

Policies



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Executive Summary

From 1 July 2004, the overarching document will be the Waikato District Long-Term Council Community Plan which will supersede the Waikato District Strategic Plan and Long-Term Financial Strategy.

Section 1: Waikato District The Community's Vision and the Challenge for the Council

To develop the Waikato District into an even better place for living, working, investing and visiting.

To achieve the vision, Waikato District Council will work in partnership with the community under the three key themes of its strategic planning framework:

- Facilitating Community Development
- Safeguarding Our Environment
- Developing Our Economy.

As shown in the diagram, each document enables the public to measure the performance of the Council and, ultimately, contributes to the development of the Waikato District.

The Treasury Management Policy is detailed in the Plan from page 61 and full copies are available from any Waikato District Council office or library. Copies of the Asset Management Plans referred to in the diagram above can also be obtained upon request.

Section 2: Origins of the Revenue and Financing Policy

This section provides a brief overview of the evolution of the local government financial reforms which have led to the development of a Revenue and Financing Policy.

Section 3: Revenue and Financing Policy Overview

This section provides the background information required in order to prepare the Revenue and Financing Policy. Economic principles are used to analyse the benefits of each of Council's significant activities. The appropriate funding mechanisms are applied to determine the most efficient manner for recovering expenditure.

For each of Council's significant activities, the following information has been included:

- the reason(s) Council is involved in the activity
- the process as outlined by the Act and explained below.

Section 4: Funding Conclusions

This section highlights the overall funding impact of the Revenue and Financing Policy.

Section 5: Performance Measures

This section identifies a set of performance measures to monitor Council's actual performance against the Revenue and Financing Policy.

I Waikato District The Community's Vision and the Challenge for the Council

The Vision

To develop the Waikato District into an even better place for living, working, investing and visiting - as stated in the Waikato District Strategic Plan 2000-2010.

The Challenge

To be successful the Council will need to work in partnership with the community and will need to manage resources to achieve the community's goals.

Where To From Here

Key issues for Council over the next ten years involve our community, our environment and our economy. Consultation and major projects will be carried out under the following three community outcomes.

Vibrant Local Communities

Key themes:
Health and Safety
Recreation and Leisure
Education
History and Culture

Thriving Economy

Key themes:
Employment
Infrastructure
Promotion

Sustainable Living Environment

Key themes:
Lifestyle
Environment

2 Origins of the Revenue and Financing Policy

The Local Government Amendment (No 3) Act 1996 introduced financial reform and imposed a more stringent approach to the evaluation of rating information.

The focus was very much on the analysis of economic information and the assessment of who benefits.

Whilst this is part of the process, central government felt that decisions were being made solely on the grounds of economic information rather than community considerations.

The Act proposes a much more holistic approach to the funding process. It incorporates environmental, social and cultural considerations as well as economic factors.

This emphasis on the four factors is consistent with a move towards quadruple bottom line reporting which will be a key component of Annual Reports in the future.

Whilst considerable progress has been made in relation to the development of asset management plans, the Act makes this a mandatory requirement. It also acknowledges that asset management plans must be robust, evolving documents.

2.1 Funding Mechanisms

The Act outlines in Section 103(2) the range of funding sources which may be used to fund the operating and capital expenditure requirements of activities. The funding sources have been classified into those which are considered by council to be suitable for funding activities with a high level of public benefit and those with a high level of private benefit.

In simple terms and in this context, public benefit refers to where the beneficiaries are deemed to be the community at large or ratepayers at large.

On a similar basis, private benefit refers to where there is an identified group or individual who primarily receive the benefit.

In practice, most activities have a component of public and private benefit.

In addition, Council has also classified the sources into those suitable for funding operating and capital expenditure and those which, in the interests of prudent management, should only be used to fund either operating or capital.

The following table summarises these considerations:

	Operating	Capital
Public Benefit	General Rates UAGC Interest and Dividends from investments	General Rates/UAGC/ Borrowing/Development Contribution/Proceeds from Asset Sales/Reserves
Private Benefits	Rent* Targeted Rates Fees and Charges Grants and Subsidies	Targeted Rates Fees and Charges Grants and Subsidies

*Note: The Act allows Council to utilize "any other source", this is not defined but in practice Council has identified rent as "any other source".

2.2 Funding of Operating Expenses

Council's policies and practices in relation to the funding of its operating expenses are set to ensure prudent financial management and compliance with legislative requirements and generally accepted accounting practice.

Council will use a mix of revenue sources applied to individual activities as follows:

Summary of Funding Mechanism

Activity	Operating Expenditure
Corporate/Council Leadership	General Rate/UAGC
Parks and Reserves	General Rate/UAGC/Rent/Grants/ Subsidy/ Targeted Rates/Fees & Charges
Libraries	General Rate/UAGC/Fees and Charges
Stormwater	Targeted Rate/General Rate
Water Supplies	Targeted Rate/Fees & Charges/General Rate
Wastewater	Targeted Rate/General Rate/Fees & Charges
Landfills	General Rate
Refuse Transfer Station	General Rate/Fees and Charges
Refuse Collection	Targeted Rate
Area Offices	General Rate/UAGC/Fees and Charges
Grants and Donations	General Rate/UAGC/Grants
Community and Safety	General Rate/UAGC
Property	Rent/Fees & Charges
Funds Management	Investment Earnings/Dividends/Fees & Charges
Animal Control	Fees and Charges/General Rate/UAGC
Building Control	Fees and Charges/General Rate/UAGC
Environmental Health	Fees and Charges/General Rate/UAGC
Resource Management	Fees and Charges/General Rate/UAGC
Roading	General Rates/Subsidies/Fees & Charges

2.3 Funding of Capital Expenditure

As with operating expenses, Council has set out to ensure that it takes a prudent approach to the funding of capital expenditure. The emphasis is also on meeting legislative and accounting requirements.

Council will use a mix of revenue sources applied to individual activities as follows:

Summary of Funding Mechanism

Activity	Capital Expenditure
Corporate/ Council Leadership	Not applicable
Parks and Reserves	GeneralRate/UAGC/Reserves/Loans/ financial contributions
Libraries	General Rate/UAGC/Reserves
Stormwater	Targeted Rate/Reserves/financial contributions/general Rate
Water Supplies	Targeted Rate/Reserves/loans/financial contributions
Wastewater	Targeted Rate/Reserves/loans/financial contributions
Landfills	General Rate
Refuse Transfer Station	General Rate/Reserves/Loans
Refuse Collection	Targeted Rate/General Rate
Area Offices	Not applicable
Grants and Donations	Not applicable
Community and Safety	Not applicable
Property	Rent/Reserves/loans
Funds Management	Not applicable
Animal Control	Not applicable
Building Control	Not applicable
Environmental Health	Not applicable
Resource Management	Not applicable
Roading	General Rate/Reserves/subsidies/loans/ financial contributions

2.4 Funding Needs

The funding needs of the Council are met from those sources that the Council has determined to be appropriate following consideration of:

- the community outcomes to which each of its activities primarily contributes
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- the period in or over which those benefits are expected to occur
- the extent to which the actions or inactions of particular individuals or groups 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
- the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

The primary objective of the Act is to promote good financial management with "good" being defined as "prudent, effective and efficient". Prudent is defined as proceeding with due care and consideration. Effectiveness and efficiency are two inter-related requirements for good policy. Effective policies are those which work - that is, achieve their objectives. The counter-balancing question addressed by efficiency is, "at what price is effectiveness achieved?". Efficient policies minimise costs and maximise benefits to the whole community - not just to Council itself.

The main principles outlined in the Act include the following.

- *Prudent management*
Councillors' obligations are likely to result in comparison of their roles with that of company directors and trustees, although the environment in which Councillors operate implies a lesser test than that for company directors.
- *Sustainability*
Adequate provision must be made for expenditure needs.
- *Consider options*
Alternatives including the status quo must be considered in arriving at decisions.
- *Lawful funding*
This principle reinforces the key purpose of the Act, being to encourage soundly based funding systems.
- *Maintain debt at prudent levels and in accordance with a Treasury Management Policy*
This principle recognises the continuation of borrowing powers as a key purpose of the Act, and establishes a decision-making and accountability framework to ensure control of borrowing rather than setting rigid limits.
- *Balance the books*
This principle is related to the provisions of the Fiscal Responsibility Act 1994 which applies to Central Government and requires that operating revenues cover operating expenses.

3 Revenue and Financing Policy Overview

For each of Council's activities the following information has been included:

- the reason(s) why Council is involved in the activity
- linkages to key strategies and community outcomes outlined in Council's current Strategic Plan
- summary table of the matters to be considered in determining the appropriate funding mechanism for each activity.

It should be noted that in a number of cases Council has elected to fund some capital development by General Rate funding or other sources. Intergenerational aspects which Council considered are detailed under each activity.

The selection of the Uniform Annual General Charge as a funding mechanism was hampered by legislative restrictions and the range of suitable services.

3.1 Corporate and Council Leadership

The Corporate and Council Leadership activity is geared towards Vibrant Local Communities and finding opportunities for a Thriving Economy.

Local Government in New Zealand has been through a revolutionary change with more emphasis now being placed upon accountability and public consultation. Councils still have a number of strict legislative constraints placed upon them which dictate what they can and cannot do. Some examples of the legislation Councils work under are the Local Government Act (2002), the Local Government (Rating) Act 2002, and the Resource Management Act.

From the basis of this statutory framework the Waikato District Council sees its roles as that of:

Leader

The leadership role involves:

- identifying the quality of life people in the community want, the kind of growth and conditions needed for development and expressing these in all Council plans and policies
- inviting the community to participate in the consultative process prior to decisions affecting the district and local communities being made, whilst also being aware of the views of the silent majority
- acting as a community advocate to Central Government and other agencies in response to local needs
- encouraging and, where appropriate, initiating a collaborative approach with other agencies, local authorities or government organisations on issues of common interest across the District and the region, including sharing advances in technology
- facilitating and promoting dialogue with Tangata Whenua and other stakeholders
- identifying services which are needed by the community to develop choice of lifestyle opportunities
- facilitating development in a manner which sustains and/or enhances the environment whilst maintaining the balance between economic and environmental needs
- carrying out an educational role to ensure environmental and community standards are maintained.

Regulator

Council's regulatory duties include managing the natural and physical resources of the district in a sustainable manner. This is achieved by:

- formulating policies in accordance with our statutory responsibilities
- monitoring the effects and achievements of policies
- administering appropriate policies to achieve orderly development and quality of life in the community
- upholding the spirit of the Treaty of Waitangi
- promoting policies to protect our environment
- promoting policies to protect our heritage and cultures.

Manager and Service Facilitator

In order to manage and provide a quality service, Council must:

- further develop a high performance organisation which provides service delivery with excellence
- enhance cost effectiveness and affordability of essential services by means of good business practices
- continue to review current services in order to classify them as core or non-core services (core services are those services which the Council is to provide either by legislation or by community request)
- continue to review our information technology to ensure the Council is capable of coping with future enhancements
- utilise modern electronic service delivery with interactive access via technology.

Investor

Council's critical investment role will see:

- sound investment in key infrastructure and strategic assets which will benefit the community
- continued ownership of essential services.

Distribution of Benefits

No single identifiable group. Council considers that all members of the community have access to elected members.

Period of Benefits

There are no intergenerational equity considerations for this activity.

Contribution of Others

There are no particular groups or individuals who impact on the need to undertake this activity.

Costs and Benefits of Separating this Activity

This activity is distinct from other activities because it is the basis of local government - the right to have appropriate representation and involvement in local or District wide decision making. There is no logical grouping into which this activity could be added. Over a period of years, Council has established a structure which caters for the easy allocation of costs to this activity.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

This activity is fundamental to the ability of the Council to assess needs in relation to economic, environmental, social and cultural factors. The elected members provide easy access to what the community wants and needs.

Funding Conclusion

The overall assessment is that this is a public benefit service which should be funded by all ratepayers through the General Rate and UAGC.

There are no capital expenditure requirements.

3.2 Parks and Reserves

Parks and reserves contribute to the key community outcomes outlined in Council's Long Term Council Community Plan of Vibrant Local Communities and Sustainable Living Environment.

Recreation is an important part of people's lives, and has a very broad definition. For some people it involves active sports such as rugby, rugby league, cricket and netball. For some it involves passive activities such as walks and picnics. For others it involves music or crafts.

Recreation results in a number of social benefits including improved physical and mental health, greater community cohesion through common activities and interests, and a sense of local or national pride and identity. Recreation facilities provide the opportunity for people to get together in an informal setting, and can also improve the appearance of an area (eg attractively landscaped open areas). Economic benefits resulting from recreation are also significant in terms of direct and indirect businesses which benefit from particular events.

The demands for recreational facilities come from both the local residents and visitors. Indeed, it is often the recreational facilities available which attract visitors to an area.

Council works in partnership with the Department of Conservation to ensure the quality and maintenance of a number of District reserves.

The provision of parks and reserves provides the opportunity to protect and manage our environment and encourage the preservation of heritage sites, buildings and other natural treasures.

Council has a legislative responsibility under the following acts:

(a) The Reserves Act 1977 - section 17

Much of Council's reserves are Crown land vested in the Waikato District Council for recreational purposes, etc under the Reserves Act.

Council's reserves can be broken into:

- recreation reserves - both passive and active
- small scenic reserves
- historic reserves
- local purpose or esplanade reserves.

(b) Resource Management Act 1991 - section 229 to 237(h)

This provides for local authorities to hold esplanade reserves and esplanade strips for the purpose of contributing to the protection of conservation values by improving:

- water quality
- aquatic habitats
- protecting natural values.

Esplanade reserves are used to enhance public access and enable public recreational use of such areas.

(c) Local Government Act 2002

Section 138 of the Act specifically restricts Councils from selling parks and reserves without consulting with their communities.

Distribution of Benefits

The benefits of parks and green space is split between those who directly use the facilities and the general promotion of health and well-being of all residents.

Period of Benefits

Council considered the capital development programme for reserves and felt that whilst a number of the facilities and amenities will benefit the community over a prolonged period, funding should be primarily from current mechanisms rather than loan funding.

However, in considering the development of a major new facility such as the Huntly West Sports Complex, consideration would be given to loan funding.

Contribution of Others

Groups which have a direct impact on the need to provide these sort of facilities are generally developers and this can be addressed through financial contributions.

Costs and Benefits of Separating this Activity

This activity is distinct from other activities because collectively, the assets represent a substantial cost and provide a key component of our environmental infrastructure. There is no logical grouping into which this activity could be added. Over a period of years, Council has established a structure which caters for the easy allocation of costs to this activity.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

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

Funding Conclusion

There are limited opportunities for Council to recover the direct cost from users without introducing expensive collection mechanisms. Council believes this would restrict the use of the facilities and this would not be in the best interests of the community. The overall assessment is that this is a public benefit service which should be funded by all ratepayers through the General Rate and UAGC. Limited opportunities exist to recover the private component through rents, grant and subsidies. Capital expenditure is funded through General Rate, UAGC, Reserves, Loans and Financial Contributions.

Public Cemeteries

Council's involvement in public cemeteries supports the key community outcomes of Vibrant Local Communities and Sustainable Living Environment.

Council provides this service to comply with section 4 of the Burial and Cremation Act 1964, which provides that "it shall be a duty of every local authority, where sufficient provision is not made elsewhere for the burial of the bodies of persons who previously lived within the district, to establish and maintain a suitable cemetery. Also, the maintenance of records is best undertaken by an organisation which will exist for an indefinite period of time."

Cemeteries provide a permanent resting place for those who have passed away where family, friends, and others can visit, in a manner that is consistent with the community's cultural values. They also have significant historical value and form an integral link with the origins of the district.

The cemeteries impose structure and are designed to protect and manage the natural resources of the Waikato District in terms of environmental control.

There are a number of privately owned cemeteries that are located throughout the district. These cemeteries are maintained and operated by their respective owners.

Distribution of Benefits

Public cemeteries provide a social and environmental service in relation to public health. It also meets statutory requirements in relation to the Burial and Cremation Act 1964. Direct beneficiaries are the families of the deceased and there are obviously cultural and heritage values which need to be considered.

Period of Benefits

There is little capital development work required in relation to cemeteries. The development that is done is fairly low level and did not warrant any consideration of intergenerational equity. In other words, funding should be primarily from current mechanisms rather than loan funding.

Contribution of Others

Clearly the number of persons requiring cemetery plots impacts on the level of the service which is able to be provided.

Costs and Benefits of Separating this Activity

This is not a large activity but has unique features in relation to the social, cultural and heritage considerations surrounding cemeteries. There is no logical grouping into which this activity could be added. Over a period of years, Council has established a structure which caters for the easy allocation of costs to this activity.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

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

Funding Conclusion

The private part of this activity is recoverable through burial fees. As noted, there is still a significant public component which Council has elected to fund through a combination of General Rate and UAGC. Capital expenditure is funded through General Rate, UAGC and Reserves.

Public Swimming Pools

Council has continued to provide swimming pools in Huntly and Ngaruawahia in line with the key community outcome of vibrant local communities.

It is unlikely that a private provider would consider the social aspects and the value the community at large puts on this public facility.

Distribution of Benefits

There is a direct benefit to users of the pools. There is also a public benefit in relation to the general promotion of health, well-being and public safety of all residents.

Period of Benefits

Council is considering the upgrade of the existing Huntly Swimming Pool complex. Council considers that this facility will benefit the community and users in the future. Clearly there are long-term benefits which Council proposes to fund through direct community input (Community Facilities Targeted Rate), depreciation contributions from other parties and loan funding.

Contribution of Others

Groups which have a direct impact on the need to provide these sort of facilities are swimmers. The operators of the facilities also have the ability to positively or negatively impact on the service.

Costs and Benefits of Separating this Activity

Over a period of time Council has invested in a range of swimming pool facilities. It is considered necessary to keep these facilities separate from other facilities to clearly demonstrate the benefits and cost to the community. There is no logical grouping into which this activity could be added. Over a period of years, Council has established a structure which caters for the easy allocation of costs to this activity.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

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

Funding Conclusion

There are limited opportunities for Council to recover the direct cost from users without taking over the management of the facilities. The exception is in relation to agreements with schools and through a Community Facilities Targeted Rate. The overall assessment is that this is primarily a public benefit service which should be funded by all ratepayers through the General Rate and UAGC. Capital expenditure is funded through the General Rate, UAGC, other contributions, Targeted Rate, reserves and loans.

3.3 Libraries

Libraries support Council's key community outcomes of Vibrant Local Communities and Sustainable Living Environment through education and protection of our heritage.

Council considers libraries to be of significant importance to local government and will continue to fund and provide the district with libraries because they:

- provide information services that cater for the needs of residents
- provide information, books and other materials for life-long learning, self development, pleasure and creative use of leisure
- build a collection which is a community asset for the future.

Libraries provide an educational and recreational activity and are community facilities. The emphasis is on arts and culture and providing opportunities for residents to find out about the world. Council also has partnerships with Hamilton City Council, Waipa, Franklin and Matamata-Piako District Councils to ensure full coverage for all residents of the district. An amount of \$290,000 is included in the budgets in relation to those agreements.

If the market were left to deliver this service, it is unlikely that it would fulfill the social issues currently addressed through local government involvement. A public library reflects the community attitude to learning and intellectual excellence.

Council's libraries are a source of community pride. Their existence is valued by some members of the community who do not necessarily intend to use the service, but support public ownership of the asset.

Distribution of Benefits

Council assessed the public benefit at a high level because libraries provide information services that cater for the needs of residents at large and build a collection of materials which are a Community Asset for the future. The promotion of literacy, life-long learning and self development are also seen as public benefits.

The private benefit accrues to individuals who borrow books or materials. These are used for the personal benefit of that individual.

Period of Benefits

While maintaining a relevant and accessible collection is key to providing a library service to future generations, Council considers that investment every year is required to achieve this. Given that books and materials have a limited lifetime, the portion being charged each year is fairly consistent and utilises depreciation as a source of funding.

Contribution of Others

A small allowance is made for charges levied to reflect misuse of library books and materials.

Costs and Benefits of Separating this Activity

The community has, in the past, demonstrated the importance of this activity. Concern was expressed when consideration was given to changing the method of service delivery. For this reason, the library activity has been kept separate.

Council has the appropriate systems in place to separately identify the cost.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

The focus of libraries is on social and cultural well-being. In addition, the range of materials available provide an ability to encourage education and protection of our environment and heritage.

Funding Conclusion

Council considered that a small portion of the cost should be recovered through rentals, fines for late return of books and associated Fees and Charges. Council considered that the most appropriate method to recover the balance of the cost is through the General Rate and UAGC.

3.4 Stormwater

Stormwater drainage contributes to Council's key community outcomes of Vibrant Local Communities, Thriving Economy and Sustainable Living Environment.

Council is required to administer stormwater maintenance under the Land Drainage Act 1908.

The provision of stormwater drainage protects private property (including land and assets) from flooding and subsequent erosion, and enables Council to fulfill its statutory responsibilities under the Building Act 1991. One of the main concerns is to ensure environmental sustainability.

Stormwater drainage also protects roads from surface flooding making them safer for motorists.

Stormwater drainage is an essential infrastructural service which is geared at providing efficient and affordable delivery to ratepayers and residents.

Local schemes give the opportunity to deal with local needs and priorities.

Distribution of Benefits

Stormwater protects private property from flooding and erosion. There is clearly a public component in relation to the run off of water onto roads and to ensure access to properties during periods of high flooding.

Period of Benefits

Upgrade works are ongoing over the range of schemes provided by Council. This work is generally less than \$100,000 in cost and Council therefore did not consider that loan funding was appropriate. Using the Targeted Stormwater Rate (from current and past ratepayers) is an appropriate funding source.

Contribution of Others

Users can impact on the progress of stormwater and Council seeks to identify any such circumstances.

Costs and Benefits of Separating this Activity

Stormwater is an activity which is closely monitored by the community. In a district of our size and where there are numerous different communities, Council felt it was appropriate to retain this as a separate activity.

Over a period of years, Council has established a structure which caters for the easy allocation of costs to this activity.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

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

Funding Conclusion

Council considered that this service is primarily a private benefit which should be recovered through a Targeted Rate.

The public health and flooding considerations should be recovered through the General Rate as the service is directly related to individual properties.

Capital expenditure is funded through financial contributions, depreciation, General Rate (miscellaneous works in minor centres) and Targeted Rates (either current or through accumulated reserves).

In addition, Council recovers a direct contribution from Environment Waikato to complete works in relation to Project Watershed.

3.5 Water Supplies

Council's involvement in water supplies promotes the key community outcomes of Vibrant Local Communities, Thriving Economy and Sustainable Living Environment.

The present ownership position is in part due to the Central Government subsidies of the past through the Health Department to local authorities. These subsidies were under the banner of 'improved community health'.

Other reasons for engaging in this function are:

- Council is the chosen supplier by the community. Ratepayers can have input through the Annual Plan and special consultative procedure into pricing and future expansion
- with larger water supplies, ownership of the network in public hands provides some guarantee as to supply, efficiency of service and price
- community public health is more likely to be assured with Council ownership and operation
- water supplies provide for fire fighting and irrigation needs where applicable
- Council involvement promotes a safe and healthy community

- Council works in partnership with Hamilton City Council to provide water supply in southern parts of the district
- through managing water supplies Council is able to safeguard our natural resources and provide pure water
- through a number of local schemes Council is able to take account of local needs and priorities.

Distribution of Benefits

Direct users of the water supply clearly receive a benefit. There is also a high public benefit in relation to the promotion of public health. The Act now clearly notes that Councils have limited scope to disconnect supply because of the public health considerations.

Period of Benefits

Major capital work is required on the range of water supply schemes supplied by Council. This will enable more connections to the schemes as additional residents wish to join and also facilitate improved water flows in some areas.

Financial contributions are used to help to fund development of this infrastructure.

This work clearly has an intergenerational equity component and for this reason depreciation funding and using the Targeted Water Rate (from current and past ratepayers) is an appropriate funding source. Loan funding is also used which apportions some of the cost to future ratepayers.

Contribution of Others

The users of the water schemes clearly impact on the provision of the service. If there was a dramatic shift in usage then the range and capacity of the schemes might need to be reassessed or the development programme altered.

Costs and Benefits of Separating this Activity

The Act places a great emphasis on the role of water supplies. Council considered this and felt it would be inappropriate to merge this activity with others.

Over a period of years, Council has established a structure which caters for the easy allocation of costs to this activity.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

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

It is also noted that water has a cultural significance to a range of our communities. This is primarily centred around the role of the Waikato River which is the source of water to our water supply schemes.

Funding Conclusion

Council considered that this service is primarily a private benefit which should be recovered through a Targeted Rate and through Fees and Charges (water by meter consumption). The public health and cultural considerations should be recovered through the General Rate as the service is directly related to individual properties.

Capital expenditure is funded through financial contributions, loans, reserves and Targeted Rates (either current or through accumulated reserves).

3.6 Wastewater

This activity is similar to water supply in that it supports all of Council's key community outcomes of Vibrant Local Communities, Thriving Economy and Sustainable Living Environment.

Local government has a regulatory responsibility under various statutes including the Health Act 1956 to promote community health and safety. The effective collection and treatment of wastewater in urban areas is critical where the population concentration is in excess of what the environment can manage in a sustainable manner with on-site effluent treatment.

Council is the chosen provider by the community. Ratepayers can have input through the Annual Plan and special consultative procedure into pricing and future expansion. Council endeavours to ensure this service is delivered in an efficient and affordable manner.

Council is also the regulator of effluent disposal where there is no wastewater system in place.

Distribution of Benefits

Direct users of the wastewater supply clearly receive a benefit. There is also a high public benefit in relation to the promotion of public health. Council believes that all residents benefit from having a public sewerage collection, treatment and disposal system available.

Period of Benefits

Major capital work is required on an ongoing basis for the range of wastewater supply schemes supplied by Council. This will enable more connections to the schemes as additional residents wish to join and also facilitate improved treatment and disposal in some areas.

Financial contributions are used to help to fund development of this infrastructure.

This work clearly has an intergenerational equity component and for this reason depreciation funding and using the targeted wastewater rate (from current and past ratepayers) is an appropriate funding source. Loan funding is also used which apportions some of the cost to future ratepayers.

Contribution of Others

The users of the wastewater schemes clearly impact on the provision of the service. If there was a dramatic shift in usage then the range and capacity of the schemes might need to be reassessed or the development programme altered.

Costs and Benefits of Separating this Activity

There has been considerable interest from the community in the development of wastewater schemes, for example, Raglan. Council therefore considered that it was appropriate to treat this as a separate activity.

Over a period of years, Council has established a structure which caters for the easy allocation of costs to this activity.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

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

It is also noted that there are cultural considerations in relation to where the effluent is disposed.

Funding Conclusion

Council considered that this service is primarily a private benefit which should be recovered through a Targeted Rate and through Fees and Charges (trade waste and recoveries). The public health and cultural considerations should be recovered through the General Rate as the service is directly related to individual properties.

Capital expenditure is funded through loans, financial contributions, reserves and Targeted Rates (either current or through accumulated reserves).

3.7 Landfills

Landfills contribute to Council's three key community outcomes of Vibrant Local Communities, Thriving Economy and Sustainable Living Environment.

Council has a statutory duty to prepare and adopt a Waste Management Plan for the district. As part of that plan preparation, Council will determine its future role in dealing with the disposal of refuse through landfills.

This activity changed at the end of the 2000/2001 financial year when Council's remaining landfill closed. Council is now undertaking a closure and monitoring role, rather than a service delivery role.

Council has a role in policy and monitoring under the Local Government Act 1974 and 2002, and the Resource Management Act 1991 (environmental monitoring responsibilities).

Council has sought, through its contract with Hamilton City Council, to provide an efficient and affordable method of dealing with refuse disposal.

One of the key issues with landfills is to ensure public safety. As Council moves away from a provider role to a monitoring role this emphasis continues to be of importance.

The removal of refuse from the district into landfills is seen as part of Council's management of the environment.

Council is currently disposing of the majority of its refuse through Hamilton City Council's Horotiu landfill. As Horotiu is expected to close in 2006, Council will be required to consider alternative disposal options.

Distribution of Benefits

The public benefit component relates to the provision of safe and cost effective waste disposal sites to protect the health of the community and the environment. There is no direct benefit because all landfills are now closed.

Period of Benefits

The role of this activity is monitoring but this needs to continue for at least a further 30-year period. Other than beautification works, there are no planned development works to be undertaken.

Contribution of Others

Normally the disposers of rubbish would impact on this service. Given that the activity is essentially monitoring only, there are no readily identifiable contributors to this activity.

Costs and Benefits of Separating this Activity

Consideration was given to merging this activity with waste minimisation and refuse collection. Council felt that this activity had a different focus (monitoring) and therefore should be separately identified.

Council has the appropriate systems in place to separately identify the cost.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

This activity contributes to the environmental and social considerations for the community.

Funding Conclusions

Council considered that the General Rate is the most appropriate method to recover the cost. This is because the service is directly related to individual properties. The proposed beautification works are relatively minor in nature and are therefore General Rate funded.

3.8 Refuse Transfer Stations

Refuse transfer stations make a contribution towards Council's key community outcomes of Vibrant Local Communities, Thriving Economy and Sustainable Living Environment.

Council provides refuse transfer stations at Raglan, Huntly and Te Kauwhata. With the closure of Council's remaining landfill, these facilities are the sole Council-provided source of refuse disposal in the district.

The main reasons for engaging in this activity are:

- providing a disposal facility for the residents of the district
- promoting public health, safety and sanitation
- litter control
- consistency with Council's vision to improve the look and tidiness of the district
- managing the environmental effects associated with refuse accumulation and disposal
- providing residents of the district with essential, efficient and affordable infrastructure services.

Distribution of Benefits

Council considered that the public benefit is in relation to the protection of the environment and the community. The private benefit is in relation to those people who utilise the disposal site.

Period of Benefits

Capital development is in respect of the development of refuse transfer stations. Council has decided that as the facility will benefit current and future generations a proportion of the cost should be loan funded.

Contribution of Others

Clearly all users of the facility have the potential to impact on the public health of the community and the environment.

Costs and Benefits of Separating this Activity

Public health and safety has raised the profile of this activity in the eyes of the community. There are distinct differences between this activity and landfills which is simply a monitoring focus. Council felt it was most appropriate to report this separately. Council has the appropriate systems in place to separately identify the cost.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

This activity contributes to the environmental and social considerations for the community.

Funding Conclusions

Council considered that the General Rate is the most appropriate method to recover the majority of the cost. This is because the service is directly related to individual properties. Council has a variety of contractual arrangements for the operation of the refuse transfer stations. In some cases, Council receives a portion of the private benefit by way of Fees and Charges.

Capital expenditure is funded through General Rate (prior year surpluses) which therefore affects current and previous ratepayers.

In addition loan funding will be used for new facilities.

3.9 Refuse Collection

The refuse collection function supports Council's key community outcomes of Vibrant Local Communities and Sustainable Living Environment.

This service fulfils some of Council's responsibilities under the Health Act 1956 to promote health in communities. If the service was not provided, some people might not dispose of their refuse in a sanitary manner thus causing health hazards and impacting on community safety.

In addition, there is a statutory responsibility under the Local Government Act 2002, section 286, to have a waste management plan in place.

Through providing a collection service Council seeks to minimise the impact on the environment. In addition, recycling initiatives contribute to the goal of managing environmental outcomes.

Distribution of Benefits

Individual property owners benefit from the collection of rubbish but there is also a public benefit in relation to protection of public health as required by the Health Act 1956. Council has also elected to trial a prepaid bag collection in Raglan and utilise a lower Targeted Rate to fund recycling initiatives.

Period of Benefits

Capital works to be undertaken are usually relatively minor in nature. For these reasons, the current users are expected to fund this work through depreciation funding and using the Targeted Refuse Collection Rate (from current and past ratepayers) as the appropriate funding sources.

Contribution of Others

Close monitoring is required as users of the service and other can impact on public health and the environment.

Costs and Benefits of Separating this Activity

Council has undertaken a prepaid bag collection initiative in Raglan and wishes to closely monitor progress. Council has also recently extended the service in response to demand from the community. For these reasons, Council considers this activity should be separately disclosed. Council has the appropriate systems in place to separately identify the cost.

Overall Impact on the Economic, Environmental, Social and Cultural Factors

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

Funding Conclusion

Council considered that this service is primarily a private benefit which should be recovered through a Targeted Rate. Whilst Council acknowledges there are public health considerations, Council wishes to encourage waste reduction and this is best achieved through a Targeted Rate.

Capital expenditure is funded through Targeted Rates (either current or through accumulated reserves).