocation of cost to accommodate social concerns and equitable access to encourage, not discourage, use of the library is a mix of direct user charges and rates revenue.

Council considered that 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.

18.11 The funding is:

General rating mechanisms	90%
User Fees	10%

19. Parks and Reserves (including Sportsgrounds)

19.1 Overview

Council owns and/or manages approximately 240 hectares of parks, sportsgrounds, esplanades and gardens. The service includes enhancing the appearance of urban areas with street trees, flower beds and other soft landscaping.

The principal objective is to enhance and promote the physical and mental wellbeing of the district's residents and visitors alike, through the provision of open spaces and facilities for active and passive recreation. The Tokoroa Memorial Sportsground including (David Foote Park) is managed by the South Waikato District Council staff.

19.2 Reasons for involvement in the activity

Parks and reserves are vested in Council under the Reserves Act 1977. The Resource Management Act 1991 also provides a framework within which Councils can acquire land for reserves.

The South Waikato District Council makes provision for reserves along streams (esplanade reserves) to be established in some cases when subdivision is undertaken. Surplus reserve land, where possible, is either sold or leased. Where the right of access to parks and reserves is limited because it is either fenced or has dedicated facilities located on the land, Council charges a contribution for ground maintenance.

19.3 Historical precedent

Council has been in the business of providing facilities for the community for many years.

19.4 Community wellbeing

Council has adopted a role as being the significant provider of recreational facilities/services that provide community wellbeing. Sport supports the general health and welfare of the community. Most amateur clubs would be incapable of surviving if full costs of provision of sportsgrounds were to be recovered from them. The 'goodness' and 'wellness' of the community is dependent on the individuals of the community feeling good about them. Recreational activities and facilities raise the confidence and esteem of individuals and therefore facilitate the increased self-esteem of a community.

19.5 Community expectation

The community has developed an expectation that Council will provide gardens, parks, playgrounds, reserves and other facilities. Once Council provides a service, it is expected to continue.

19.6 Economic good

Recreational facilities contribute to the economy through commercial operations, tourism, visitors attracted for specific events, support to retailers and fundraising. Council's continued contribution will bring economic benefit to the district. A community that has attractive facilities becomes a more attractive place in which to invest, live and work.

19.7 Visual importance and beautification

Council provides recreational facilities to contribute to the visual beauty, prestige and civic pride of the district. Visually pleasing surroundings have an uplifting effect on the people within the community. The amenity value is important.

19.8 Method of service delivery

Council retains in-house service delivery for policy, advice and management of the function. Most service delivery associated with parks, reserves and sportsgrounds is supplied under contract.

As noted, ownership of the reserves is vested in Council. Given the statutory framework for these land parcels, sale and leaseback is not a practical option. Notwithstanding this, Council will seek to consolidate its reserves in order to minimise operational cost and maximise recreational and leisure opportunities for the South Waikato community. Reserve land not currently required for that purpose is, wherever possible, leased out, or the designation uplifted and the land sold.

19.9 Principal indicators

Excludability and rivalry exist, but are not total. The other indicators include externalities, market failure, merit goods, option, existence, bequest and prestige values and exacerbator pays.

19.10 Funding decisions: sportsgrounds

Community outcomes:

- Quality services and facilities
- Community pride.

Distribution of benefits

Sports grounds provide benefits to the community at large and to individuals. They are a major contributor to community wellbeing. However, it is difficult to identify users other than sports clubs/teams and other groups who have entered into a formal arrangement or lease with Council.

Capital Expenditure - period of benefits

Capital development will benefit future generations. Funding should be from depreciation reserves and loan funding.

Action/inaction by others

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.

Costs and benefits of this activity

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.

Overall Impact on the current and future wellbeing

The socio-economic status of the district affects the financial viability of sports clubs. There is a direct link between the social wellbeing of the community and active leisure activities. This activity is primarily geared towards social and cultural needs of current and future communities.

Funding Conclusion

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.

The funding is:

General rating mechanisms	95%
Admission Fees and other User Charges	5%

19.11 Funding decisions: parks and reserves

Community outcomes:

- Quality services and facilities
- Community pride.

Distribution of Benefits

Council noted that the provision of passive reserves, including parks, gardens and esplanades, enhanced the district's image and how visitors and residents feel about it. As Council provides free access to parks and reserves, it is impossible to either identify or exclude people from these facilities. Similar to sportsgrounds, the benefit includes the encouragement of health and fitness, enhancement of community amenities and contributes to public pride and general wellbeing.

Capital expenditure - period of benefits

Capital development will benefit future generations. Funding should be from current mechanisms and loan funding.

Action/inaction by others

Developers may impact on the level of service provided. However, there is minimal development to speak of.

Costs and benefits of separating this activity

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.

Overall impact on the current and future wellbeing

This activity is primarily geared towards environmental, social and cultural needs of current and future communities. There is a direct link between the social wellbeing of the community and active leisure, recreational activities.

Funding conclusion

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 minimal user charges.

Council considered that the most effective, efficient and transparent method available for funding the public good allocation was general rating mechanisms.

The funding is:

General rating mechanisms	95%
Admission Fees and other User Charges	5%

20. Pensioner Housing

20.1 Overview

Council is involved in the provision of housing for the elderly and low income earners because the market has not met this demand. Council's pensioner flats are located in Putāruru, Tīrau and Tokoroa. Rent is set to recover the cost of operation.

20.2 Reasons for involvement in the activity

There are an increasing number of retired people in the district. We provide a large number of pensioner housing units and there is good demand for this service as indicated by the high level of occupancy. A 1997 feasibility study undertaken by the Tokoroa Council of Social Services shows that a growing number of people would like to have the option of remaining in the district when they retire. At present there is a lack of alternative low-cost pensioner housing provided by other organisations. Council considers that it has a moral responsibility to provide this type of housing.

20.3 Method of service delivery

The management of the service is undertaken in-house with maintenance work largely undertaken by external contractors.

20.4 Principal indicators

Once a flat is let, the service is excludable and rivalry exists. The other indicators include market failure, merit goods, option, existence and prestige values, and exacerbator pays.

20.5 Funding decisions

Community outcome:

- Well managed infrastructure
- Community pride.

20.6 Distribution of benefits

Pensioner housing has a high degree of private benefit. The direct beneficiaries are the occupants and their family and friends. Other residents of the South Waikato receive an indirect benefit through the knowledge that the community has provided low-cost housing for the elderly, housing that they themselves may require in the years ahead.

20.7 Capital expenditure - period of benefits

Council believes that it has a social responsibility to continue to provide this service. 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.

20.8 Action/inaction by others

Actions of tenants may impact on the cost of providing these facilities if misuse occurs.

20.9 Costs and benefits of separating this activity

The Local Government Act 2002 defines pensioner housing as a strategic 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.

20.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards social and cultural needs of current communities.

20.11 Funding conclusion

Council decided that it does not seek a return on its investment in housing stock, but it does believe that the cost of operations and on-going maintenance should be fully funded from rental income.

Council believes that the most appropriate, effective, efficient and transparent method of funding this service is rental income.

20.12 The funding is:

Rental Income 100%

21. Property Management

21.1 Overview

This activity involves the management of a wide range of Council owned property. A number of these properties were operational assets of the boroughs and county that merged to form the South Waikato District. Some of the properties are held to carry out Council's principal activities and others will ultimately be sold. Upon its formation in 1989, Council inherited substantial areas of land, some of which have improvements by way of buildings. This portfolio has been progressively reduced as Council has disposed of assets not seen as important to its current operation, of no strategic importance for the future, or having contractual encumbrances.

Council directly manages this portfolio which is now relatively small and endeavours to achieve market rentals, where appropriate.

This activity includes the management of:

- Rental property (excluding day-to-day operations of pensioner housing).
- Leased land
- Historic sites
- Council depots
- Vacant sections
- Numerous miscellaneous properties
- Minor reserves.

Further sales of land and buildings will reduce this property portfolio.

21.2 Reasons for involvement in the activity

Council has inherited this property and needs to manage it. In some cases there will be an on-going operational need to retain property into the longer term, in other cases it will be disposed of.

21.3 Method of service delivery

The piecemeal nature of the portfolio means that it is not an attractive parcel of work to contract out. Given Council's desire to further sell off some of these assets, direct management using in-house services is considered the most appropriate means of service delivery.

21.4 Principal indicators

Mixed excludability, non-excludability and rivalry. Non-rivalry is the principal feature of this service. The other indicators include market failure, merit goods, existence values, option values and exacerbator pays.

21.5 Funding decisions

Community outcome:

- Quality services and facilities.

21.6 Distribution of benefits

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.

21.7 Capital expenditure - period of benefits

There are no significant inter-generational equity issues with this activity.

21.8 Action/inaction by others

Tenants and lessees have the ability to impact on the quality and standard of the facilities.

21.9 Costs and benefits of separating this activity

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

21.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards the economic needs of current communities.

21.11 Funding conclusion

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.

21.12 The funding for this service is:

General rating mechanisms	90%
User fees from rents	10%

22. Public Toilets

22.1 Overview

Council provides conventional public toilet facilities throughout the district in town centres, along the major travelling routes and in recreational locations.

In some cases these facilities complement those provided by the retail sector.

22.2 Reasons for involvement in the activity

Historically, Councils have provided public toilets. The provision of toilets assists in maintaining a high standard of public hygiene while, at the same time, providing for personal convenience. Public toilets have been built and acquired and are maintained in strategic locations in the district by Council. The maintenance of quality toilets along the main travelling routes can assist in the district's efforts to encourage people to stop and spend money in the district.

While toilets are provided by some businesses for their customers, eg hotels and service stations; they are not generally available for use by the public at large. Council provides funding to the Information Centre in Tīrau to assist in providing public toilet facilities.

22.3 Method of service delivery

Public toilets are specialist facilities that have no other alternative use. Therefore, Council ownership is considered most appropriate. Capital construction, significant maintenance and cleaning operations are all contracted out as this provides best value for money to ratepayers.

22.4 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry are the principal features of this service. The other indicators include market failure, merit goods, existence values and option values.

22.5 Funding decisions

Community outcomes:

- Improved external image
- Quality services and facilities.

22.6 Distribution of benefits

There are considerable public benefits relating to maintaining public health and eliminating nuisance issues and attracting visitors. Council's public toilets are located in retail areas, alongside the State Highways, or in public reserves. Public toilets on the main highway are for the use of both local residents and the travelling public, whereas those toilets away from the main highway are for the benefit of local residents and other people visiting the area, rather than in-transit travellers.

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.

22.7 Capital expenditure - period of benefits

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.

22.8 Action/inaction by others

Users have the ability to impact on the quality and standard of the facilities.

22.9 Costs and benefits of separating this activity

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.

22.10 Overall impact on the current and future wellbeing

This activity is geared towards environmental, social and cultural needs of current communities. Some minor economic benefits arise with provision of toilets to complement tourist facilities.

22.11 Funding conclusion

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.

22.12 The funding is:

General rating mechanisms	95%
User Fees	5%

23. Regulatory Services (Health, Liquor, Noise and Parking)

23.1 Overview

The purpose of this service is to:

- Provide health and licensing services
- Provide general protection to public health and safety.

23.2 Reasons for involvement in the activity

The Council is legally required to undertake activities specified in various Acts, including:

- Food Act 1981
- Health Act 1956
- Local Government Act 1974 and 2002
- Sale and Supply of Alcohol Act 2012
- Resource Management Act 1991.

23.3 Method of service delivery

Council provides day-to-day services in-house. This is considered a core competency of Council. The benefits of in-house service delivery are:

- The knowledge and research that is undertaken for this activity by employees of Council is retained and is easily passed on to other staff. Most of the knowledge is then contained in Council's records and systems. There is also a greater propensity for knowledge of things local.
- It is likely to be more economic and efficient to have in-house provision for much of this service.
- Improved integration between policy, licensing and monitoring by having the overview of the three sub-functions linked by in-house employees. The networking between local government officers, government agencies and elected members produces a strong synergy that would be lost if this function was provided externally.

23.4 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry exist, but are not total. The other indicators include market failure, merit goods and exacerbator pays.

23.5 Funding decisions

Community outcomes:

- Grow our economy
- A quality regulatory service
- Efficient Council operations.

23.6 Distribution of benefits

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.

There are also a small number of services from which it is not appropriate to levy a fee such as the investigation of infectious diseases. Council has a statutory responsibility to undertake this function and could not withhold the service from anyone unable to pay.

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.

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. For example, charges are imposed when stereos are confiscated by noise control.

23.7 Capital Expenditure - period of benefits

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.

23.8 Action/inaction by others

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.

23.9 Costs and benefits of separating this 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.

23.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards the social needs of current communities.

23.11 Funding conclusions

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 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.

23.12 The funding is:

General rating mechanisms	80%
User Fees and Charges	20%

24. Resource Management (Planning)

24.1 Overview

The purpose of this service is to:

- Promote the sustainable management of the district's natural and physical resources
- Process resource consents and provide environmental services in accordance with the Resource Management Act 1991.

24.2 Reasons for involvement in the activity

The Council is legally required to undertake activities specified in various Acts, including:

- Local Government Act 1974 and 2002
- Resource Management Act 1991.

24.3 Method of service delivery

Council provides day-to-day services in-house and uses consultants to provide the specialist advice required for some policy and monitoring activities. This is considered a core competency of Council. The benefits of in-house service delivery are:

- The knowledge and research that is undertaken for this activity by employees of Council is retained and is easily passed on to other staff. Most of the knowledge is then contained in Council's records and systems. There is also a greater propensity for knowledge of things local, particularly awareness of environmental issues that arise from time to time and a knowledge of community values and understanding of the importance placed on particular environmental issues.
- It is likely to be more economic and efficient to have in-house provision for much of this service.
- Improved integration between policy, consents and monitoring by having the overview of the three sub-functions linked by in-house employees. The process and procedures required for many consent activities are more efficiently performed by in-house staff through inter-departmental activity co-operation. The networking between local government officers, government agencies and elected members produces a strong synergy that would be lost if this function was provided externally.

24.4 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry exist, but are not total. The other indicators include market failure, merit goods and exacerbator pays.

24.5 Funding decisions

Community outcomes:

- Grow our economy
- Improved external image
- A quality regulatory service
- Efficient Council operations.

24.6 Distribution of benefits

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. The consent holder is granted permission to undertake an activity provided they meet certain standards.

There are also benefits to the users of the service for which a certificate or consent has been granted.

Another important part of consent work is providing information and advice to the public about the requirements of relevant legislation.

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 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.

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 planning.

24.7 Funding of capital projects

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.

24.8 Action/inaction by others

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.

24.9 Costs and benefits of separating this 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.

24.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards environmental and social needs of current communities.

24.11 Funding conclusions

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.

24.12 The funding is:

Resource management (Consent processing)

General rating mechanisms 65%

User Fees and Charges 35%

Resource management (Policy and monitoring, including environmental protection and monitoring)

General rating mechanisms 100%

25. Roding

25.1 Overview

The purpose of this function is to effectively and efficiently manage a safe district roading network. Unlike most rural areas of New Zealand, almost all the rural roads in the district are sealed.

25.2 Reasons for involvement in the activity

There is an on-going need for re-strengthening, widening and improving road shape, particularly on rural roads, due to increased traffic volumes, vehicle size and loads carried, along with increased road speed. Council continues to investigate all options available for working in co-operation with other local authorities to provide effective and efficient carriageway maintenance services. Council has taken a proactive role in the reduction of stock truck effluent spillages onto roads by establishing disposal sites. In addition, Council is actively identifying further sites for future development. Facilities for discharging wastes from camper vans have been provided in Tokoroa and Tīrau.

25.3 Method of service delivery

Ownership

There are no statutory provisions enabling the sale of the district roading network and therefore alternatives to Council ownership of the assets were not considered any further.

25.4 Asset planning and management

Council currently provides the asset management sub-function for roading with in-house professional staff through a business unit structure. In order to provide a critical mass of work to attract and retain staff and provide a full work programme, it is necessary to provide roading professional services in-house. These decisions have been made in accordance with New Zealand Transport Agency rules and have been subject to independent audit. As a small local authority, engineering staff are required to specialise in a number of engineering disciplines. Council requires a core engineering staff for this purpose. Roading is an integral part of this work.

25.5 Physical works

The 1995 amendment to the Transit New Zealand Act required Councils, over a period of three years, to subject their Transfund NZ subsidised roading maintenance programmes to the market through a contestable tendering process. At that time, Council undertook a full review to comply with this requirement.

Capital projects, which in the main are restricted to rehabilitation works, rural seal extension and urban kerb and channel with footpaths, are all designed by in-house engineers and constructed by private sector contractors using competitive tendering procedures as required by the NZTA.

Much of the rural roading was first sealed in the 1950's. Increased traffic volumes, vehicle size and loads carried, along with increased road speed and normal road deterioration, have resulted in the on-going need for re-strengthening, widening and improved road shape.

A high proportion of the annual roading programme attracts a significant government subsidy. Unsubsidised expenditure is associated with the provision and maintenance of carparks, footpaths, berms and miscellaneous road management issues.

The subsidy is provided from the NZTA and is sourced from road user charges, petrol excise tax and registration fees which can be viewed as user charges. Central Government sets the charges and allocates the funds. A portion of the funds raised from motorists is made available to provide and maintain local roads. State highways are fully owned, funded and maintained by Central Government agencies.

The cost of upgrading the central business districts of Putāruru, Tīrau and Tokoroa was financed by a combination of proceeds from the sale of Council assets, investment income, a separate annual uniform property charge and long-term debt. The CBD loan of \$2 million, part funded deferred repairs and maintenance and the cost of upgrading work to a standard that exceeded that in place before the CBD project commenced.

25.6 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry exist but are not total. The other indicators include market failure and merit goods. The exacerbator pays element is covered by fuel taxes received through NZTA subsidies.

25.7 Funding decisions

Community outcomes:

- Grow our economy
- Well managed infrastructure
- Sustainable Council operations
- Efficient Council operations.

25.8 Distribution of benefits

Central Government collects user charges from the motorist via petrol excise tax, road user charges and registration fees.

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 good element is predominantly about providing access and opportunity for use. However, further benefits accrue from providing access for pedestrians and cyclists, utility passageways and road safety issues.

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.

25.9 Capital expenditure - period of benefits

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.

25.10 Action/inaction by others

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.

25.11 Costs and benefits of separating this activity

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.

25.12 Overall impact on the current and future wellbeing

This activity is primarily geared towards economic, social and cultural needs of current communities.

25.13 Funding conclusion

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.

25.14 The funding for the net cost of this activity, after the receipt of subsidies, is:

Roading (General roading activities)

General rating mechanisms 100%

Roading (CBD Upgrade loan)

General rating mechanisms 100%

26. South Waikato Performing Arts Centre (The Plaza) and Tīrau Hall

26.1 Overview

Council owns the South Waikato Performing Arts Centre (The Plaza) in Putāruru. There is no other facility like this in the South Waikato, with its 520 seating capacity, nine bar fly tower and spacious stage areas.

Council owns the Tīrau Hall. While primarily serving the needs of the Tīrau community it is used to host events attracting use from the wider district and in some cases out of district visitors.

26.2 Reasons for involvement in the activity

Council provides these facilities as they encourage visitors to our district and they also promote arts and culture

26.3 Method of service delivery

Council contracts the day to day management and operations of the Theatre to the South Waikato Arts Trust. The operations of the Tīrau Hall are managed by a local Hall Committee.

26.4 Principal indicators

Excludability is the strongest indicator. Rivalry, merit goods and prestige value also exist and, to a minor extent, exacerbator pays.

26.5 Decisions

Community outcomes:

- Improved external image
- Quality services and facilities
- Community pride
- Cultural leadership

26.6 Distribution of benefits

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 Tīrau Hall provides a community facility able to be used for social and cultural purposes. Again, while the most direct beneficiaries are the 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.

26.7 Capital expenditure - period of benefits

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.

26.8 Action/inaction by others

Misuse by users can impact on the quality of these facilities.

26.9 Costs and benefits of separating this activity

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.

26.10 Impact on the current and future wellbeing

These activities are primarily geared towards the economic, social and cultural needs of current communities.

26.11 Funding conclusion

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 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.

26.12 The funding is:

General rating mechanisms (after recognition of hireage income) 100%

27. South Waikato Sport and Events Centre

27.1 Overview

The South Waikato Sport and Events Centre was opened in 2012. The Centre is comprised of a 1,600m² arena, large enough to accommodate two international sized netball courts, a 560m² flat floor space designed for gymnastics and sports such as karate and a two room function centre. The facility is used for a wide range of sporting, meeting and community purposes.

27.2 Reasons for involvement in the activity

The key reasons for constructing the South Waikato Sport and Events Centre are:

- Consolidation of venues to provide fewer venues of better quality, centrally located with co-ordinated management and catering for a wide range of activities and services
- Cost-efficiencies to the community through consolidated recreation support in fewer, better quality facilities
- Creation of a platform on which to build future high quality events from excellent facilities and management
- Development of a facility to anchor community pride
- To provide a high quality facility to support working people and retain population in Tokoroa by building needed social infrastructure.

27.3 Method of service delivery

The South Waikato Sport and Events Centre is managed by the Leisure Services Board, which is a sub-Committee of Council delegated wide powers to overview the management of the centre. The Leisure Services Board includes representatives of user groups and members of the district with a particular knowledge and passion for sports and events.

27.4 Principal indicators

Excludability is the strongest indicator. Rivalry, merit goods and prestige value also exist and, to a minor extent, exacerbator pays.

27.5 Funding decisions

Community outcomes:

- Improved external image
- Quality services and facilities
- Community pride
- Cultural leadership.

27.6 Distribution of benefits

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.

27.7 Capital expenditure - period of benefits

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.

27.8 Action/inaction by others

Misuse by users can impact on the quality of these facilities.

27.9 Costs and benefits of separating this activity

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.

27.10 Overall impact on the current and future wellbeing

These activities are primarily geared towards the economic, social and cultural needs of current communities.

27.11 Funding conclusion

Council has considered its allocation of district and community benefit in relation to these three facilities and to the other community cultural/leisure facilities provided throughout the district. Council has determined that these three facilities (Plaza, Tīrau Hall and SWSEC) 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. Council considers that the most efficient and transparent method available for funding the public good allocation of the South Waikato Sport and Events Centre is general rating mechanisms.

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%.

Council considered that the public good element (both district-wide and local community) should be funded from general rating revenue. This was felt to be an appropriate, effective, efficient and transparent way of funding the public good. Council considered that admission fees were the most appropriate, efficient, effective and transparent method of funding the private benefit.

27.12 The funding is:

General rating mechanisms	80%
Fees and Charges	20%

28. Stormwater

28.1 Overview

The purpose of this service is to manage public stormwater disposal systems.

Rates harmonisation schemes have been set in place for urban areas for water, stormwater and sewerage.

28.2 Reasons for involvement in the activity

Historically, Council has provided these services. It is a core function of a Council.

28.3 Method of service delivery

Management, supervision and policy advice is provided directly by Council. This is considered a core competency of Council.

Any works design is carried out by Council's professional staff who are favoured for works design because of their experience and local knowledge, enabling them to produce cost effective solutions.

The main urban areas of the district are serviced by a network of stormwater pipes which collect stormwater run-off and dispose of it into natural waterways. Most of the pipelines are of reinforced concrete, with a life expectancy of up to 100 years. The primary purpose is to minimise damage from flooding throughout the district.

Council maintains other rural drainage schemes as part of the roading network. Service standards are defined within adopted Asset Management Plans.

28.4 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry in the serviced areas is the main feature of this service. The other indicators include market failure, merit goods and options and existence values.

28.5 Funding Decisions

Community outcomes:

- Well managed infrastructure
- Sustainable Council operations

28.6 Distribution of benefits

Urban stormwater

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 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.

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. Council may construct public stormwater services on private property with the consent of the property owner and may require the property owner to contribute to the cost of construction and maintenance where there are benefits accruing to that property, recognising an element of exacerbator pays.

28.7 Period of benefit

There are inter-generational equity considerations especially within the urban environment related to public safety. Capital work will be funded by depreciation reserves and loan.

28.8 Action/inaction by others

Users of the scheme can impact on this activity.

28.9 Costs and benefits of separating 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 has appropriate systems in place to allocate costs to this activity.

28.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards environmental, social and cultural needs of current and future communities.

28.11 Funding conclusion

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 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.

28.12 The funding is:

Urban stormwater - Targeted rate 100%

29 Swimming Pools

29.1 Overview

Council owns and operates the district's indoor heated pool complex (South Waikato Indoor Pools) in Tokoroa and, during summer months, outdoor pools in Putāruru and Tīrau. These facilities provide a range of aquatic recreational opportunities that cater for the needs of all ages – from young children and their parents, youth, swimming clubs and school groups to retired people and individuals wanting exercise.

29.2 Reasons for involvement in the activity

Public swimming pools are traditionally provided by local government. Feasibility studies undertaken prior to the construction of the South Waikato Heated Indoor Pools established the need for a new pool at Tokoroa based on recreational trends, a demographic profile of the district, the identification of potential user groups and the catchment area.

29.3 Public wellbeing

Council has adopted a role of being the significant provider of recreational facilities/services to assist in generating public wellbeing in the community. The facility/services supports the general health and welfare of the community. There is a strong public good component for this work and no commercial provision of this service.

29.4 Community expectation

The community has developed an expectation that Council will provide certain facilities. Once Council provides a service, it is expected to continue.

29.5 Economic good

Recreational facilities contribute to the economy through commercial operations, tourism, visitors attracted for specific events, support to retailers and fundraising. Council's continued contribution will bring economic benefit to the district. A community that has attractive community facilities becomes a more attractive place in which to invest, live and work.

29.6 Community self-esteem

The 'goodness' and 'wellness' of the community is dependent on the individuals of the community feeling good about themselves. Recreational activities and facilities raise the confidence and esteem of individuals and therefore facilitate the increased self-esteem of a community.

29.7 Visual importance and beautification

Council provides recreation facilities to contribute to the visual beauty, prestige and civic pride of the district. Visually pleasing surroundings have an uplifting effect on the people within the community. The amenity value is important.

29.8 Method of service delivery

Swimming pools are purpose-built facilities. A private investor in such a facility would require both a return on capital and have to pay tax on profits. Because they are purpose-built facilities with no alternative use, returns sought on investment through leases is high. Council has therefore funded and provided these facilities. In a few areas, the private sector is now contracted to manage swimming pool complexes. No opportunities currently exist to do this in the South Waikato and it is doubtful that this service would be contracted out in Tīrau and Putāruru, where the swimming pools operate for only a few months of the year.

Council has a major investment in swimming pools. The South Waikato Indoor Pools, a heated indoor aquatic centre located in Tokoroa, is open extended hours for 363 days a year and offers a comprehensive programme of aquatic activities for all age groups. The other pools are located in Putāruru and Tīrau. They are outdoor, unheated and are open for public use during the summer months. Patronage of all pools is predominantly children and youth. However, an increasing number of adults are participating in the programmes being offered.

29.9 Principal indicators

Excludability and Rivalry exist, but are not total. The other indicators include externalities, market failure, merit goods, option, existence, bequest and prestige values and exacerbator pays.

29.10 Funding decisions

Community outcomes:

- Improved external image
- Quality services and facilities
- Community pride
- Sustainable Council operations

29.11 Distribution of benefits

The pools represent a major portion of Council's contribution to the district leisure infrastructure. The benefits provided are multiple.

The most direct beneficiaries are pool users. They include 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.

29.12 Capital expenditure - period of benefits

The South Waikato Indoor Pools complex is primarily for current and future users of the facility. Any significant capital developments and renewals will be funded from the depreciation reserves or loan.

29.13 Action/inaction by others

Swimmers impact on the cost of this activity and, to a lesser extent, the swimming club, schools and user groups.

29.14 Costs and benefits of separating this activity

There is sufficient interest to separate out this activity. It is 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.

29.15 Overall impact on the current and future wellbeing

This activity is primarily geared towards environmental, economic, social and cultural needs of current and future communities.

29.16 Funding conclusions

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 adverse effect on pools 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%.

Council considered that the public good element (both district wide and local community) should be funded from general rating revenue. 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.

29.17 The funding is:

General rating mechanisms	80%
Admission Fees	20%

30. Talking Poles and Waikato River Trails

30.1 Overview

Council puts funding into these activities as cultural and recreational activities for the enjoyment of local residents and as an attraction for out of district visitors. Council's role is involvement as a major funder in recognition of the significance of these projects to the community.

30.2 Reasons for involvement in the activity

These projects are significant in their amenity value to local residents and in their attraction for out of district visitors. Council uses both of these projects in district promotion materials. District promotion is a critical factor to ensure the economic success of the district and residents and ratepayers expect Council to play a lead role in this.

30.3 Method of service Delivery

From July 2015, the Talking Poles will be managed in-house by Council. The Waikato River Trails is managed by an external trust, because of the Trust's ability to leverage external funding.

30.4 Principal indicators

Strong public good indicators. Non-excludability and non-Rivalry are the principal features of this service.

30.5 Funding decisions

Community outcomes:

- Improved external image
- Community pride
- Cultural leadership.

30.6 Distribution of benefits

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.

30.7 Capital expenditure - period of benefits

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.

30.8 Action/inaction by others

The involvement of the community can impact on the success or otherwise of this activity.

30.9 Costs and benefits of separating 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.

30.10 Overall impact on the current and future wellbeing

These activities are geared towards both the economic needs of the community, and on-going social and cultural wellbeing.

30.11 Funding conclusion

Council considered that the most appropriate effective, efficient and transparent method of funding the public good allocation was general rating revenue.

30.12 The funding is:

General rating mechanisms 100%

31. Tokoroa Airfield

31.1 Overview

Council manages the Tokoroa Airfield. As well as being used for various aviation purposes there are other activities that take place in and around the airfield facilities that generate revenue, for example rental of hangar sites, use of the runway for driver training and drag car and go-cart racing, etc.

31.2 Reasons for involvement in the activity

Council's involvement in the airfield is long-standing with the land on which it is built being Council reserve land. Because of the nature and ownership of the land Council will be the long term owner and operator of the facilities.

31.3 Method of service delivery

Direct management using in-house services is considered the most appropriate means of service delivery.

31.4 Principal indicators

Generally there is excludability and rivalry.

31.5 Funding decisions

Community outcomes:

- Improved external image
- Quality services and facilities
- Community pride.

31.6 Distribution of benefits

It was considered that private use of Council property conveyed private benefits. However, there is public good in maintaining a local airport.

31.7 Capital expenditure - period of benefits

There are inter-generational equity issues with this activity. Capital spending is funded from reserves and loan.

31.8 Action/inaction by others

Users, tenants and lessees have the ability to impact on the quality and standard of the facilities.

31.9 Costs and benefits of separating 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

31.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards social and economic needs of current communities.

31.11 Funding conclusion

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 however rates funding is also justified due to the public good element.

31.12 The funding for this service is:

General rating mechanisms	40%
User fees	60%

32. Tokoroa Council of Social Services

32.1 Overview

Council has a role in supporting non-profit groups working in our community. One way of doing this is in providing them with facilities that they can use to conduct their business at low or no cost

32.2 Reasons for involvement in the activity

Community wellbeing is greatly enhanced by the work that various non-profit groups do in our communities. With Central Government increasingly stepping away from the provision of social services, the need has become even greater. Council has a leadership role in the community and encouraging and partnering with these groups clearly fits into that role.

32.3 Method of service delivery

Council leases and maintains the building for lease and use by various groups.

32.4 Principal indicators

Excludability and rivalry exist but are not total. The other indicators include: market failure, merit goods, option and prestige values.

32.5 Funding Decisions

Community Outcomes:

- Community pride
- Cultural leadership.

32.6 Distribution of benefits

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.

32.7 Capital expenditure - period of benefits

There are no inter-generational equity considerations. There is minimal or no capital expenditure and no significant inter-generational equity considerations for this activity.

32.8 Inaction by others

The impact of others should be minimal.

32.9 Costs and benefits of separating this activity

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.

32.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards the social and cultural needs of current communities.

32.11 Funding conclusion

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.

32.12 The funding is:

General rating mechanisms	80%
User fees	20%

33. Waste - Landfills and Refuse Disposal

33.1 Overview

Landfill operations

Council now has only one operational landfill site, located just outside Tokoroa which services the district. The closed landfills in Putāruru and Tīrau are subject to aftercare. A transfer station with greenwaste mulching is located in Putāruru serving the northern part of the district. All sites are managed in accordance with Council's Solid Waste Site Management Plans.

Hazardous waste disposal

Council provides basic facilities for the acceptance of normal domestic hazardous waste at the Putāruru and Tokoroa sites. Putāruru has facilities for waste oil, batteries, needles, and fluorescent tubes. Tokoroa has facilities for normal household chemicals, paint, waste oil, batteries, needles, and fluorescent tubes. Commercial, industrial and agricultural wastes are not accepted.

33.2 Reasons for involvement in the activity

Council has historically been involved in the provision of landfill operations and refuse disposal for public health and safety reasons. The Local Government Act 2002 empowers Councils to be involved in these activities. There are no other publicly available landfills available in the district and Council retains an advantage while it has a landfill inside the district. Council has a significant investment in retaining a landfill site represented by the volume of landfill available under its Resource Consent.

33.3 Method of service delivery

Council views its landfill and transfer stations as important community assets and will retain ownership for the foreseeable future. The landfill is managed under facilities operations contract by an independent contractor. In addition, Council promotes environmental policies such as recycling and green waste mulching.

33.4 Principal Indicators

Non-excludability and non-rivalry exist. The other indicators include externalities, market failure, merit goods and options and existence values.

33.5 Funding Decisions

Community outcomes:

- Well managed infrastructure
- Sustainable Council operations.

33.6 Distribution of benefits

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. 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.

Users of landfill sites 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.

33.7 Capital expenditure - period of benefits

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.

33.8 Action/inaction by others

Users of landfill sites impact on this service. The level of recycling also impacts on this activity.

33.9 Costs and benefits of separating 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.

33.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards economic and environmental needs of current and future communities.

33.11 Funding conclusion

Council will retain a 70% private benefit, 30% public good split.

33.12 The funding is:

General rating mechanisms	30%
User Fees and Charges	70%

34. Waste – Litter Collection

34.1 Overview

The service ensures that there are adequate litter collection arrangements in public places and that litter bins are properly maintained and emptied. This includes general litter collection from kerb and channels, some road

berms and water tables. There has been increasing expenditure to deal with 'illegal dumping' and cars illegally abandoned on roadsides.

34.2 Reasons for involvement in the activity

Historically, Council has provided these services. Much of the on-going work is contracted out on a competitive tendering basis. Council is involved in the provision of utility services for public health and safety reasons. The Local Government Act 2002 empowers Councils to be involved in these activities. In the litter control area, the Litter Act 1979 empowers Councils to appoint Litter Control Officers and undertake litter control.

34.3 Method of service delivery

Litter collection is undertaken entirely by external contract. This has been determined as being the most cost effective form of service delivery.

34.4 Principal indicators

Strong public good indicators, non-excludability and non-rivalry are the main features of this service.

34.5 Funding decisions

Community outcomes:

- Improved external image
- Quality services and facilities
- Sustainable Council operations.

34.6 Distribution of benefits

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.

34.7 Capital expenditure - period of benefits

There are no inter-generational equity considerations with this activity. The benefits are for the current communities.

34.8 Action/inaction by others

Exacerbators of litter will impact on the cost of this activity.

34.9 Costs and benefits of separating 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.

34.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards environmental and social needs of current communities.

34.11 Funding conclusions

Council considered that the most appropriate, effective, efficient and transparent method for providing funding for this activity is through general rating mechanisms.

34.12 The funding for the recovery of costs incurred to collect litter is:

General rating mechanisms 100%

35. Waste - Refuse Collection

35.1 Overview

Council provides a weekly kerbside refuse and fortnightly kerbside recyclable collection service for defined areas (mostly urban) in Arapuni, Putāruru, Tīrau and Tokoroa.

35.2 Reasons for involvement in the activity

Historically, Council has provided this service. Much of the on-going work is contracted out on a competitive tendering basis.

Council is involved in the provision of refuse collection services for public health and safety reasons and the promotion of waste minimisation. The Local Government Act 2002 empowers Councils to be involved in these activities.

35.3 Method of service delivery

Refuse collection and the collection of recyclable items is undertaken by external contractors. This has been determined as providing best value for money for the community. The service is provided for urban residential and commercial properties. Rural property owners make their own arrangements for refuse collection and disposal.

35.4 Principal indicators

Strong private good indicators. Excludability and rivalry in the collection areas are the main features of this service.

35.5 Funding decisions

Council considered that this service provided a small, but important, element of district and community benefit. Benefits include:

- Maintaining public health standards, vermin control and the community image
- Promotion of waste minimisation initiatives.

35.6 The direct beneficiaries of this service are the properties in the collection area.

Community outcomes:

- Quality services and facilities
- Sustainable Council operations.

35.7 Distribution of benefits

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.

35.8 Capital expenditure - period of benefits

There are no capital works. The benefits are immediate, with no inter-generational equity.

35.9 Action/inaction by others

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.

35.10 Costs and benefits of separating this activity

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.

35.11 Overall impact on the current and future wellbeing

This activity is primarily geared towards the environmental needs of current communities.

35.12 Funding conclusion

In the previous 10 year plan Council proposed that due to the very different demands of residents on this service, and to encourage recycling and other waste management initiatives, that the refuse collection service should be funded on a user pays basis. This proposal attracted significant interest during the special consultative procedure. After considering the submissions Council resolved to not make any changes to the current system at this time, reverting the 10 year plan back to the status quo of ratepayer funded refuse bag distribution. The review of the Waste Management and Minimisation Plan has indicated a change to user pays refuse bags which will include their disposal costs, and for the collection cost to be covered by a rate.

35.13 The funding is:

Targeted rate on a uniform basis	55%
User Charges	45%

36. Waste – Recycling

36.1 Overview

Council provides a fortnightly kerbside recyclable collection service for defined areas (mostly urban) in Arapuni, Putāruru, Tīrau and Tokoroa. There are also recycling bins located at several sites including Waotu, Okoroire, Tīrau, Tokoroa, Tokoroa landfill and the Putāruru transfer station which are cleared regularly by a contractor.

36.2 Reasons for involvement in the activity

Historically, Council has provided this service, for much the same reasons as it has also provided a weekly refuse collection service. The collection work has been contracted out on a negotiated tendering basis with the South Waikato Achievement Trust.

Council is involved in the provision of the service for public health and safety reasons and for the promotion of waste minimisation. The Local Government Act 2002 empowers Councils to be involved in these activities.

36.3 Method of service delivery

The review of Waste Management and Minimisation Plan would see the collection service undertaken by external contractors and the recyclables delivered to and processed by the South Waikato Achievement Trust. The Council has invested in custom built building to accommodate the recyclables processing. The kerbside collection service is largely provided for urban residential and commercial properties. Some rural property owners are able to use this service but others use the rural service that is mentioned above.

36.4 Principal indicators

Strong private good indicators. Excludability and rivalry in the collection areas are the main features of this service.

36.5 Funding decisions

Council considered that this service provided an increasingly important element of district and community benefit. Benefits include:

- Maintaining public health standards, vermin control and the community image
- Promotion of waste minimisation initiatives.

The direct beneficiaries of this service are the properties in the kerbside collection areas but all residents benefit from the service to some degree.

Community outcomes:

- Quality services and facilities
- Community pride
- Sustainable Council operations.

36.6 Distribution of benefits

Individual property owners benefit from the collection of recyclable waste materials 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.

36.7 Capital expenditure - period of benefits

There would be capital expenditure if Council provides a building for the recyclables activity which would introduce some inter-generational equity considerations for this activity.

36.8 Action/inaction by others

The number of 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.

36.9 Costs and benefits of separating this activity

Council has decided to separate this activity due to its 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.

36.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards the environmental needs of current communities.

36.11 Funding conclusion

Council has considered that the most practical means of funding this activity is through targeted rate mechanisms. This will assist in encouraging people to recycle rather than dispose to landfill.

36.12 The funding is:

Uniform rate across the district mechanisms 100%

37. Wastewater (Sewerage)

37.1 Overview

Council owns and operates four urban reticulated sewage collection and treatment systems. Rates harmonisation schemes have been set in place for urban areas for water, stormwater and sewerage.

37.2 Reasons for involvement in the activity

Historically, Council has provided these services. Council is involved in the provision of utility services for public health, environmental and safety reasons. The Local Government Act 2002 empowers Councils to be involved in these activities. Much of the on-going major maintenance and capital work is contracted out on a competitive tendering basis.

37.3 Method of service delivery

The assets and facilities associated with this service are all owned by Council with much of the reticulation network located on Council land, including reserves. Council believes that, because of the monopoly nature of the service and a high risk of failure, it should retain ownership of the sewerage assets. Capital works are all contracted out to external providers. Facilities operation is provided by Watermark, a Council Business Unit. This has proved to be a cost effective option, given the absence of alternative providers in smaller rural communities.

37.4 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry in the serviced areas are the main feature of this service.

37.5 Funding decisions

Community outcomes:

- Well managed infrastructure
- Sustainable Council operations
- Efficient Council operations.

37.6 Distribution of benefits

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 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.

37.7 Capital expenditure - period of benefits

This activity has inter-generational equity considerations. Depreciation funding or loans are used for capital renewal work.

37.8 Action/inaction by others

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.

37.9 Costs and benefits of separating this activity

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.

37.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards economic, environmental, social and cultural needs of current and future communities.

37.11 Funding conclusion

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.

Properties connected to the service pay the full charge and those that have the service available but do not use it pay a portion of that charge. Multiple charges (ie pan charges) are levied on non-residential properties. A scale of pan charges has been established to reflect the cost of sewage collection and the cost of sewage treatment. These charges are used as a proxy for a user charge as direct charging is administratively both impractical and inefficient.

A targeted rate on a uniform basis acts as a proxy for the private benefit and also for the public good element.

37.12 The funding is:

A 100% targeted rate on a uniform basis on separately used or inhabited parts of rating units. A scale of charges is applied to non-residential properties. Availability is charged at 50%.

38. Water Supply

38.1 Overview

The Council operates and maintains four urban and two rural water supplies.

The sources of water supply are artesian springs and deep bores. The Athol supply obtains bulk water from Carter Holt Harvey Limited, Kinleith. Rates harmonisation schemes have been set in place for urban areas for water, stormwater and sewerage.

38.2 Reasons for involvement in the activity

Historically, Council has provided these services. Council is involved in the provision of utility services for public health and safety including testing and/or water treatment. The Local Government Act 2002 empowers Councils to be involved in these activities.

38.3 Method of service delivery

The assets and facilities associated with this service are all owned by Council with much of the reticulation network located on Council land, including reserves. Council believes that, because of the monopoly nature of the service, and the high risk of failure, it should retain ownership of the water supply assets. Capital and major maintenance works are all contracted out to external providers. Facilities management and day-to-day operations work is provided by Council's Watermark Business Unit. This has proven to be a cost effective option given the absence of alternative providers in smaller rural communities. There is a public expectation that Council will provide this service.

38.4 Principal indicators

Strong public good indicators. Non-excludability and non-rivalry in the serviced areas are the main feature of this service. Other indicators include market failure, merit goods, option and existence values and exacerbator pays.

38.5 Funding decisions

Community outcomes:

- Well managed infrastructure
- Sustainable Council operations
- Efficient Council operations.

38.6 Distribution of benefits

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.

38.7 Capital expenditure - period of benefits

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.

38.8 Action/inaction by others

The users of the schemes impact on the provision of these services.

38.9 Costs and benefits of separating this activity

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.

38.10 Overall impact on the current and future wellbeing

This activity is primarily geared towards environmental, social and cultural needs of current and future communities.

38.11 Funding conclusion

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.

38.12 The funding is:

Targeted rate (including water meter charges) 100%

Also:

- That each serviced and separately used or inhabited portion of a property connected and using water, be charged a targeted rate on a uniform basis. The rate is to reflect the forecast cost of the service and the number of properties serviced
- That properties for which the service is available, but not connected, pay a targeted rate equivalent to 50% of the rate for connected properties
- Large commercial and high volume users of water are subject to both the uniform targeted rate and a metered water supply. This policy is also to apply to farm properties and lifestyle blocks connected to urban services.

39. Relevant Delegations

Any changes to this Policy require Council approval.

40. References and Relevant Legislation

Local Government Act 2002.

Local Government (Rating) Act 2002.

41. 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

Res No	Date	Subject/Description
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