



Revenue and financing policy

Introduction

This Revenue and Financing Policy summarises how Council intends to fund the activities and services it provides. This policy is a requirement of the Local Government Act 2002. It is one of the suite of policies that ensures Council:

- manages 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
- makes adequate and effective provision in its Long-Term plan and annual plan to meet the expenditure needs identified
- meet its funding needs from those sources that it determines to be appropriate.

Process

Council must follow a prescribed process when determining the most appropriate funding option for its activities and services.

Step 1

The first step is to determine the most appropriate source of funding for each activity. Section 101(3) of the Act requires Council consider for each activity:

- Community outcomes to which the activity primarily contributes
- Distribution of benefits between, the community as a whole, any identifiable part of the community, and individuals
- Intergenerational equity principle – the period in or over which those benefits are expected to occur. Generally, benefits derived from operating costs are received in the year the expenditure is incurred. In contrast, capital expenditures relate to investments in assets that generate benefits over their useful lives that extend beyond the current year.
- Exacerbator Pays Principle – the extent to which the action or inaction of particular individuals or a group contributes to the need to undertake the activity
- Costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

The outcome of this process is included as an Appendix to the Policy.

Step 2

Once the most appropriate funding methods for each activity is identified based on the considerations stated above, Council needs to consider the overall impact of its funding mix on the current and future wellbeing of the community. It can make modifications to its allocation of liability if it considers necessary in Step 2.

For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability.

As part of the 2023 review Council has particularly considered the following when looking at the overall impact of the liability of rates.

- Impacts of groups of ratepayers on other groups of the community – can be positive and negative
- Affordability - the ability for ratepayers and users to pay.
- The mix of funding sources being sustainable in the long-term
- Impacts of the current and projected future economic conditions
- The requirement for the Revenue and Financing Policy to support the principles set out in the preamble to Te Ture Whenua Māori Act 1993 which, in particular, includes promoting the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu.

The following adjustments were made as part of the review during step 2.

- An Economic Development targeted rate was introduced for Commercial/Industrial sector
- The General Rate differential was reduced to 1.8 from 2 for Commercial/Industrial sector
- The public funding for Water and Wastewater was changed from 10% to 0-10%



Selecting the appropriate funding source – Council funding principles

The general principles used in the process are:

- The public good theory:
 - The distribution of benefits between the community as a whole;
 - An activity should be collectively funded if those that benefit directly cannot be identified and/or if those that benefit directly cannot be excluded from using the service;
- The user/beneficiary pays principle:
 - An activity should be funded on a user pays basis if an individual or group of individuals directly receive benefits of the activity exclusively and that costs of the activity can easily be attributed to that individual or group of individuals;
 - The service “consumed” is excludable and creates rivalry (using this service reduces the availability for someone else);
- The merit goods theory:
 - The use of private goods and services can also result in benefits to third parties – people who don’t directly use them. In these cases Council considers that the service should be provided on the basis of community need rather than willingness to pay, or identifiable benefits received (e.g. regional sporting facilities);
- The intergenerational equity principle:
 - The period in or over which those benefits are expected to accrue;
- The exacerbator/polluter pays principle:
 - the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities:
 - This considers the efficiency or ability to separate and identify costs and then collect revenue, and the impact on demand for services.

The differentiation of private and public goods and the identification of externalities are necessary for a strict apportionment of the costs between private users and the community as a whole. Sometimes such differentiation is not easy, because very few goods and services can be treated as purely private or public; most goods and services have characteristics of both private and public goods.

For each activity the following have been considered:

- Relationship to Council Outcomes.
- Council considerations (high to low) of:

- the distribution of benefits from the activity between the community, any identifiable groups or individuals;
- Intergenerational equity;
- exacerbator pays; and
- the costs and benefits of distinct funding.
- A percentage range of public versus private benefits providing a rationale for the allocation between rates and targeted recoveries through fees and charges.
- The overall impact of any allocation of liability for revenue needs on the current and future wellbeing of the community.

The following policy positions have been set by Council and are used with the principles above:

- Where the benefit accrues to the whole district, general rates will be used including UAGC.
- Where benefits accrue to certain groups within the district, user charges, general rate differentials or targeted rates will be used if efficient to do so.
- User pays is also recognised as a tool to achieve Council’s goals e.g. charging for refuse collection to encourage waste minimisation. Where a fee or charge is not practical, targeted rates may be set in accordance with Council’s rating principles within the policy.
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this provided there are no legislative constraints on doing this.
- In some cases, targeted rates (e.g. water and wastewater) are used as a surrogate for user charges as Council considers this to be a more efficient and effective method of funding than individual user charges.
- Rates are at least partly a tax. While effort is made to link payment of rates to benefits received or costs generated, it is not possible to do this on an individual ratepayer basis.
- Subsidy from central government recognises that some services, e.g. roading, form part of a national infrastructure and only central government can levy user charges.
- Uniform Annual General Charge (UAGC) recognises that most services are available to all properties regardless of value and that all properties should contribute a reasonable amount to the running of the district.

In this policy, we use the words “public” or “private” to reflect who benefits from the services Council provides. When the word “public” is used it means the community at large will receive benefits and generally it is more efficient



to charge for those through a rate. When the word “private” is used it means that either an individual or an identifiable group of individuals will receive benefits and generally this group can be charged either directly through user charges because it is efficient to do so or by using a targeted rate.

Section 103 of the Act requires Council to state:

- the policies in respect of funding operating expenses,
- the policies in respect of funding capital expenditure,
- show how the decisions about the funding mechanisms comply with section 101(3) of the Act.

Funding of operating expenditure

The funding for operating expenditure will come from the following sources:

General rates

Funding from general rates is applied to those activities where it has been deemed that there is a general district-wide benefit to providing the service. The general rate is to be based on the capital value of each rating unit in the District and will be set on a differential basis over three rating categories—residential, commercial, and rural.

Uniform Annual General Charge (UAGC)

A UAGC is a rate of a uniform amount assessed on each rating unity. The Council endeavours to use the UAGC for services that have a reasonably equal value of public benefit to each ratepayer. Under the Local Government (Rating) Act 2002 Council has the provision to collect up to 30% of its total revenue from UAGC and Targeted Rates set on a uniform basis.

Targeted rates

Funding from targeted rates is applied to specific activities where it has been deemed that there is a direct benefit to those ratepayers receiving a particular service, e.g. water and wastewater services.

Fees and charges

Where the Council has deemed there is a direct or partial benefit to the end user, e.g. building control and resource consents. For activities where enforcement action is necessary the 'exacerbator pays' principle applies where practicable.

Other sources

There are other sources of funding for operating expenditure. These include grants and subsidies, the majority of which are from the Waka Kotahi NZ Transport Agency, as well as interest and dividends from investments, proceeds from the sale of assets, and donations.

Reserves and borrowings may be used to fund the major reviews of the District Plan that apply for multiple years. They may also be used in exceptional circumstances e.g. in a response to an emergency.

Section 100 of the Act requires that the Council set operating revenue at such a level as to meet the year's operating expenditure. The Council may choose to not fully fund operating expenditure in any particular year if the deficit can be funded from operating surpluses from the immediately preceding year or subsequent years. An operating deficit will only be budgeted for when it is beneficial to avoid significant fluctuations in rates, fees or charges.

Funding of capital expenditure

Capital expenditure relates to the purchase of new assets, the replacement and renewal of existing assets, and the repayment of loan principal.

The funding for capital expenditure will generally come from depreciation reserves, subdivision financial contributions, borrowing, or a combination. General and targeted rates may also fund some of the loan principal repayments for community support, water supply, stormwater drainage, sewerage and the treatment and disposal of sewage, waste management, and regulatory and planning services.

One of the considerations in relation to the funding of activities is 'the period in or over which the benefits are expected to occur' [Section 101(3)(a)(iii)]. The principle is that if the Council provides a new asset or renews an existing asset (such as a new sewerage treatment system) the cost of providing that asset should be spread over its life, so that all who benefit from it pay for its cost. This is described as 'inter-generational equity'. This is achieved by borrowing for the cost of the asset and repaying the loan over the life of the asset, thus spreading the capital cost over the life of the asset.

Borrowing is managed within the framework specified in the liability management policy.



The Council's overall borrowing requirement is reduced to the extent that other funds are available to fund capital expenditure. Such other funds include:

- Council special fund reserves
- development contributions and financial contributions under the Resource Management Act 1991 (criteria are set out in the Wairarapa District Plan)
- annual revenue collected to cover depreciation charges
- proceeds from the sale of assets
- grants and subsidies
- donations.

Designing a funding system

Council has given much thought and consideration how to best fund the activities and services it provides. Principles include fairness, equity, affordability, and the ability to administer the funding system in a cost-effective way. Applying these principles across the various groups of ratepayers in the district requires multiple and complex judgements to be made. Council aims to strike a balance between providing good quality services and the ability to pay. The funding tools available to Local Authorities are limited. Through this policy Council has used the funding mechanisms available to distribute costs as appropriately as possible in a balanced method across different rate payer groups.

The Council proposes to set a general rate based on the capital value of each rating unit in the district. The general rate will be set on a differential basis over three rating categories as follows:

General rates—differential factor	
Residential	1.0
Rural	0.8
Commercial	1.8

Further information about the rating categories can be found in the Funding Impact Statement.

Council considers the total funding system provides adequate and effective provision to meet the expenditure needs identified and enables Council to deliver services and activities that promote the current and future social, economic, environmental and cultural well-being of the community.

Groups of activities

The following sections outline the Council's revenue and financing policy for each group of activities of the Council's operations:

- Governance
- Community Support
- Regulatory and Planning
- Transportation
- Wastewater
- Stormwater drainage
- Waste Management
- Water Supply.

GOVERNANCE GROUP

Analysis

- The Governance activity provides benefit to the whole community. Benefits are provided to all residents through the facilitation of democracy, effective leadership and decision- making, future planning and development, and advocacy. Benefits can occur now and in the future.
- Governance activities and associated costs include Local Body Elections, administration and operating costs of Elected Members and the Council, standing committees and advisory groups. The costs include the holding of regular meetings and the preparation and consideration of reports for policy development, resource allocation and performance monitoring. Also the costs of general services provided for the community benefit including records preservation and costs associated with representing the interests of residents and ratepayers.



Funding Mechanism and Source

100% public

Council has decided the most appropriate way to fund the Governance activity is through the Uniform Annual General Charge. This public funding mechanism comes closest to ensuring that all residents pay equally for the Governance activity.

COMMUNITY SUPPORT GROUP

Includes Community Development, Economic Development, Emergency Management, Parks and Reserves and Community Amenities.

Community Development

Analysis

- The Community Development activity aims to build social cohesion and enhance the social wellbeing of the Carterton community.
- Information, advice, and advocacy services are provided to a wide range of people and groups including volunteers, artists, and job seekers. Supporting community organisations, community development initiatives and providing community events are of significant public benefit to the whole community.
- Grants are provided to community organisations to support health, cultural and community development initiatives that help achieve Council's strategic objectives.
- Most benefits occur in the year that funding is provided but some benefits may occur over multiple years depending on the length of programme provided.

Funding Mechanism and Source

100% Public (of balance required)	Private
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Funding for the Community Development activity is from both private and public sources of funds. Private funds are obtained via grants from Creative New Zealand and other sources, with the balance of public funding coming via the General Rate including the Uniform Annual General Charge.

Funding for capital expenditure will include the above funding sources as well as borrowing and reserves.

Economic Development

Analysis

- The Economic Development activity involves the provision of economic development initiatives that aim to support strong businesses, employment and tourism in the district and region. Of key focus over the coming years will be supporting the local economy to recover from economic shock caused by the COVID-19 pandemic.
- The Council will continue to partner with Masterton and South Wairarapa District Councils, Greater Wellington Regional Council and WellingtonNZ to implement the Wairarapa Economic Development Strategy.
- Council will continue to provide a wide range of services and activities that contribute towards economic development. These include plans for town centre redevelopment, ensuring the town centre is attractive and appealing to visitors and potential investors, providing sufficient suitably zoned land is available for development, and providing good quality infrastructure and services.
- A healthy district economy is also a benefit to the whole community now and in the future.

Funding Mechanism and Source

50% Public (of balance required)	50% Private
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Funding for the Economic Development activity is from both private and public sources of funds. Private funds are obtained via grants from the Provincial Growth Fund (or its equivalent) including other sources, and from a targeted Economic Development rate on the Commercial/Industrial rating units. The balance of public funding is via the General Rate including the Uniform Annual General Charge.

There is expected to be no expenditure on capital expenditure in this group of activities.

Emergency Management

Analysis

- Emergency Management provides significant public benefit to the whole community. The activity involves educating and encouraging the community to increase their preparedness for natural disasters, responding and helping to minimise the effects of natural disaster on people and property, and providing a recovery system following natural disasters.



- The benefits of the Emergency Management activity occur now through preparedness and in the future through response and recovery. This activity makes a significant contribution towards all well-beings and the community outcomes sought regarding a caring community that is safe, healthy, connected, and resilient.

Funding Mechanism and Source

100% Public

In light of the public benefit to the whole community and contribution to wellbeing and community outcomes accrued through the Emergency Management activity, Council has decided the most appropriate means of funding is via the General Rate including the Uniform Annual General Charge. Funding for capital expenditure will include the above funding sources as well as borrowing and reserves.

Parks and Reserves

Analysis

- Parks and reserves make an important contribution to the well-being and lifestyle of the community. They provide areas for social connections, relaxation, sporting activities and green and attractive open spaces in built up areas. Council preserves and manages parks and reserves for the benefit and enjoyment of the whole community for recreation use.
- While benefits of this activity are provided to the entire community, specific individual benefit can also be provided to user groups and sports clubs. Exclusive use of parks and reserves may be necessary in order for sport clubs and recreational groups to successfully manage and run events.
- Benefits of the activity occur now through the provision of aesthetically pleasing open spaces and gardens, and in the future due to the Long-Term nature of associated parks and reserves assets. This activity also involves management of the Kaipaitangata forest, the principle purpose being the protection of the water supply catchment. The block contains a mix of production forestry and manuka crops. The manuka is leased for honey production. Proceeds from the manuka lease is reinvested back into the Parks and Reserves activity.
- Some individuals may experience negative effects from not having full and exclusive

use of parks and reserves at all times. Misuse and vandalism can cause additional costs to Council.

Funding Mechanism and Source

100% Public (of balance required)	1-10% Private
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Council has decided that a combination of public and private funding is appropriate for the Parks and Reserves activity. Private funds (1-10%) are obtained via fees and charges from exclusive users, and the manuka crop lease, and the balance is obtained via public funds through the General Rate including the Uniform Annual General Recovery of exacerbator costs due to vandalism will be recovered in full where possible.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.

Community Amenities

Analysis

- Community amenities include the Carterton Events Centre, Carterton Public Library, Cemetery, Outdoor Swimming Pool, Public Toilets and Holiday Park. Together these facilities provide a range of services and opportunities for social interaction that benefit the whole community in different ways.
- The multi-purpose Events Centre is vibrant, welcoming, and the heart of the community for cultural, economic and social services. The uses are wide ranging including concerts and corporate functions to art displays and weddings.
- The library service aims to meet the recreational, educational and information needs of the residents of Carterton.
- The cemetery meets the needs of the people of the district and maintains the dignity of a last resting place.
- The outdoor swimming complex meets the recreational needs of the general public during the summer months.
- Public toilets are accessible, clean and tidy for use by the general public and visitors.
- The Holiday Park is well maintained to ensure a pleasant and attractive accommodation option to visitors to the district. The operation of the Holiday Park is via a lease.
- Community amenities provide numerous benefits to the district and wellbeing of



the district. The provision of shared public spaces enhances the community's sense of social connectedness, cultural wellbeing, and civic pride. Attracting visitors to the district also makes a positive contribution to the local economy. Benefits of the activity are immediate through the provision of well-appointed community amenities, and in the future due to the Long-Term nature of assets. Most benefits are to the whole community, however individuals may benefit from exclusive use of a facility.

- Council may incur additional costs from vandalism to facilities, and/or library resources that are not returned or damaged.

Funding mechanisms and sources

100% Public (of balance required)	4 – 14% Private
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After taking into account the benefits and contribution towards community outcomes Council has decided to fund this activity through combination of public and private funds. Private funds (4-14%) are obtained via fees and charges and the income from the Holiday Park lease, and the balance is obtained via public funds through the General Rate including the Uniform Annual General Charge. Recovery of exacerbator costs due to vandalism and unreturned or damaged library resources will be recovered in full where possible.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.

REGULATORY AND PLANNING GROUP

Includes Resource Management Planning, Consent Processing, and Regulatory Services.

Resource Management Planning

Analysis

- Resource Management Planning involves development of the District Plan in accordance with the Resource Management Act.
- There are both public and private benefits involved with Resource Management Planning activity. Public benefits include safe and orderly development of the district, and consistent standards for current and future generations. Private plan changes will provide immediate benefit to individual applicants through development and potential increases in property values.
- Council may incur additional costs from vexatious and frivolous submitters, however there is no practical way to recover costs.

Funding mechanisms and sources

100% Public

Council has decided that the most appropriate funding mechanism for Resource Management Planning is from public funds via Targeted Rates and fees (for private plan changes). Private Plan Change applications occur infrequently, and the Council cannot anticipate when applications may be lodged.

There is expected to be no expenditure on capital expenditure in this group of activities.

Consent Processing

Analysis

- The Consent Processing activity involves the processing of applications for resource consents and building consents. Council is required to provide these activities in compliance with the relevant legislation and regulations.
- The benefit of these services is provided immediately to the individual applying for a consent. The whole community also benefits from consenting services through the promotion of public safety and protection of the environment for future generations.
- Non-compliance (e.g. applicants prolonging consent processes and/or extra inspections) can cause additional costs to Council.

Funding mechanisms and sources

100% Public (of balance required)	85-95% Private
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Funding for the Consent Processing activity is from both private and public sources of funds. Private funds (85-95%) are obtained via consent fees and charges, with the balance of public funding (up to 15%) coming via the Targeted Rate for resource consents and General Rate for building consents. Recovery of exacerbator costs due to non-compliance will be recovered in full where possible.

There is expected to be no expenditure on capital expenditure in this group of activities.



Regulatory Services

Analysis

- The Regulatory Services activity includes the provision of environmental health services, liquor licensing, animal and dog control. Council is required to provide these activities in compliance with the relevant legislation, regulations and bylaws. These services also contribute towards the community outcome: A caring community that is safe, healthy and connected.
- There are both public and private benefits associated with the provision of Regulatory Services.
- Benefits occur mainly in the short term to the individual applicant or receiver of the service. For example, Animal Control services where animals that are returned to their owners. There is also some benefit to the whole community provided over Long-Term from enhanced public safety.
- Council may incur significant addition cost through residents that fail to comply with regulations.

Funding mechanism and sources

Environmental health services

100% Public (of balance required)	1-10% Private
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Liquor licensing

100% Public (of balance required)	60-70% Private
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Animal and dog control

100% Public (of balance required)	70-80% Private
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Council has decided that a combination of public and private funding is appropriate for the Regulatory Services activity. Private funds are obtained via fees and charges from applicants and the balance is obtained via public funds (up to 100%) through the General Rates.

Recovery of exacerbator costs due to non-compliance will be recovered in full where possible.

Funding for capital expenditure will include the above funding sources as well as borrowing and reserves.

TRANSPORTATION GROUP

Includes Roads, Footpaths, and Cycleways and Trails.

Roads

Analysis

- The Roothing activity involves the development and maintenance of roads, streets, and associated infrastructure (including bridges and culverts, road signs and street lighting).
- There are many public benefits provided to the whole community relating to the general availability of the roading system. Working with Waka Kotahi NZ Transport Agency (NZTA), Council aims to achieve a safe efficient land transport system that maximises local safety, enhances economic and social wellbeing.
- Benefits are also provided to individual users, access for forestry operations, use of roads by heavy carriers, tankers and trucks.
- Council may incur additional repair and maintenance costs to roads from damage caused by excessive use of heavy machinery, motor vehicle accidents, livestock movements and vandalism.

Funding mechanisms and sources

100% Public (of balance required)	Private
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Funding for the roading activity is sourced from both private and public sources. Private funds are obtained via a subsidy from Waka Kotahi NZ Transport Agency, and are budgeted according to the Financial Assistance Rate (FAR) with the balance of public funding (up to 100%) coming via General Rates.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.



Footpaths

Analysis

- Footpaths provide significant public benefit to the whole community. Footpaths provide connections to other transport networks, enable safe access by separating pedestrians from the main flow of traffic, provide opportunities for recreation and promote mobility.
- Benefits are immediate to footpath users and the wider community and Long-Term for future generations.
- Negative effects may arise through restricted access. Council may incur
- additional repair and maintenance costs to footpaths through motor vehicle accidents, vandalism and unapproved alterations.

Funding mechanisms and sources

100% Public (of balance required)	Private
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Funding for the Footpath activity is sourced from both private and public sources. Private funds are obtained via a subsidy from Waka Kotahi NZ Transport Agency, with the balance of public funding (up to 100%) coming via General Rates.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.

Cycleways and Trails

Analysis

- Council recognises that walking and cycling provides many environmental, social and economic benefits for the community. Benefits occur now and in the future.
- Benefits are provided to all residents through the provision of cycleways and trails that provide opportunities for social interactions, alternative transport modes, recreation, economic activities, to enhance and protect the environment through reductions in vehicle emissions.
- Negative effects may arise through restricted access. Council may incur additional repair and maintenance costs to cycleways and trails by damage.

Funding mechanisms and sources

100% Public (of balance required)	Private
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Funding for the Cycleways and Trails activity is sourced from both private and public sources. Private funds are obtained via a subsidy from Waka Kotahi NZ Transport Agency, with the balance of public funding (up to 100%) coming via General Rates.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.

WASTEWATER GROUP

Analysis

- Significant benefits are provided by the wastewater system, including treatment and disposal. Ensuring that wastewater is treated and disposed of effectively promotes a clean healthy environment free from contaminants now and in the future, maintains public health standards and prevents disease.
- Wastewater services are provided to the residents of the Carterton urban area, limited adjacent rural areas where access is available, and Waingawa industrial area. While the majority of the benefits are to the scheme users, there are also public health benefits to the whole community associated with an effective wastewater system.
- Council can incur additional costs from an overloaded wastewater system caused by unusually high volumes of trade waste, disposal of toxic substances, or illegal stormwater connections that add volumes of unnecessary water to the sewerage system.

Funding mechanisms and sources

0-10% Public (of balance required)	90-100% Private (of balance required) 13-23% Private (Fees and charges)
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Council has decided that a combination of public and private funding is appropriate for the wastewater activity. Private funds of 13-23% is obtained via user fees and charges and the balance of funding through private funds via Targeted Rates of 90%-100% and public funding via General Rates of up to 10%. Council uses powers provided in the Trade Waste Bylaw to recover exacerbator costs from trade waste users with large volumes of trade waste.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.

STORMWATER DRAINAGE GROUP

Analysis

- Council provides the residents and ratepayers of the Carterton urban area with an efficient stormwater drainage system
- Benefits to the whole community are related to managing risks from flooding, the protection of people, property and infrastructural assets of the district,
- providing safe access to the public and maintaining public health. Benefits occur now and in the future due to the Long-Term nature of assets associated with this activity.
- Benefit to the individual property owner is that stormwater drainage is available to private properties. This activity is substantially a private benefit to users.
- Council can incur additional costs from pollutants added to the stormwater system.

Funding mechanisms and sources

10% Public	90% Private
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Funding for the Stormwater activity is obtained from public and private sources. Due to the limited amount of public benefit associated with this activity 10% of funding is sourced via General Rates (public) while the remaining (90%) is sourced from scheme users through the Targeted Rates (private). Exacerbator costs are difficult to identify but will be recovered in full where possible.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.

WASTE MANAGEMENT GROUP

Includes Refuse collection and Recycling, and the Transfer Station.

Refuse collection and Recycling Analysis

- This activity includes the provision of a contracted refuse and recycling collection and disposal service for urban households and some commercial properties, and a disposal service for delivered solid waste.
- Benefits to the whole community are related to the public health of the community. Benefits occur now through the provision and immediacy of the service, and over the medium term due to the assets associated with this activity.
- Benefits to the individual property owners is the availability of the service. This activity is substantially a private benefit to users.
- Council can incur additional costs from vandalism and damage to recycling bins.

Funding mechanisms and funding sources

0-10% Public (of balance required)	90% Private (of balance required) 27-37% Private (Fees and charges)
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A combination of public and private funding is appropriate for the Refuse collection and Recycling activity. Private funds (up to 90%) are obtained via Targeted Rates from households that are provided with the service, with a further 27-37% of private funding coming via fees and charges (bag sales, and bin replacements). The balance of funding is obtained via public funds (up to 10%) through the General Rates. Recovery of exacerbator costs due to non-compliance will be recovered in full where possible.

Funding for capital expenditure will include the above funding sources.



Transfer Station Analysis

- Council provides a transfer station and facilities for disposal of refuse.
- The whole community benefits from the safe and efficient disposal of refuse. Maintaining a safe and healthy environment and sanitary conditions are essential to preventing health hazards and promotion of public health. Private benefit is afforded to those individuals that access the services as do those residents that have access to the service but may choose not to use it.
- Benefits are provided now and in the future through those that access the services and due to the Long-Term nature of the assets associated with this activity.
- Council may incur additional costs from dumped contaminants.

Funding mechanisms and sources

100% Public (of balance required)	31-41% Private
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Council has decided that a combination of public and private funding is appropriate for the Transfer Station activity. Public funds (up to 100%) are obtained via General Rates. Private

funds (31-41%) are obtained via fees from those using the transfer station facility. Recovery of exacerbator costs due to deliberate contamination will be recovered in full where possible.

Funding for capital expenditure will include the above funding sources as well as borrowing and reserves.

WATER SUPPLY GROUP

Includes Drinking Water and Water Races.

Drinking Water

Analysis

- This activity involves the provision and maintenance of a safe and resilient quality drinking water supply to meet the needs of the Carterton urban ward, of approved rural users, and of commercial users in the Waingawa industrial zone.
- Benefits to the district are availability of quality potable water supply for public

health. Water that complies with Drinking Water Standards provides the community with assurance that it is healthy and safe to drink. A reliable and plentiful water supply source also enables services (e.g. fire fighting) and recreational facilities e.g. private swimming pools.

- The water supply activity contributes towards the Community Outcome sought regarding quality fit for purpose infrastructure and services that are cost-effective and meet future needs.
- There are significant private benefits attached to the urban drinking water supply. Availability of potable water to property owners connected to the water supply system is a benefit to the individual properties that can be clearly identified.
- Benefits are immediate and ongoing to scheme users, and Long-Term for the wider district and future generations due to the assets associated with this activity.
- Exacerbator costs can occur through individuals who waste water, high and excessive users, unauthorised connections, and individuals that contaminate the supply.

Funding mechanisms and sources

0-10% Public (of balance required)	90-100% Private (of balance required) 1-10%% Private (Fees and charges)
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After considering the public and private benefits and contribution towards community outcomes, Council has decided the most appropriate sources of funding for the Drinking Water activity are User Charges (1-10%) and the balance of funding through private funds via Targeted Rates of 90%-100% and public funding via General Rates of up to 10%. Recovery of exacerbator costs will be recovered in full where possible.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.



Water Races

Analysis

Water races provide water for agricultural and horticultural and ecological purposes, non-potable domestic users, and other rural users. Council provides and maintains the open water race system.

Access to the water race system by property owners is a direct benefit to the individual properties that can be clearly identified. There is also benefit offered to those property owners that have access to the water race system but choose not to use it. Some public benefit is also provided to the whole community as the water races provide a discharge point for stormwater, assisting with the management and prevention of risk from flooding. Economic development prospects are enhanced by an affordable and reliable water supply.

Council may incur additional costs through use individuals that use excessive amounts water or contaminate the supply.

Funding mechanisms and sources

0-10% Public (of balance required)	90% Private (of balance required) 1-10% Private (Fees and charges)
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After considering the public and private benefits and contribution towards community outcomes Council has decided the most appropriate sources of public funds for the Drinking Water activity are via General Rates up to (10%) and private funds via Targeted Rates (up to 90%) and User Charges (1-10%). Recovery of exacerbator costs will be recovered in full where possible.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.

Private funds via Targeted Rates (up to 90%) and User Charges (1-10%). Recovery of exacerbator costs will be recovered in full where possible.

Funding for capital expenditure will include the above funding sources as well as borrowing, reserves and financial contributions.



Operating expenditure

The following table summarises the funding mix for each activity.

	Public Funds	Private Funds		
Activities	General rates including UAGC	Targeted rates	User fees and charges	Subsidies
Governance	100% UAGC			
Community Support				
Community development	100% of balance required			Yes
Economic development	50% of balance required	50% of balance required		Yes
Emergency management	100%			
Parks and reserves	90-100% of balance required		1-10%	
Community amenities	100% of balance required		4-14%	
Regulatory and Planning				
Resource management planning		100% of balance required		
Consent processing		100% of balance required	85-95%	
Regulatory services				
Environmental health services	100% of balance required		3-13%	
Liquor licencing	100% of balance required		60-70%	
Animal and dog control	100% of balance required		70-80%	
Transportation				
Roads	100% of balance required			Yes
Footpaths	100% of balance required			Yes
Cycleways and Trails	100% of balance required			Yes
Wastewater	0-10% of balance required	90-100% of balance required	13-23%	
Stormwater drainage	10%	90%		
Waste Management				
Refuse collection and recycling	10% of balance required	90% of balance required	27-37%	Yes
Transfer station	100% of balance required		31-41%	
Water Supply				
Drinking water	0-10% of balance required	90-100% of balance required	1-10%	
Water races	10% of balance required	90% of balance required	1-10%	



Appendix 1. Outcomes of the first step to determine the most appropriate source of funding for each activity

Activity	Community Outcomes	User or beneficiary principle Who benefits	Intergenerational equity principle Period of benefit	Negative Effect/Exacerbator Whose action or action create a need	Costs and benefits Separate funding	Rationale	Funding Sources	
							Operational	Capital
Governance								
	A strong and effective council providing trusted leadership An empowered community that participates in Council and community-based decision making Te Āo Māori/Māori aspirations and partnerships are valued and supported	All members of the community benefit from the provision of good governance	Ongoing	Central Government and other agencies that create a requirement of Council	There is no need for separate funding	All members of the community benefit from the provision of good governance	General Rates including the UAGC Grants	Nil expenditure so not considered
Community support								
Community development	A caring community that is safe, healthy and connected A community that is productively engaged in employment, education and community service A community that fosters and promotes our quirkiness and creativity A community that embraces and encourages our cultural diversity and heritage	Community development benefits the whole of the community now and into the future.	Ongoing	Changes in demographics and socio-economic state of the community. Climate change creating changes to the well beings of the community	There is no need for separate funding	The whole community benefit from the delivery of community development activities, because of the enhanced community wellbeing.	General Rates including the UAGC Grants	General Rates Grants Borrowing Reserves



Activity	Community Outcomes	User or beneficiary principle Who benefits	Intergenerational equity principle Period of benefit	Negative Effect/Exacerbator Whose action or action create a need	Costs and benefits Separate funding	Rationale	Funding Sources	
							Operational	Capital
Economic Development	<p>A community that is productively engaged in employment, education and community service</p> <p>A community that embraces and encourages our cultural diversity and heritage</p> <p>A vibrant and prosperous business and primary sector investing in, and supported by, the community.</p>	A healthy district economy is of benefit to the whole community now and into the future with specific benefit to the business community	Ongoing	Changes in demographics and socio-economic state of the community. Central government and agencies that create a requirement of Council.	There is no need for separate funding	Private funds are obtained via grants from the Provincial Growth Fund (or its equivalent) including other sources. The balance of public funding is via the General Rate including the Uniform Annual General Charge. Measuring benefit to the specific business communities and the community as a whole.	General Rates including the UAGC Targeted Rates Grants	Nil expenditure so not considered
Civil Defence/Emergency Management	<p>A caring community that is safe, healthy and connected</p> <p>A resilient community capable of responding and recovering from environmental shocks. A community that has quality, fit for purpose infrastructure and services, that are cost effective and meet future needs</p>	The whole community benefit from the provision of Civil Defence and Emergency Management	Ongoing	Central Government and other agencies that create a requirement of Council. Climate change creating increases in natural disasters	There is no need for separate funding	The whole community benefit from the provision of the service	General Rates including the UAGC Grants	General Rates Grants Borrowing Reserves



Activity	Community Outcomes	User or beneficiary principle Who benefits	Intergenerational equity principle Period of benefit	Negative Effect/Exacerbator Whose action or action create a need	Costs and benefits Separate funding	Rationale	Funding Sources	
							Operational	Capital
Parks and reserves	<p>A caring community that is safe, healthy and connected</p> <p>A community that is productively engaged in employment, education and community service</p> <p>A community that embraces and encourages our cultural diversity and heritage</p> <p>A community that has awesome public facilities and spaces</p> <p>A community that has quality, fit for purpose infrastructure and services, that are cost effective and meet future needs</p>	Available for the whole community Certain groups at certain times of year have exclusive use of those facilities	Assets have a high intergenerational component.	Vandalism Climate change impacting weather patterns	There is no need for separate funding	Parks & Reserves form an integral part of the social fabric of the community. Therefore, Council recognise that the whole community should contribute to the cost of providing this activity.	General Rates including the UAGC Fees and charges Donations Grants	General Rates Reserves Borrowing Financial Contributions Donations
Community Amenities	<p>A caring community that is safe, healthy and connected</p> <p>A community that is productively engaged in employment, education and community service</p> <p>A community that fosters and promotes our quirkiness and creativity</p> <p>A community that embraces and encourages our cultural diversity and heritage</p> <p>A community that has awesome public facilities and spaces</p> <p>A community that has quality, fit for purpose infrastructure and services, that are cost effective and meet future needs</p>	Whole community. Community Groups Corporate groups Retailers in town Individual users Visitors	Assets have long-term value Books have a limited useful life. Ongoing benefit to the community in providing the amenities	Vandalism and damage by public. Ineffective social and government services that create a requirement on services like the libraries. Visitors to the district.	There is no need for separate funding other than those received from Fees and Charges.	The whole community and sub-region benefit from the availability of the facilities including visitors and retailers, and groups and individuals benefit from the use of the facility. The facilities adds benefit to the local economy.	Fees and charges General Rates including the UAGC Grants Donations	General Rates Reserves Borrowing Development/Financial contributions Grants Donations



Activity	Community Outcomes	User or beneficiary principle Who benefits	Intergenerational equity principle Period of benefit	Negative Effect/Exacerbator Whose action or ction create a need	Costs and benefits Separate funding	Rationale	Funding Sources	
							Operational	Capital
Regulatory and planning								
Resource management Planning (incl District Plan)	An environmentally responsible community committed to reducing our carbon footprint and adapting to the impacts of climate change Quality, fit for purpose infrastructure and services that are cost-effective and meet future needs. A vibrant and prosperous business and primary sector that investing in and supported by the community.	The whole community benefits from a robust District Plan	While it is an operational cost the benefit of a District Plan is consumed over a period of time	Vexatious and frivolous submitters. Central governments through legislation such as the Resource Management Act and National Policy Statements	There is no need for separate funding	A well-constructed District Plan benefits the whole community over the life of the plan. Private plan changes will provide direct benefits to the applicant.	General Rates Fees and Charges Reserves (District Plan review only) Borrowing (District Plan review only) Grants	Nil
Consent processing (incl Resource & Building)	An environmentally responsible community committed to reducing our carbon footprint and adapting to the impacts of climate change. Quality, fit for purpose infrastructure and services that are cost- effective and meet future needs. A vibrant and prosperous business and primary sector investing in and supported by the community.	Applicants are the primary beneficiaries. Community benefits from having this activity available.	Ongoing	Non-complying activities	There is no need for separate funding	The applicant receives a benefit because they receive a consent that is compliant and therefore reduces future risk. Public receive benefit through ability to make general enquiries.	General Rates Fees and Charges	Nil



Activity	Community Outcomes	User or beneficiary principle Who benefits	Intergenerational equity principle Period of benefit	Negative Effect/Exacerbator Whose action or action create a need	Costs and benefits Separate funding	Rationale	Funding Sources	
							Operational	Capital
Regulatory services (incl liquor, environmental health, animal control and compliance and monitoring)	<p>A caring community that is safe, health and connected</p> <p>An environmentally responsible community committed to reducing our carbon footprint and adapting to the impacts of climate change</p> <p>Quality, fit for purpose infrastructure and services that are cost-effective and meet future needs</p>	<p>Those who use the services and their customers.</p> <p>Compliance and monitoring services benefit the community as a whole</p>	Ongoing	Individuals and entities who do not comply with regulations	There is no need for separate funding	Those who use the service receive a direct benefit from provision of the service, and the wider community benefits from enhanced safety.	<p>General Rates</p> <p>Fees and Charges</p>	<p>General Rates</p> <p>Borrowing</p> <p>Reserves</p>
Roads	<p>Quality, fit for purpose infrastructure and services that are cost-effective and meet future needs</p> <p>A caring community that is safe, healthy and connected</p>	<p>Whole community benefits</p> <p>Visitors</p> <p>Commercial businesses</p>	Asset has long-term value	<p>Vandalism, heavy vehicles, with high usage such as forestry.</p> <p>Climate change impact.</p> <p>Central Government legislation and requirements.</p>	No further benefit	Community benefits include an attractive urban environment and streetscape, tidy roadsides, the ability to transport people, goods and services throughout the district, connections to other transport networks and location. Individual benefits are for people and businesses	<p>General Rates</p> <p>Targeted Rates</p> <p>Subsidies</p>	<p>General Rates</p> <p>Targeted Rates</p> <p>Subsidies</p> <p>Development/Financial contributions</p> <p>Reserves</p> <p>Borrowing</p>



Activity	Community Outcomes	User or beneficiary principle Who benefits	Intergenerational equity principle Period of benefit	Negative Effect/Exacerbator Whose action or action create a need	Costs and benefits Separate funding	Rationale	Funding Sources	
							Operational	Capital
						using roads and footpaths to carry out their day-to-day business.		
Footpaths	Quality, fit for purpose infrastructure and services that are cost-effective and meet future needs. A caring community that is safe, healthy and connected	The whole community	Asset has long-term value	People who restrict access Damage Climate Change impact	No further benefit	Whole community benefits from its existence and its use.	General Rates Targeted Rates Subsidies	General Rates Targeted Rates Subsidies Development / Financial contributions Reserves Borrowing
Cycleways and trails	Quality, fit-for-purpose infrastructure and services that are cost-effective and meet future needs A caring community that is safe, healthy and connected	The whole community. Flow on effect to retail/hospitality industry (tourism related and adjacent businesses).	Asset has long-term value	Damage Restricted access	No further benefit	Everyone benefits from the availability of cycleways and trails. Their use will improve health outcomes and provides a benefit across all of the four wellbeings	General Rates Grants	General Rates Subsidies Financial contributions Reserves Borrowing



Activity	Community Outcomes	User or beneficiary principle Who benefits	Intergenerational equity principle Period of benefit	Negative Effect/Exacerbator Whose action or action create a need	Costs and benefits Separate funding	Rationale	Funding Sources	
							Operational	Capital
Wastewater								
	Safe and resilient water supply, wastewater and stormwater systems. Healthy, sustainable waterways. Quality, fit for purpose infrastructure and services that are cost- effective and meet future needs	Urban community benefits directly from the provision of service, whole community receive indirect benefit because we have an environmentally sustainable system.	Asset has long-term value	Users with a high loading (volume or composition) create an additional burden on the system. Central Government. Climate change. I&I from private properties. Community expectations of disposal Polluters (illegal discharge).	As the benefits of this activity are predominantly individuals, it is considered appropriate to fund the activity separately	The urban community benefits directly from the provision of the service, and the whole community benefits from the environmental effects of the system. Additional costs resulting from high use for trade waste is recovered directly through the Trade Waste Bylaw.	General Rates Targeted Rates Fees and Charges Grants	General Rates Borrowing Reserves Grants Financial / Development Contributions
Stormwater drainage								
	Quality, fit-for-purpose infrastructure and services that are cost- effective and meet future needs Safe and resilient water supply, wastewater and stormwater systems Healthy and sustained waterways	Built-up urban areas including commercial properties receive direct benefit from the availability of the service, while the remainder of the district receive an indirect benefit.	Asset has long-term value	Polluters (people who discharge anything other than rainwater to the system). Central Government. Climate change. Change in land use. Property owners not maintaining streams.	As the benefits of this activity are predominantly individuals, it is considered appropriate to fund the activity separately	The whole community benefit from the provision of stormwater, either directly or indirectly.	Targeted Rates General Rates Grants	Targeted Rates General Rates Reserves Borrowing Financial/ Development Contributions Grants



Activity	Community Outcomes	User or beneficiary principle Who benefits	Intergenerational equity principle Period of benefit	Negative Effect/Exacerbator Whose action or ction create a need	Costs and benefits Separate funding	Rationale	Funding Sources	
							Operational	Capital
Waste management								
Recycling and refuse collection	An environmentally responsible community committed to reducing our carbon footprint and adapting to the impacts of climate change. A caring community that is safe, healthy and connected	People who use the service predominantly benefit, however those people who have access also receive a benefit from the availability of the service. The whole community benefit Indirectly	Assets have a medium-term value	People who damage bins. People not or incorrectly recycling.	As the benefits of this activity are predominantly individuals, it is considered appropriate to fund the activity separately	The whole community benefits indirectly from the availability of the service through recycling and reduced waste. Individuals who access the service receive a direct benefit as do those who have the service available and choose not to use it.	Fees and charges Targeted Rates General Rates Subsidies & levies	Fees and charges (bin replacements)
Transfer station	An environmentally responsible community committed to reducing our carbon footprint and adapting to the impacts of climate change/ A caring community that is safe, healthy and connected.	People who use the facility receive a direct benefit and people who have access also receive a benefit from the availability of the facility The whole community benefit indirectly	Assets have a long-term value	People who dump contaminants.	There is no need for separate funding	The whole community benefits indirectly from the availability of the facility. Individuals who access the facility receive a direct benefit as do those who have the facility available and choose not to use it.	General Rates Fees and Charges	General Rates Reserves Borrowing



Activity	Community Outcomes	User or beneficiary principle Who benefits	Intergenerational equity principle Period of benefit	Negative Effect/Exacerbator Whose action or action create a need	Costs and benefits Separate funding	Rationale	Funding Sources	
							Operational	Capital
Water supply								
Potable Water Supply	Safe and resilient water supply, wastewater and stormwater systems Quality, fit for purpose infrastructure and services that are cost- effective and meet future needs	People who use the service predominantly benefit, however those people who have access also receive a benefit from the availability of the service. The whole community benefit indirectly.	Assets have a long-term value	Individuals who waste water. High and excessive users, including leaks. Unauthorised connections. Individuals who contaminate the supply.	As the benefits of this activity are predominantly individuals, it is considered appropriate to fund the activity separately	The whole community benefits indirectly from the availability of safe water supply. Individuals who access the supply receive direct benefit as do those who have the supply available and choose not to use it.	Targeted Rates General Rates Fees and Charges Grants	General Rates Targeted Rates Borrowing Reserves Development /Financial Contributions Grants
Water Races	Safe and resilient water supply, wastewater and stormwater systems Quality, fit for purpose infrastructure and services that are cost- effective and meet future needs. A vibrant and prosperous business and primary sector investing in, and supported by, the community	People who use the service predominantly benefit, however those people who have access also receive a benefit from the availability of the service.	Assets have a long-term value	Excessive users Individuals who contaminate the supply.	As the benefits of this activity are predominantly individuals, it is considered appropriate to fund the activity separately	Properties who have access to water races receive a direct benefit. There is a marginal benefit to the whole community through stormwater discharge.	Targeted Rates General Rates Fees and charges Grants	Targeted Rates General Rates Borrowing Reserves Grants