

# Revenue and Financing Policy

## 1. Introduction

Section 102(1) of the Local Government Act 2002 requires the adoption of policies that outline how operating and capital expenditure for each activity will be funded. The policies are aimed at providing predictability and certainty about sources and levels of funding.

In deciding the most appropriate funding source for each activity Council has taken into account:

- the Community Outcomes to which the activity primarily contributes;
- the distribution of benefits between the Community as a whole and identifiable parts of the Community, and individuals;
- the period in or over which those benefits are expected to occur;
- the extent to which the actions or inactions of particular persons or a group contribute to the need to undertake the activity;
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the Community.

Note, Councils actual performance against the targets set in this policy may differ. As Council's aim is to maximize revenue from sources other than rates and also any changes in activity (especially in relation to resource consents and building consents) many activities may return better results than anticipated while others may return worse results. It is, however, Council's intention to meet these targets in terms of the long-term averages for each activity and as such Council's ability to amend this policy.

## 2. Funding Sources Available

### 2.1 General rates

General rates are used when there are general benefits to the District as a whole, where there is typically a high public benefit from the services funded from the rate, when Council considers the Community as a whole should meet the costs of those services, and when the Council is unable to meet its user charge targets. The General rate will fund both operating and capital expenditure for all activities other than those funded by Targeted rates or other revenue sources or funding mechanisms. All ratepayers are assessed (charged) a General rate, but this rate is set differentially, in order to set the rates in proportion to the relative benefits generated by Council's expenditure.

Council has decided to depart from the previous method of calculating the differentials from previously being a percentage of the total rate income to one where the Farming Categories will have a differential factor of 0.5.

Therefore the proportions of general rate are proposed to change as follows:

| <b>Category General Rate</b>      | <b>Current (Percent of rate income)</b> | <b>Proposed (Differential Factor) 2021/41</b> |
|-----------------------------------|---|---|
| Farming Categories                | N/A                                     | 0.5   |
| Rural                             | 25%                                     | N/A   |
| District Wide (excluding Farming) | 75%                                     | 1   |

- a. A District Wide Differential to apply to all rating units other than those in the farming category differential.
- b. The Farming Categories applies to rating units classified as Farming. These properties will be identified in the District Valuation Roll (“DVR”) using the “property Category” codes from Appendix F of the Rating Valuation Rules 2008(LINZS30300), promulgated by the Valuer General. Those categories are;
  - “A” arable
  - “D” Dairy
  - “F” Forestry
  - “H” Horticulture
  - “P” Pastoral
  - “S” Specialist livestock

The General rates set in each of the categories based on land value.

The Farming Differential has been established because the incidence of rates based on the higher farming land value base would mean a disproportionate level of rates being attributed to rural agricultural rating units. Rates are a tax on land values. Farming properties have large land areas and therefore high land values and would bear more than their fair and equitable share of the rates if not modified by a differential.

Council is not setting a Uniform Annual General Charge (under section 15 of the Local Government (Rating) Act 2002 (“LG(R)A”) preferring instead to set Targeted rates as fixed amounts for Libraries, Representation and Governance, Solid Waste and Swimming Pools (refer below).

## 2.2 Targeted Rates

Targeted rates are set to cover, in a transparent manner, the operating and capital expenditure for the following major activities. Targeted rates are used when Council considers that transparency is important, or where location or the method of rating make the use of a Targeted rate more appropriate, fairer, and more equitable.

| <b>Activity</b>                      | <b>Rating Area</b>   | <b>Rating Method</b>                      |
|--------------------------------------|--|---|
| Solid Waste                          | District wide where by all rural rating units pay 20% and all urban rating units pay 80% of the net solid waste costs. | (Separately Used or Inhabited Part) SUIPs |
| Water Supplies                       | District wide on all connected properties. Availability charge to those rating units that are able to be connected.    | SUIPs and metered supply where applicable |
| Wastewater                           | District wide on all connected properties. Availability charge to those rating units that are able to be connected.    | SUIPs                                     |
| Land Transport (Roads and Footpaths) | District wide.   | Capital Value                             |
| Libraries and                        | District wide.   | SUIPs                                     |

|   |                     |               |
|---|---------------------|---------------|
| Community Centres                       |                     |               |
| Representation and Community Leadership | District wide.      | SUIPs         |
| Stormwater                              | Urban rating units. | Capital Value |
| Aquatic Centre                          | District wide.      | SUIPs         |

Council has decided to disestablish the differential on the Land Transport (Roads and Footpaths) Targeted rate which was previously in place to provide benefit to businesses to encourage them to establish and remain within the district.

The differential has been disestablished because recent rating valuation increases negated any “benefit” the business differential previously had.

## 2.3 Fees and Charges

Fees and charges are set to recover the costs from users of Council facilities where there is a high private benefit accruing to those individuals or users groups.

In a small number of cases it is also possible and appropriate to recover the private benefit of capital expenditure (e.g. water connections, sewer connections, and subdivision infrastructure).

## 2.4 Interest and Dividends

The interest earned from the investment of special funds is added to those special funds, to help fund future expenditures.

Dividends and other interest earnings are used to offset General rates rather than being used to fund particular expenditures.

## 2.5 Borrowing

Borrowing is used primarily to fund capital expenditure where other sources of funding are not available or not appropriate, in order to spread the incidence of the expenditure over both current and future beneficiaries. Policies in relation to borrowing are presented in the Liability Management

Policy. Loan servicing costs are (both internal and external borrowing) borne by the activity requiring the loan funding.

Borrowing will be used to fund operational costs only in the following circumstances;

1. To smooth rating increases where a substantial and unexpected change in costs would increase rates above the rates increase limits set out in the Financial Strategy.
2. To fund Operational projects over 10 years for projects like district plans and strategic planning documents that plan for a 10 year or more time period.
3. To reduce rates in a year where a major disaster (natural or otherwise) has had an impact on the local economy and where Council wishes to reduce the rate as a way to stimulate the economy.

## 2.6 Proceeds from Asset Sales

The proceeds of asset sales are primarily used to reduce or avoid borrowing. This is to strengthen Council's Balance Sheet and to create capacity to respond to future growth opportunities.

## 2.7 Development Contributions and Lump Sum Contributions

The Council is proposing to reintroduce Development Contributions Policy and from 1 July 2021.

Contributions may be negotiated through private developer agreements. Council may set financial contributions (under the Resource Management Act 1991) to assist with the costs of providing infrastructure for developments and providing for the recreational needs of the community. Council may set Lump Sum contributions under the Local Government (Rating) Act 2002 where infrastructural improvements have been requested or necessary to existing ratepayers.

## 2.8 Grants and Subsidies

Most grants and subsidies are primarily sourced from Central Government and are typically related to specific activities. Council seeks to maximize the opportunity and ensure use is made of grants and subsidy funding whenever and wherever they are available:

- a. Roading subsidies are tied to specific operating and capital expenditures;
- b. Petrol tax distributions are used to offset the Land Transport Targeted rate; and
- c. Other grants and subsidies tend to be tied to particular expenditures, for relatively small sums, and of insecure tenure according to the policies of Central Government.

## 2.9 Reserves

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest. Council holds 15 reserves, with four being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that Council may put the funds towards. The remaining Council created reserves are discretionary reserves which the Council has established for the fair and transparent use of monies. Reserve balances are not separately held in cash and the funds are managed as part of Council's treasury management.

## 3. Funding of Operating Expenses

The Council's policies and practices as regards to the funding of its operating expenses are set to ensure that the policies comply with applicable legislation and generally accepted accounting practice, and after consideration of the matters set out in section 101(3) of the Local Government Act 2002.

In general terms it will use a mix of revenue sources to meet operating expenses, the major sources being rates, grants and subsidies, and fees and charges.

**The following sources of funding are used to finance operating expenses:**

| <b>Activity Group</b>                   | <b>General Rates</b>                                | <b>Targeted Rates</b>                                      | <b>Grants and Subsidies</b> | <b>Reserves</b> | <b>Fees and Charges</b> | <b>Borrowing</b> |
|---|---|--|-----------------------------|-----------------|-------------------------|------------------|
| Regulatory Services                     | ✓   |  |                             | ✓               | ✓                       | ✓                |
| Community Infrastructure                | ✓   |  | ✓                           | ✓               | ✓                       | ✓                |
| Community Facilities                    |   | ✓<br>Library and<br>Community Centres,<br>Aquatics Centres | ✓                           | ✓               | ✓                       | ✓                |
| Land Transport<br>(Roads and Footpaths) |   | ✓  | ✓                           | ✓               |                         | ✓                |
| Water Supply                            |   | ✓  |                             | ✓               | ✓                       | ✓                |
| Wastewater Disposal                     |   | ✓  |                             | ✓               | ✓                       | ✓                |
| Solid Waste                             |   | ✓  | ✓                           | ✓               | ✓                       | ✓                |
| Stormwater                              |   | ✓  |                             | ✓               |                         | ✓                |
| Property                                | ✓   |  |                             | ✓               | ✓                       | ✓                |
| Community Support                       | ✓   |  | ✓                           | ✓               | ✓                       | ✓                |
| Representation and Community Leadership | ✓<br>Strategic Planning<br>and District<br>Planning | ✓  |                             | ✓               |                         | ✓                |

#### 4. Funding of Capital Expenditure

The Council's policies and practices as regards to the funding of its capital expenditure are set to ensure that it complies with applicable legislation and generally accepted accounting practice.

In general terms it will use a mix of funding sources to meet capital expenditure, the major sources being rates, reserves, and borrowing.

The following sources of funding are used to finance capital expenditure in the order of preference shown:

1. The first source of financing capital expenditure will always be third party sources that relieve the burden on ratepayers generally. These are not commonly available, but would include any government subsidies for water and wastewater schemes, and third party donations, development contributions, financial contributions lump sum contributions and Special Purpose Vehicles (SPVs) under the Infrastructure Funding and Financing Act 2020.
2. The second source considered will be asset sales. Such sales will be applied firstly to the activity to which the asset is attributed to. This may also result in early repayment of any borrowing relating to this activity. However, Council is setting up an Economic Development Trust which may be involved in selling non-core property assets and utilising the funds for economic development activities and growth initiatives and projects.
3. The third source considered will be rates. This reflects a prudent propensity on the Council's part to ensure that special purpose reserves are only utilised on a selective basis on relatively significant works in the context of long-term planning, rather than on minor works

over a shorter term, and a prudent reluctance to increase loan indebtedness unless necessary.

4. The fourth source considered will be reserves, and in particular funds that may be held for larger capital works in specific activities. Examples include water, wastewater, road and property works financed from the Foxton Beach Freeholding Account, cemetery extensions financed from the Capital Projects Fund and vehicle purchases financed from the Plant Depreciation Fund.
5. The final source considered for the financing of capital expenditure will be borrowing. This reflects a prudent reluctance to increase loan indebtedness unless necessary. Although it is the last option considered, the Long Term Plan (LTP) provides for substantial new borrowing to achieve an element of intergenerational equity in the financing of a range of major capital expenditure works. Loan funding is also used for infrastructural asset renewals where the rate generated reserves are inadequate due to the level of renewals in any one year.

| <b>Activity group</b>                   | <b>General Rates</b> | <b>Targeted Rates</b>                                | <b>Grants and Subsidies</b> | <b>Reserves</b> | <b>Borrowing</b> | <b>Development/Financial Contributions</b> | <b>Lump Sum Contributions</b> |
|---|----------------------|--|-----------------------------|-----------------|------------------|--|-------------------------------|
| Regulatory services                     | ✓                    |  |                             | ✓               | ✓                |  |                               |
| Community Infrastructure                | ✓                    |  | ✓                           | ✓               | ✓                | ✓  |                               |
| Community Facilities and Services       |                      | ✓<br>Library, Community Centres and Aquatics Centres |                             | ✓               | ✓                | ✓  | ✓                             |
| Land Transport (Roads and Footpaths)    | ✓                    |  | ✓                           | ✓               | ✓                | ✓  | ✓                             |
| Water Supply                            |                      | ✓  | ✓                           | ✓               | ✓                | ✓  | ✓                             |
| Stormwater                              |                      | ✓  |                             | ✓               | ✓                | ✓  | ✓                             |
| Wastewater                              |                      | ✓  | ✓                           | ✓               | ✓                | ✓  | ✓                             |
| Solid waste                             |                      | ✓  |                             |                 | ✓                | ✓  |                               |
| Property                                | ✓                    |  |                             | ✓               | ✓                |  |                               |
| Community support                       | ✓                    |  |                             | ✓               | ✓                |  |                               |
| Representation and Community Leadership |                      | ✓  |                             | ✓               | ✓                |  |                               |

## 5. Depreciation Reserves

Depreciation reserves have generally been funded from rates (or other funding from a surplus within the activity in any particular year). Depreciation reserves are only used to fund replacements and renewals of operational and infrastructural assets.

## 6. Funding Allocations between Ratepayers and Users

### 6.1 Regulatory Services

#### 6.1.1 Resource Consent Applications

Processing applications within the confines of the Resource Management Act (“RMA”) 1991 and the Horowhenua District Plan.

Matters that must be considered under the Local Government Act (“LGA 2002”).

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Stunning Environment” Community Outcome is supported by this service as it involves managing development within the confines of the District Plan and the RMA.   |
| <b>Who Benefits</b>             | <p>The benefits are primarily a private good. Planning consents are undertaken within the confines of the RMA. The guiding principle, as stated in section 2 of the RMA is “to promote the sustainable management of natural and physical resources”. In the RMA sustainable management is defined as “managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic and cultural wellbeing and for their health and safety”.</p> <p>It is possible to directly charge the primary beneficiaries i.e. the applicant. The wider public however also benefits since they are protected from “unsustainable practices” and have the opportunity to participate in the decision making process either via the District Plan development or the notification process.</p> <p>The wider public also benefit from this activity as it helps to protect high class soils which are a national asset.</p> |
| <b>Period of Benefit</b>        | At the time the consent is processed.   |
| <b>Whose acts create a need</b> | The applicant for resource consent benefits the most directly from resource consent, although the public at large also benefits in certain instances.   |
| <b>Separate funding</b>         | A large degree of private benefit makes user charging feasible.   |
| <b>Funding Source</b>           | Public good - General rate: 30% - 40%<br>Private Benefit - Fees and Charges: 60% - 70%  |
| <b>Rationale</b>                | Although primarily a private benefit the RMA exists to protect the wider environment for the benefit of all residents   |

### **6.1.2 Resource Management Policy and Enforcement, District Plan, Strategic Planning**

The development and review of a Strategic Plan and District Plan and enforcement of the district planning consent as required by the RMA.

Matters that must be considered under the LGA 2002.

|  |   |
|--|---|
| <b><i>Community Outcomes</i></b>       | The “Stunning Environment” and “Exuberant Economy” Community Outcomes are supported by means of enabling growth while managing development of the District within the confines of the District Plan and RMA.  |
| <b><i>Who Benefits</i></b>             | All residents are given the opportunity to participate in realising the future of the District via the development of Strategic and District Plans.<br>The activity contributes to a well organised Community and a sustainable environment in which all residents have the opportunity to participate in formulating the desired outcomes. |
| <b><i>Period of Benefit</i></b>        | This activity should be funded over the life of the District Plan and Strategic Plan. Public enquiry and enforcement should be funded in the year the work was carried out.   |
| <b><i>Whose acts create a need</i></b> | Those who create the need for enforcement. However, the enforcement action protects the wider Community by enforcing consent conditions.  |
| <b><i>Separate funding</i></b>         | No private benefit exists from this activity.   |
| <b><i>Funding Source</i></b>           | Public good - General rate: 100%<br>Private Benefit: 0%   |
| <b><i>Rationale</i></b>                | This activity is strategic in nature and is primarily involved in setting strategic goals and enabling growth while protecting the environment for the benefit of the wider Community. The activity also aids in public understanding and compliance with the RMA.  |

### 6.1.3 Building Consents

The provision of services as required under the Building Act 2004 and associated legislation. To ensure that building work undertaken in the District is done with an approved consent and inspection process that ensures standards are met.

Matters that must be considered under the LGA 2002.

|  |  |
|--|--|
| <b><i>Community Outcomes</i></b>       | The “Thriving Communities” and “Exuberant Economy” Community Outcomes are supported as everyone needs to be able to assume that the buildings in the District are not dangerous or unsanitary.   |
| <b><i>Who Benefits</i></b>             | It is possible to directly charge the primary beneficiaries i.e. the applicant. The wider public however also benefits since they are protected from “unsustainable practices” and poor building practices especially in relation to commercial buildings. Potential buyers of property benefit from surety around previous work undertaken. |
| <b><i>Period of Benefit</i></b>        | At the time the permit is processed.   |
| <b><i>Whose acts create a need</i></b> | The applicant for building permits benefits the most directly from the permitting process.   |
| <b><i>Separate funding</i></b>         | A large degree of private benefit makes user charging feasible.  |
| <b><i>Funding Source</i></b>           | Public good- General rate: 10% - 20%<br>Private Benefit - Fees and Charges: 80% - 90%  |
| <b><i>Rationale</i></b>                | Although primarily a private benefit the Building Act 2004 exists to protect the wider Community from poor building practices.   |

#### **6.1.4 Building Policy, Accreditation, Public liaison**

The provision of services as required under the Building Act 2004 and associated legislation. To ensure that building work undertaken in the District is done with an approved consent and inspection process that ensures standards are met.

Matters that must be considered under the LGA 2002.

|  |  |
|--|--|
| <b><i>Community Outcomes</i></b>       | The “Thriving Communities” and “Exuberant Economy” Community Outcomes are supported as everyone needs to be able to assume that the buildings in the District are not dangerous or unsanitary.   |
| <b><i>Who Benefits</i></b>             | The wider public benefit since they are protected from “unsustainable practices” and poor building practices especially in relation to commercial buildings. Potential buyers of property benefit from surety around previous work undertaken. |
| <b><i>Period of Benefit</i></b>        | Over the period of the accreditation.  |
| <b><i>Whose acts create a need</i></b> | The economic activity that leads to the need for building permits activity to be undertaken and for the need for standards to be set.  |
| <b><i>Separate funding</i></b>         | No private benefit exists from this activity.  |
| <b><i>Funding Source</i></b>           | Public good - General rate: 100%<br>Private Benefit - Fees and Charges: 0%   |
| <b><i>Rationale</i></b>                | Although the building consenting activity is a private benefit, the Building Act 2004 and the accreditation process exists to ensure standards set by regulatory agencies are met to protect the wider Community from poor building practices. |

### 6.1.5 Health Licensing

To provide inspection and licensing of premises service to ensure hygiene and other regulatory standards are met for the health and safety of users.

Matters that must be considered under the LGA 2002:

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The “Thriving communities” Community Outcome is supported as Council will monitor and mitigate problems, nuisances, and threats to public health.  |
| <b>Who Benefits</b>             | The public benefit as the purpose of licensing is to enforce legal provisions under the Health Act and relevant Bylaws for the benefit of the wider public. It also gives users of premises surety around hygiene and food standards. The activity is a statutory requirement and the provision of the service provides direct health benefits to the Community. |
| <b>Period of Benefit</b>        | Over the period of the license.  |
| <b>Whose acts create a need</b> | Premises operators will incur direct costs in not complying and such costs should be passed on to them to ensure standards set are established and maintained. The cost incurred in obtaining a licence should also be borne to some degree by the Premises Operators.   |
| <b>Separate funding</b>         | A degree of private benefit to the premises operators makes user charging feasible.  |
| <b>Funding Source</b>           | Public good – General rate: 65% - 75%<br>Private Benefit - Fees and Charges: 25% - 35%   |
| <b>Rationale</b>                | The activity is serviced by specifically qualified staff with direct responsibility for licensing, inspections and work associated with enquiries and complaints in relation to public health matters for which the Council is responsible. The general ratepayer is the widest beneficiary of the service which is a statutory requirement.                     |

### 6.1.6 Dog and Animal Control

This Activity is undertaken to meet the Council's obligations under the Dog Control Act 1996 and associated legislation and Bylaws. It involves the provision of services in respect of animals, particularly dogs, for the general safety and wellbeing of the Community.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The "Thriving communities" Community Outcome is supported. The public has concerns about risks associated with dogs and wandering livestock e.g. can be dangerous to people, traffic and flora.                            |
| <b>Who Benefits</b>             | By legislation, dog owners are required to register their dog/s. Other residents benefit from dog and animal control services by having dog and stock rangers to ensure public safety. Any person may require the service. |
| <b>Period of Benefit</b>        | Over the period the service is rendered.   |
| <b>Whose acts create a need</b> | Animal owners, through the need to regulate for the care of those animals, and to protect the public from any health and safety issues caused by the keeping of those animals.   |
| <b>Separate funding</b>         | User charging for stock has proven ineffectual; the cost is not so significant as to warrant a separate rate.  |
| <b>Funding Source</b>           | Public good - General rate: 20% - 30%<br>Private Benefit - Fees and Charges: 70% - 80%   |
| <b>Rationale</b>                | Although primarily a private benefit, the Dog Control Act exists to protect the wider Community from errant dogs.  |

### 6.1.7 Parking Enforcement

This service exists to carry out the enforcement of parking restrictions that apply, including traffic safety policing but also ensuring vehicle car park turnover i.e. the public availability of parking.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The “Exuberant economy” Community Outcome is supported by ensuring that parking is made available for retailers in the Commercial Business District. |
| <b>Who Benefits</b>             | Shopkeepers ensuring parking turnover availability to their premises and the wider public by ensuring convenient car parking is available.           |
| <b>Period of Benefit</b>        | Continuously as wardens carry out their duties.  |
| <b>Whose acts create a need</b> | The errant motorist who overstays the permitted time.  |
| <b>Separate funding</b>         | Being predominantly self-funding there is no need for separate rating mechanisms.  |
| <b>Funding Source</b>           | Public good - General rate: 0 -10%<br>Private Benefit - Fees and Charges: 90 - 100%  |
| <b>Rationale</b>                | Predominantly funded from exacerbators.  |

### **6.1.8 Liquor Licensing**

As the District Licensing Authority, considering and approving or declining liquor licence applications.

Matters that must be considered under the LGA 2002.

|  |  |
|--|--|
| <b><i>Community Outcomes</i></b>       | The “Thriving communities” Community Outcome is supported by ensuring there are controls on availability and appropriate controls on the sale of liquor. |
| <b><i>Who Benefits</i></b>             | The wider public by ensuring that licensees are reliable and the public’s health and safety is maintained by compliance with the statutory standards.    |
| <b><i>Period of Benefit</i></b>        | Continuously as licenses are issued.   |
| <b><i>Whose acts create a need</i></b> | Licensee of clubs, premises etc, fees set by legislation.  |
| <b><i>Separate funding</i></b>         | Being of relatively small cost there is no need for separate rating mechanisms.  |
| <b><i>Funding Source</i></b>           | Public good - General rate: 60-80%<br>Private Benefit - Fees and Charges: 20-40%   |
| <b><i>Rationale</i></b>                | License fees are set by regulation and cannot be altered by Council.   |

### **6.1.9 Health and Liquor Policy and Public liaison**

The provision of services as required under the health and sale of alcohol legislation. This helps to ensure that Council is able to react to changes in legislation and policy and to enable public education and liaison.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The “Thriving communities” Community Outcome is supported as everyone needs to be able to assume that there are appropriate general and legislatively required policies in place to regulate health and liquor licensing activities. |
| <b>Who Benefits</b>             | The wider public.  |
| <b>Period of Benefit</b>        | As changes in legislation occur and public liaison occurs.   |
| <b>Whose acts create a need</b> | The need to educate the public and react to changes in legislation results in the public at large creating the need.   |
| <b>Separate funding</b>         | No private benefit exists from this activity.  |
| <b>Funding Source</b>           | Public good - General rate: 100%<br>Private Benefit - Fees and Charges: 0%   |
| <b>Rationale</b>                | This activity is entirely for the benefit of the public at large and should therefore be funded from the General rate.   |

### **6.1.10 General Inspection services**

Regulatory activities required to be provided for which the user generally cannot be identified e.g. Bylaw and Policy Reviews, Enforcement, Abandoned Vehicles, Noise, Litter, and Gaming Machine Venue consents).

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Thriving communities” Community Outcome is supported by ensuring a clean environment from litter, abandoned vehicles, noise etc.     |
| <b>Who Benefits</b>             | The wider public.   |
| <b>Period of Benefit</b>        | Continuously as the inspections and enforcement actions occur.  |
| <b>Whose acts create a need</b> | Offenders, noise, abandoned vehicles, litterers etc.  |
| <b>Separate funding</b>         | Being of relatively small cost there is need for separate rating mechanisms.  |
| <b>Funding Source</b>           | Public good - General rate: 100%<br>Private Benefit - Fees and Charges: 0%  |
| <b>Rationale</b>                | As it is not practicable to charge the exacerbators of the service which necessitates rating the general public through the general rate. |

## 6.2 Community Support

### 6.2.1 Emergency Management

To meet Council's obligation under the Civil Defence Emergency Management Act 2002 including provide access resources, co-ordinate support, and assist welfare and recovery measures in the Community in the case of an emergency.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The “Thriving communities” Community Outcome is supported by this activity. Preparing the Community under the 4Rs 'Readiness, Reduction, Response and Recovery'. Protecting life and property and removing potential fire hazards. |
| <b>Who Benefits</b>             | The emergency management activity is carried out for and on behalf of the public.  |
| <b>Period of Benefit</b>        | Continuously as the service is predominantly to ensure public education and preparedness.  |
| <b>Whose acts create a need</b> | In certain circumstances costs may be recovered from landowner where culpability exists.   |
| <b>Separate funding</b>         | Being of relatively small cost there is no need for separate rating mechanisms.  |
| <b>Funding Source</b>           | Public good- General rate: 100%<br>Private Benefit - Fees and Charges: 0%  |
| <b>Rationale</b>                | With emergency management there is limited ability to secure external funding except for minor annual subsidises on expenditure.<br>As a Community activity, fees and charges cannot be charged.                                   |

### 6.2.2 Community Grants and Funding

Grants for; maintenance of Community Halls, general grants, grants of \$10k to \$100k towards sporting, environmental or cultural developments of a capital nature, artistic and cultural products and events, Beach Wardens, one off grants, lifesaving and international representation.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Vibrant cultures” and “Thriving communities” Outcomes have been identified as being enhanced through the provision of Community grants funding.  |
| <b>Who Benefits</b>             | It is possible to identify those receiving the grants but to charge those people would defeat the purpose of making the grant. Only qualifying Community groups or individuals are eligible for grants. |
| <b>Period of Benefit</b>        | Continuously the grant pool is available and replenished each year.   |
| <b>Whose acts create a need</b> | None exist, unless the applicants themselves are considered exacerbators but to charge those people would defeat the purpose of making the grant.   |
| <b>Separate funding</b>         | Being of relatively small cost there is no need for separate rating mechanisms.   |
| <b>Funding Source</b>           | Public good - General rate: 100%<br>Private Benefit - Fees and Charges: 0%  |
| <b>Rationale</b>                | The activity should be funded as a true tax with no user charge element.  |

### 6.2.3 Community Development

The function of Council's Community Development activity includes coordination, facilitation and advocacy for Community organisations and it aims to improve the wellbeing of our Community. This activity includes the implementation of Council's Youth, Positive Ageing, Arts, Culture and Heritage, Education, Disability, and Pride and Vibrancy Action Plans.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The "Exuberant economy", "Thriving communities and "Vibrant cultures" Outcomes are being supported by the Community Development activity. |
| <b>Who Benefits</b>             | All residents and ratepayers of the Horowhenua District.  |
| <b>Period of Benefit</b>        | Immediate and ongoing, however, these benefits cannot be easily quantified. The effect of Council's expenditure is indeterminate.         |
| <b>Whose acts create a need</b> | None exist.   |
| <b>Separate funding</b>         | Being of relatively small cost there is no need for separate rating mechanisms.   |
| <b>Funding Source</b>           | Public good - General rate: 100%<br>Private Benefit - Fees and Charges: 0%  |
| <b>Rationale</b>                | The activity should be funded as a true tax with no user charge element.  |

#### **6.2.4 District Communications and Marketing**

These activities help keep residents and ratepayers informed of the Council's activities and promote Horowhenua as a valued destination to visit, work in, live in and play in. This function also supports Council's legislative requirements surrounding consultation and emergency management.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | All Community Outcomes are being supported as all areas of Council are supported by the provision of this function.        |
| <b>Who Benefits</b>             | All residents and ratepayers of Horowhenua District benefit from this activity as well as local businesses and industries. |
| <b>Period of Benefit</b>        | Ongoing, but difficult to quantify.  |
| <b>Whose acts create a need</b> | No specific acts create a need.  |
| <b>Separate funding</b>         | Being of relatively small cost there is no need for separate rating mechanisms.  |
| <b>Funding Source</b>           | Public good - General rate: 100%<br>Private Benefit - Fees and Charges: 0%   |
| <b>Rationale</b>                | The activity should be funded as a true tax with no user charge element.   |

### 6.2.5 Economic Development and Visitor Information

To fund a broad range of proactive strategies to encourage new investment and strengthen present industries to provide greater economic security for the District and lower levels of unemployment. There is a focus on encouraging downstream processing of primary produce.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Exuberant economy” and ”Thriving communities” Community Outcomes have been identified as being enhanced through the provision of this activity.  |
| <b>Who Benefits</b>             | The private benefit of providing assistance and advice is outweighed by the wider economic security of the District as a whole. The benefits are difficult to assign to any one industrial group or group of individuals. |
| <b>Period of Benefit</b>        | Costs incurred may have long term benefits. However, these benefits cannot be easily quantified. Increased economic activity is created from a number of factors. The effect of Council's expenditure is indeterminate.   |
| <b>Whose acts create a need</b> | None exist.   |
| <b>Separate funding</b>         | Relatively low costs suggest there is no particular need for separate funding to achieve greater transparency or accountability.  |
| <b>Funding Source</b>           | Public good - General rate: 100%<br>Private Benefit - Fees and Charges: 0%  |
| <b>Rationale</b>                | The activity should be funded as a true tax with no user charge element.  |

## 6.3 Community Facilities and Services

### 6.3.1 Library and Community Centres

The operational cost of Libraries and Community Centres throughout the District to provide for the social and cultural wellbeing of the Community.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Thriving communities” and “Vibrant cultures” Community Outcomes have been identified as being enhanced through the provision of this activity.   |
| <b>Who Benefits</b>             | The Libraries and Community Centres provide a research facility, and community services, that anyone can access. People are willing to pay for a library to ensure they have access even if they are not current users. Libraries are seen as core business and an essential service that needs to be preserved for the main urban centres of the Horowhenua District. Educational costs to other institutions such as universities and schools are lowered due to the resources held in the library. |
| <b>Period of Benefit</b>        | Benefits accrue in the year the costs are incurred. Capital expenditure will benefit future periods in line with resultant asset lives. The capital costs will be evenly allocated to operating expenditure over the life of the asset by use of loan interest and repayments costs and straight line depreciation costs.   |
| <b>Whose acts create a need</b> | Borrowers who retain items issued from the libraries beyond the loan period are exacerbators, since they are limiting access to other potential readers. Renewal and overdue fees are charged as well as the cost of lost books.  |
| <b>Separate funding</b>         | A Targeted rate would aid in the transparency and accountability to residents of the District. Through a Targeted rate using a fixed charge to every used or inhabited part of any rating unit across the District. Capital expenditure for the new facilities will be funded by loan with interest payments funded through the fixed charge rate. Book renewals, asset renewals, and loan capital repayments will be funded from the Targeted rate overtime.   |
| <b>Funding Source</b>           | Public good- Targeted rate: 75-85%<br>Private Benefit - Fees and Charges: 15-25%  |

## ***Library and Community Centres (continued)***

### ***Rationale***

A fixed charge rate better matches the benefit to individual households than a value based rate. High levels of user fees and charges have proven to be a barrier to participation and accessibility, especially among low income groups to which the service is targeted. Also the Local Government Act (LGA) 2002 has the following section.

Section 142 of the LGA 2002 - Obligation to provide free membership of libraries:

*"If a local authority or a council-controlled organisation provides a library for public use, the residents in the district or region are entitled to join the library free of charge."*

### 6.3.2 Passive Recreation Reserves, Urban Cleansing and Street Beautification

The provision of passive reserves, street cleaning, roadside rubbish bin collection and beautification of District streets.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Thriving communities” and “Stunning environment” Community Outcomes are enhanced by this activity.   |
| <b>Who Benefits</b>             | The general public benefits from this activity as the reserves tend to be available to all unless congested. However there are occasions where reserves are used to hold events where the public is charged entry. Ratepayers generally are prepared to pay for the option of using reserves for recreation while others would be prepared to pay rates to ensure the continued existence of reserves and for the collection of rubbish from roadside bins. Most Districts and towns of any size would be expected to have reserves. Some reserves are iconic and attract visitors from outside the District. Preservation of such reserves for future generations is worth paying for. |
| <b>Period of Benefit</b>        | Most reserves and roadside bins have been in existence for some time and only incur yearly operational costs. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years.  |
| <b>Whose acts create a need</b> | Vandals and those who dispose rubbish to road side bins are an exacerbator. However, the general Community, particularly those with children, that create the need for play equipment and facilities. Financial Contributions in the form of land will be used to provide esplanade reserves where subdivision developments occur adjacent to Priority Water Bodies identified in the District Plan.  |
| <b>Separate funding</b>         | A separate Targeted rate is probably not necessary as reserves and Roadside bins are generally located throughout the District and can be used by the public and visitors alike.  |
| <b>Funding Source</b>           | Public Good - General Rate: 95% - 100%<br>Private Benefit - Fees and Charges: 0% - 5%   |
| <b>Rationale</b>                | As reserves are able to be used by anyone and any charge or fee would limit accessibility and participation the general rate is the most appropriate method of funding passive reserves while the collection of fees from vandals those who use road side bins is impracticable.  |

### 6.3.3 Cemeteries

The provision of cemeteries is a legal obligation of Council.

Matters that must be considered under the LGA 2002.

|  |  |
|--|--|
| <b><i>Community Outcomes</i></b>       | The “Thriving communities” Community Outcome is enhanced by this activity.   |
| <b><i>Who Benefits</i></b>             | The whole Community benefits from the provision of a cemetery. Wider benefits accrue to public health providers as the costs to District Health Board's (DHB) would undoubtedly increase without the existence of cemeteries.  |
| <b><i>Period of Benefit</i></b>        | Most cemeteries have been in existence for some time and only incur yearly operational costs. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years. The provision of new concrete berms does not occur every year but are relatively immaterial in costs. |
| <b><i>Whose acts create a need</i></b> | The general public who die and create the need to provide cemeteries.  |
| <b><i>Separate funding</i></b>         | A separate Targeted rate is probably not necessary as cemeteries are generally located throughout the District and can be used by the public and visitors alike. Burial fees and plot charges will continue to be charged.   |
| <b><i>Funding Source</i></b>           | Public Good - General Rate: 50% - 70%<br>Private Benefit - Fees and Charges: 30% - 50%   |
| <b><i>Rationale</i></b>                | While cemeteries have a degree of private benefit, the true cost of burials has never been able to be collected as it would be too onerous for some families to bear the full cost.  |

### 6.3.4 Aquatic Centres (Swimming Pools)

The provision of safe and hygienic pools for recreation and sporting activities. Public swimming pools are located at Levin and Foxton. The Levin pool is available all year while the Foxton pool is available for summer period only.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The “Thriving communities” Community Outcome is enhanced by this activity.   |
| <b>Who Benefits</b>             | The public who use the facility, although people are prepared to pay for the option of using the service, while others are prepared to pay to ensure the pool's continued existence. Residents and visitors to the District are able to use the facilities. A wider health benefit accrues for use of the pools and increased public safety from learning to swim. |
| <b>Period of Benefit</b>        | Benefits accrue in the year the costs are incurred. Capital expenditure will benefit future periods in line with resultant asset lives. The capital costs will be evenly allocated to operating expenditure over the life of the asset by use of loan interest and repayments costs and straight-line depreciation costs.  |
| <b>Whose acts create a need</b> | Those who use the pool, swimming clubs, and learn to swim classes that are charged a fee for usage.  |
| <b>Separate funding</b>         | A Targeted rate would aid in the transparency and accountability to residents of the District. Through a Targeted rate using a fixed charge to every used or inhabited part of any rating unit across the District.<br>Capital expenditure will be funded by loan with interest payments funded through the fixed charge rate.                                     |
| <b>Funding Source</b>           | Public Good - Targeted Rate: 75% - 85%<br>Private Benefit - Fees and Charges: 15% - 25%  |
| <b>Rationale</b>                | Providing swimming pools are regarded as core business of Council. They are not self-funding. To charge the full cost of the facility to the users would dramatically impact on use and participation and deny accessibility by the public.  |

### 6.3.5 Sports Grounds

The provision of sports grounds that can be utilised by individuals and sporting organisations for the health and wellbeing of the Community. Sports grounds have a dual purpose in that they are available for passive and active recreation.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The “Thriving communities” Community Outcome is enhanced by this activity.   |
| <b>Who Benefits</b>             | Residents, sports people and groups, and visitors recognised sporting codes when booked for recognised events benefit from this activity. Most of the time they are available for passive recreation. The particular sporting codes where the grounds are specifically marked for a particular sport and cannot be used (other than passively) for any other sport especially when games are scheduled.  |
| <b>Period of Benefit</b>        | Most grounds have been in existence for some time and only incur yearly operational costs. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years.  |
| <b>Whose acts create a need</b> | Players and spectators, and those sporting codes that use the grounds and are charged a fee for usage.   |
| <b>Separate funding</b>         | The most efficient and transparent method of funding capital is through the general rate (depreciation charge) as it avoids debt and financial contributions.<br>Operational expenditure should be funded by all ratepayers. Rents and leases are arranged where there are opportunities to recover the private good component.  |
| <b>Funding Source</b>           | Public Good - General Rate: 95% - 100%<br>Private Benefit - Fees and Charges: 0% - 5%  |
| <b>Rationale</b>                | Providing sports grounds is regarded as a core business of Council. They are not self-funding and are used extensively for passive recreation. To charge the full cost of the facility to the users would dramatically impact on use and participation and deny accessibility by the public. The grounds are unavailable at peak times during the weekends but remain available during the week for passive recreational use. The funding mechanism reflects the fact that sports grounds are unavailable to the public at those peak times. |

### 6.3.6 Public Halls and Community Buildings (under direct Council management)

Incidental uneconomic property holdings that are being reviewed as to whether they should be held for some strategic reason or sold including but not limited to public halls, rental houses, the Levin town clock, the Surf Lifesaving buildings at Waitāreere Beach and Foxton Beach, Thompson House and adjacent Pottery Club building, and the Shannon Railway Station. This excludes Council’s Civic Building which is treated as an overhead and the costs are allocated against all activities.

Matters that must be considered under the LGA 2002.

|  |   |
|--|---|
| <b><i>Community Outcomes</i></b>       | The “Thriving communities” Community Outcome is supported by this activity.   |
| <b><i>Who Benefits</i></b>             | The Community at large benefits from the variety of halls and meeting venues throughout the District as well as the users of specific Community property assets. Council's involvement is largely historical.   |
| <b><i>Period of Benefit</i></b>        | Depreciation funding is used to cover cyclic maintenance. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years.  |
| <b><i>Whose acts create a need</i></b> | None identified a part from those organisations that use the facilities and are charged a rental for usage. As the size and composition of communities change so does the extent of the usage of the facilities.  |
| <b><i>Separate funding</i></b>         | The most efficient and transparent method of funding capital is through the General rate (depreciation charge) as it avoids debt and financial contributions.<br>Operational expenditure should be funded by all ratepayers. Rents and leases are arranged where there are opportunities to recover the private good component. |
| <b><i>Funding Source</i></b>           | Halls:<br>Public Good - General Rate: 85% - 100%<br>Private Benefit - Fees and Charges: 0% - 15%<br>Community Buildings:<br>Public Good - General Rate: 80% - 100%<br>Private Benefit - Fees and Charges: 0% - 20%  |
| <b><i>Rationale</i></b>                | These facilities are an integral part of the communities that they are located in. Attempts to recover higher levels of rental income from users would reduce usage dramatically which would be counterproductive in trying to foster usage.  |

### 6.3.7 Public Toilets

This activity provides for clean public toilets for the benefit of the District and travelling public.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | <b><i>The “Thriving communities” Community Outcome is supported by provision of public toilets.</i></b>   |
| <b>Who Benefits</b>             | The general public and Community as users, and possibly the retail shops in the vicinity. Although technically able to charge for use, most toilets are set up free of charge to ensure towns remain sanitary and healthy.  |
| <b>Period of Benefit</b>        | Depreciation funding is used to cover cyclic maintenance. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years.  |
| <b>Whose acts create a need</b> | None identified, apart from the users and possibly vandals.   |
| <b>Separate funding</b>         | The most efficient and transparent method of funding capital is through the General rate (depreciation charge) and financial contributions.<br>Operational expenditure should be funded by all ratepayers.  |
| <b>Funding Source</b>           | Public Good - General Rate: 100%<br>Private Benefit - Fees and Charges: 0%  |
| <b>Rationale</b>                | Not practicable or desirable to charge for the use of public toilets when usage is to be encouraged for the wider Community benefit.<br>Funding should be by General rate as the toilets are used by visitors to towns primarily which would include country residents as well as out of District residents. Town's folk gain benefit from the toilets aiding in keeping towns clean and sanitary. It could be argued that toilets could benefit shop owners in the CBD as when people stop to use toilets they quite often take a break and visit cafes etc. The benefit is not easily measurable and could be seen as negligible. |

## 6.4 Representation and Community Leadership

### 6.4.1 Representation and Community Leadership

All costs of operating the Council including those costs associated with elections and the Foxton Community Board .The ability of all residents and ratepayers to participate in the democratic process through the LTP, Annual Plan, Annual Report processes and the advocacy offered by Council on issues affecting our local Community.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The Outcome of “Thriving communities” is served by this activity.   |
| <b>Who Benefits</b>             | No one can legally be excluded from participating in the democratic process. All residents and ratepayers are identified as beneficiaries of this process.<br>No one can legally be excluded from the voting process. All residents and ratepayers are identified as beneficiaries of the electoral process.  |
| <b>Period of Benefit</b>        | Given that the costs are incurred year by year with no variation no intergenerational equity issues exist.<br>The costs of running an election are incurred once in every three years and will be smoothed over the remaining two years of each triennium.  |
| <b>Whose acts create a need</b> | None exist. The right to participate in the democratic process is universal.  |
| <b>Separate funding</b>         | All residents and ratepayers gain equal benefit regardless of the value attributable to their properties. Some residents may not even have property. As residents and ratepayers live in houses and often conduct their businesses from separate premises a rating mechanism that targets separately used or inhabited portions of a rating unit is more appropriate. |
| <b>Funding Source</b>           | Public good - Targeted Rate: 100%<br>Private Benefit - Fees and Charges: 0%   |
| <b>Rationale</b>                | A fixed charge rated based on separately used or inhabited portions of each rating unit over the whole District would be most appropriate.  |

## 6.5 Property

### 6.5.1 Commercial Property and Endowment property

This activity includes all commercially tenanted property within the District owned by Horowhenua District Council as well as the Endowment Property held at Foxton Beach.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Exuberant economy” and “Thriving Communities” Outcomes are supported through the provision of buildings for businesses to occupy.  |
| <b>Who Benefits</b>             | The tenants occupying the land and buildings, as tenants are excluded unless they have a current lease agreement. The rental space can only be occupied by one tenant at a time, the Community of Foxton beach as the Endowment monies are to be spent for the benefit of the people in Foxton Beach. |
| <b>Period of Benefit</b>        | Depreciation funding is used to cover cyclic maintenance. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years. All such costs to be funded from rents received or sale of land holdings.                                |
| <b>Whose acts create a need</b> | None identified, apart from the tenants themselves.   |
| <b>Separate funding</b>         | No separate funding mechanism is used other than rents and land sales.  |
| <b>Funding Source</b>           | Public Good - General Rate: 0%<br>Private Benefit - Fees and Charges: 100%  |
| <b>Rationale</b>                | Total private good to the leases.   |

### 6.5.2 Motor camps owned and/or operated by Council

This activity involves the provision of low cost holiday accommodation.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Exuberant economy” and “Thriving communities” Outcome are supported by this activity.  |
| <b>Who Benefits</b>             | The campers who are able to be charged for the space or facilities used or occupied. Or lessees who operate the Levin and Waitārere camping grounds.  |
| <b>Period of Benefit</b>        | Depreciation funding is used to cover cyclic maintenance. Any new facility would be loan funded and loan cost spread over future generations. Council has a maximum loan period of 25 years. All such costs to be funded from rents received. |
| <b>Whose acts create a need</b> | None identified, apart from the campers themselves.   |
| <b>Separate funding</b>         | No separate funding mechanism is used other than fees and charges.<br>Foxton Beach Holiday Park capital development may be funded from the Foxton Freeholding Fund.   |
| <b>Funding Source</b>           | Public Good - General Rate: 0%<br>Private Benefit - Fees and Charges: 100%  |
| <b>Rationale</b>                | Total private good to the campers or lessees of the camps.  |

## 6.6 Land Transport (Roads and Footpaths)

### 6.6.1 Land Transport

The Land Transport activity includes all roading activities that attract a government subsidy plus unsubsidised roading, footpaths, car parks, street cleaning and any main street developments.

Matters that must be considered under the LGA 2002.

|  |   |
|--|---|
| <b><i>Community Outcomes</i></b>       | The “Thriving communities”, “Exuberant economy” and “Enabling Infrastructure” Community Outcomes are enhanced through having a good land transport network.   |
| <b><i>Who Benefits</i></b>             | <p>All residents derive a benefit to access schools, their place of employment, and to pursue recreational and social opportunities. However, there is a high reliance on our network by businesses to enable them:</p> <ul style="list-style-type: none"><li>To maintain and carry their network assets (in the case of utility companies);</li><li>To enable customers to access their shops (in the case of businesses in CBD); and</li><li>To enable products to be delivered to markets (farmers and manufacturers).</li></ul> <p>Although primarily located in urban centres the footpaths and car parks are used by all residents and motorists. Most residents will pay for the roading network to enable recreational and business interests to be facilitated even if they currently have no need to use the network.</p> |
| <b><i>Period of Benefit</i></b>        | Any new roading development will be loan funded with loan charges recouped over time. However, most renewals are done in a cyclic manner where the costs are evenly spread year by year and will be funded from rates into available depreciation reserves.   |
| <b><i>Whose acts create a need</i></b> | Some high density users such as dairying or forestry can cause localised deterioration of the roading network. Council has no formal policy on user compensation but has successfully negotiated a contribution from forestry owners in the past depending on the situation and circumstance. Financial Contributions and/or Development contributions will be used to fund roading capital expenditure necessitated by new developments in identified growth areas in the District Plan.   |

## **Land Transport (continued)**

|                         |  |
|-------------------------|--|
| <b>Separate funding</b> | <p>All residents and ratepayers gain equal benefit regardless of the value attributable to their properties. Some residents may not even have property. The capital value of a rating unit reflects the sale value.</p> <p>In the case of a business, this would also have a correlation to the use of the roading network as the capital value, in some respects, reflects the sale price and therefore the economic activity generated. Also, utility companies use the roading networks but pay minimal rates under land value, as their assets do not have a land value. It is therefore appropriate to rate fund this activity separately using the capital value of the rating unit.</p> |
| <b>Funding Source</b>   | <p>Public good - Targeted Rate: 100%</p> <p>Private Benefit - Fees and Charges: 0%</p> <p>Petrol Tax revenue should off-set roading costs (not treated as revenue offsetting General Rates) as the revenue is sourced from road users.</p>   |
| <b>Rationale</b>        | <p>Land Transport is Council's single largest cost. For this reason Council has a Targeted rate for land transport to enhance transparency and accountability. Rating for such a large expenditure item is practicable.</p>  |

### 6.7.1 Stormwater

To provide effective drainage and disposal to enable the roading network to function and to protect people and property from water damage during rain events as well as mitigating the environmental effects of contaminants in Stormwater.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Thriving communities”, “Exuberant economy”, “Stunning environment” and “Enabling infrastructure” Community Outcomes are enhanced through this activity.  |
| <b>Who Benefits</b>             | <p>Primarily urban property owners who gain benefits from the mitigation of flooding events. Stormwater kerb, channel and piped network are only located in urban areas.</p> <p>Stormwater drainage in rural areas is primarily part of the roading expenditure or, when the water drains into streams, it becomes a Regional Council responsibility. Most residents will pay for the stormwater network to enable their recreational and business interests, and protection from flooding, even if they currently have no direct use the stormwater network.</p> |
| <b>Period of Benefit</b>        | Any new stormwater development will be loan funded with loan charges recouped over time. However, most renewals are done in a cyclic manner where the costs are evenly spread year by year and will be funded from rates using available depreciation reserves.   |
| <b>Whose acts create a need</b> | <p>Exacerbations include developers who increase the impervious surface areas in their developments.</p> <p>Financial Contributions will be used to fund stormwater capital expenditure necessitated by new developments in identified growth areas in the District Plan.</p>   |
| <b>Separate funding</b>         | All urban residents, ratepayers and road users gain a benefit related in part to the size of the house on the rating units serviced by the network. As the capital value of the property bears some relationship to the size of the house, a Capital Value rating system was seen as an appropriate mechanism. It is not practicable to charge a fee for such a service as it is equally available to all urban ratepayers.   |
| <b>Funding Source</b>           | Public Good - Targeted Rate: 100%<br>Private Benefit - Fees and Charges: 0%   |
| <b>Rationale</b>                | As the stormwater system and network is primarily an urban service to protect urban rating units, Council decided to set a Targeted rate for stormwater to enhance transparency and accountability. Rating for such a large expenditure item is practicable.  |

## 6.8 Solid Waste Management

### 6.8.1 Solid Waste Landfills and Waste Transfer Stations

The provision of a solid waste disposal network available to all residents and also any aftercare costs of closed landfills to ensure clean and sanitary towns and lack of fly tipping in the rural areas.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The “Stunning environment” and “Thriving communities” Community Outcomes are enhanced by this activity.  |
| <b>Who Benefits</b>             | The Community benefits through the availability of the disposal site which allows for waste collection. Central Government health costs would undoubtedly increase if transfer stations were not available.  |
| <b>Period of Benefit</b>        | The immediate benefit accrues to those able to dispose of refuse. The capital cost of the facility needs to be spread over its useful life by way of an annual depreciation charge.<br>Initial funding of new "cells" will be by way of loan with loan charges spread over time. The after care costs of landfills are also valued and spread evenly each year.  |
| <b>Whose acts create a need</b> | Those who create the need for the service are the users and beneficiaries who create the refuse taken to waste transfer stations.  |
| <b>Separate funding</b>         | User fees are charged to dispose District refuse into the transfer station and from there through to the Landfill. Any unrecovered cost to be included in the Solid Waste rate. This rate is currently (and proposed to be) set as a fixed charge per SUIP (Separately Used or Inhabited Part) of each rating unit. It also has a differential of 80% urban and 20% rural. The differential is justified recognising that rural residents tend to make relatively less use of solid waste management facilities. |
| <b>Funding Source</b>           | Public Good - Targeted Rate: 30% - 40%<br>Private Benefit - Fees and Charges: 60% - 70%  |
| <b>Rationale</b>                | Council is proposing to retain the Targeted rate for solid waste to enhance transparency and accountability.   |

### 6.8.2 Refuse Collection

Collection of refuse from local streets by use of official bags.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The “Stunning environment” and “Thriving communities” Community Outcomes are enhanced by this activity.  |
| <b>Who Benefits</b>             | Households who choose to use the service. Only the official bags will be collected.  |
| <b>Period of Benefit</b>        | The immediate benefit accrues to those able to dispose of refuse.  |
| <b>Whose acts create a need</b> | Those who create the need for the service are the users and beneficiaries who purchase the rubbish bags for collection.  |
| <b>Separate funding</b>         | <p>Bag fees used to cover the private benefit. One could argue for full cost recovery. However, the existence of alternative providers reduces the economies of scale by reducing the numbers using bags. To simply increase the bag price to cover full costs may be counter-productive.</p> <p>Often reducing the costs can achieve greater participation and greater cost recovery. Any unrecovered cost should be included in the Solid Waste rate. This rate is currently set as a fixed charge per SUIP of each rating unit. It also has a differential of 80% urban and 20% rural recognising that rural residents tend to make relatively less use of solid waste management facilities.</p> |
| <b>Funding Source</b>           | Public Good :- Targeted Rate: 0% - 15%<br>Private Benefit - Fees and Charges 85% - 100%  |
| <b>Rationale</b>                | <p>Currently Council has a Solid Waste rate that covers the costs of all the public good elements relating to the Solid Waste activity.</p> <p>Council is proposing to retain the Targeted rate for solid waste to enhance transparency and accountability.</p>  |

### 6.8.3 Waste minimisation and recycling

The public benefit costs of waste minimisation education and providing for recycling initiatives. To achieve a reduction in refuse that needs to be disposed of while increasing public awareness and education to reduce the waste stream.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Stunning environment” and “Thriving communities” Community Outcomes are enhanced by this activity.   |
| <b>Who Benefits</b>             | The public benefits through the education service, while those using the recycling service benefit from the service and will contribute through the collection service costs of kerbside recycling.   |
| <b>Period of Benefit</b>        | The immediate benefit accrues to those able to dispose of refuse.   |
| <b>Whose acts create a need</b> | Those who create the need for the service are the users and beneficiaries by using the recycling bins provided for roadside collection.   |
| <b>Separate funding</b>         | All cost should be included in the Solid Waste rate. This rate is currently set as a fixed charge per SUIP of each rating unit. It also has a differential of 80% urban and 20% rural recognising that rural residents tend to make relatively less use of solid waste management facilities. |
| <b>Funding Source</b>           | Public good - Targeted Rate: 100%<br>Private Benefit - Fees and Charges: 0%   |
| <b>Rationale</b>                | Currently Council has a Solid Waste rate that covers the costs of all the public good elements relating to the Solid Waste activity.<br>Council is proposing to retain the Targeted rate for solid waste to enhance transparency and accountability.  |

## 6.9 Wastewater

### 6.9.1 Wastewater (Sewer) Systems

The supply of wastewater networks to urban communities including reticulated networks that render the effluent less harmful and more environmentally acceptable to discharge.

Matters that must be considered under the LGA 2002.

|                                 |  |
|---------------------------------|--|
| <b>Community Outcomes</b>       | The “Thriving communities”, “Enabling Infrastructure”, Exuberant economy” and “Stunning environment” Outcomes have been identified as benefactors of the provision of this service.  |
| <b>Who Benefits</b>             | All residents and businesses. All rating units connected can be identified and only those rating units connected or to which connection is available, benefit.<br>Some industries place increased demand on the treatment system due to the nature of the effluent they wish to dispose of. Benefits accrue to health providers in Council's provision of a wastewater disposal service as well as the wider benefit to the environment. |
| <b>Period of Benefit</b>        | For operational costs there are no intergenerational equity issues. Capital projects for improvements should be loan funded to spread costs over the next generation.<br>Renewals of assets will be rate funded in the first instance, any annual shortfall will be loan funded.   |
| <b>Whose acts create a need</b> | Industries can place extra burden on the treatment plant. Such users should pay for their disposal on a user pays basis. Financial Contributions will be used to fund wastewater capital expenditure necessitated by new developments in identified growth areas in the District Plan.   |
| <b>Separate funding</b>         | Ideally the funding mechanism should be fully user pays by use of volumetric charging. The ability to charge in such a manner is not available as yet. A Targeted rate for wastewater is proposed. Council does charge industries that are connected using the Trade Waste Bylaw provisions and this will be retained.   |
| <b>Funding Source</b>           | Public Good -Targeted Rate: 80% - 90%<br>Private Benefit - Fees and Charges: 10% - 20%   |

## Wastewater (Sewer) Systems (continued)

### **Rationale**

Wastewater was traditionally charged as a fixed charge Targeted rate which has been determined using the cost structure for each individual scheme.

This approach favours those communities that have larger populations and greater economies of scale. The converse is that small communities pay more for the same service which can lead to affordability issues for small communities. Since 2009 Council has set a fixed rate on each SUIP of each rating unit or for each connection, whichever is the greater, across the District as one uniform charge.

An availability charge on vacant sections will be charged 50% of this Targeted rate.

## 6.10 Water Supply

### 6.10.1 Urban Water Supply

The supply of potable water to urban communities and surrounding hinterland. Council also administers some small water race supplies to rural communities.

Matters that must be considered under the LGA 2002.

|                                 |   |
|---------------------------------|---|
| <b>Community Outcomes</b>       | The “Thriving communities”, “Exuberant economy” and “Stunning environment” Outcomes have been identified as benefactors of the provision of this service.   |
| <b>Who Benefits</b>             | Those people residing on the rating units supplied with a reticulated water supply. All rating units connected can be identified. It is only those rating units connected or to which connection is available that benefit.   |
| <b>Period of Benefit</b>        | For operational costs there are no intergenerational equity issues. Capital projects for improvements should be loan funded to spread costs over the next generation. Renewals of assets will be rate funded in the first instance, any annual shortfall will be loan funded.   |
| <b>Whose acts create a need</b> | High users can place extra burden on the supply necessitating greater storage capacity etc. Such users should pay for their supply on a user pays basis. Vacant sections and unconnected rating units benefit from the provision of firefighting capacity and should be charged an availability charge.<br>Financial Contributions will be used to fund water supply capital expenditure necessitated by new developments in identified growth areas in the District Plan.  |
| <b>Separate funding</b>         | Ideally the funding mechanism should be fully user pays by use of universal water meters. However the cost of providing meters to each household outweighs the benefits of using this charging mechanism. Water meters should be used, however, for high users and anyone that is supplied outside the designated network area (being that area where houses are obliged to connect or have a right to connect). Universal volumetric charging only occurs in the Foxtan Beach Community. A Targeted rate for water supply is proposed for all other communities and to cover the fixed cost component of the Foxtan Beach supply. Council does charge extraordinary users that are connected by use of a charge per cubic meter consumed. Currently metered users are charged a fixed charge enabling them to use up to a cubic meter a day (90m <sup>3</sup> a quarter) and are charged regardless of whether they use this or not. |
| <b>Funding Source</b>           | Public Good -Targeted Rate: 70% - 80% (fixed charge)<br>Private Benefit - Fees and Charges: 20% - 30% (water by meter)  |

## *Urban Water Supply (continued)*

### ***Rationale***

Water Supply was traditionally charged as a fixed charge Targeted rate which has been determined using the cost structure for each individual scheme. This approach favours those communities that have larger populations and greater economies of scale. The converse is that small communities pay more for the same service which can lead to affordability issues for small communities. Since 2009 Council has set a fixed rate on each SUIP of each rating unit or for each connection, whichever is the greater, across the District as one uniform charge. Vacant sections will be levied 50% of this Targeted rate. As an availability charge to cover fixed costs and the provision of firefighting hydrants.