

STATEMENT OF PROPOSAL

Review of
Revenue and
Financing Policy

Review of Revenue and Financing Policy

Policy overview

This is the review of the existing Revenue and Financing Policy adopted in 2015. The Revenue and Financing Policy sets out the Council's funding philosophy, describing how each of the Council's activities will be funded and why it is funded that way. This includes for example the mix of general rates, targeted rates, fees and charges and other sources.

The Council is required to have a Revenue and Financing Policy under the Local Government Act 2002. It must be included in the Council's final Long Term Plan. The review cycle is not legislatively prescribed but a three yearly cycle in keeping with the Long Term Plan cycle is practical. The LGA requires consultation on a review of this Policy.

Overview of changes proposed to the policy

- ▶ Minor updates reflecting changes to our activity structure.
- ▶ Minor adjustments to the funding sources for specific activities to more realistically reflect actual income that is able to be achieved through fees and charges.
- ▶ A separately consulted proposal seeks to include the Murupara Water and Wastewater costs into the equalised funding system alongside other water and wastewater schemes that already have equalised costs. More information about this proposal can be found in our Long Term Plan consultation document "Shaping Our Tomorrow – Ngā Aa Anamata".

We'd like to hear from you

Before making a submission we recommend you read through the relevant section of this document thoroughly to ensure you have all the information available.

- ▶ Post or deliver submissions to:

Whakatāne District Council	Murupara Service Centre
Commerce Street	Pine Drive
Private Bag 1002	Murupara
Whakatāne	
- ▶ Submit online: www.whakatane.govt.nz/haveyoursay
- ▶ Email submissions: submissions@whakatane.govt.nz

Key Dates

Submission close: 23 April 2018.

Hearings: 14 – 16 May 2018 (for those who would like to present their submission to the Council).

Deliberations: 14-22 May 2018 (Council meets to discuss any changes to the policies and proposals based on submissions).

Adoption: 28 June 2018.

Implementation: Each individual policy and proposal will have an implementation date (when it goes live). For most of the matters in this consultation pack, the implementation date is from 1 July 2018.

Need more information?

If you have any questions about the policies and proposals contained in this pack, or about the process of making a submission, our website is a great place to start. You can also feel free to get in touch with one of your elected Council members or staff here at the Council.

- ▶ Website: www.whakatane.govt.nz
- ▶ Email enquiries: info@whakatane.govt.nz
- ▶ Phone enquiries: (07) 306 0500 (ask for the Strategic Policy Team)

Draft Revenue and Financing Policy

Approved for consultation: 1 February 2018
Proposed commencement: 1 July 2018
Proposed review date: 1 July 2021

DRAFT

1.0 PURPOSE

The aim of the policy is to promote consistent, prudent, effective and sustainable financial management of the Council and to ensure activities are funded from the most appropriate source.

The Revenue and Financing Policy sets out the Council's funding philosophy and describes how each of the Council's activities will be funded including the rationale for the use of each funding method.

The Local Government Act 2002 (the Act) requires all councils to adopt a Revenue and Financing Policy as part of its Long Term Plan. Specifically, this Policy is required to comply with sections 102 and 103 of the Act.

2.0 FUNDING PHILOSOPHY

The following funding philosophy has been adopted by the Council to underpin the revenue and rating system for the 2018-28 Long Term Plan.

The Council has adopted the following philosophy for the apportionment of funding:

- a) Where services and the beneficiaries of those services can be clearly defined, those beneficiaries should contribute towards the cost of providing those services in proportion to their level of use through direct user charges provided it is administratively efficient to do so; and
- b) Where specific benefits accrue to a particular part or parts of the District, the cost of those benefits should be met through rates charged to that part or parts of the District, through the application of differentials and/or targeted rates; and
- c) Where benefits provided can be identified as a public good and accrue to the district as a whole, the Council will apply the generally accepted principles of taxation and the cost of those benefits will be met by Capital Value general rates across the district.

Remission and Postponement policies will be provided as the safety net to assist in cases where ratepayers have a reduced ability to pay.

3.0 POLICY CONSIDERATIONS

Section 101(3)(a) of the Act requires local authorities to consider certain matters when determining the sources that will be used to meet funding needs. These considerations seek to ensure that financial affairs are managed prudently and in a manner that promotes the current and future interests of the community. This section of the Policy demonstrates how the Council has considered these matters.

3.1 Community outcomes

Community Outcomes represent the Council's contribution to community wellbeing in the District. They represent the goals that the Council is aiming towards and underpin the rationale for the activities and services the Council delivers. The Activity Funding Tables within section eight of this Policy outline the Community Outcomes to which each activity contributes.

3.2 User/beneficiary pays

This consideration analyses the distribution of benefits an activity has between the community as a whole, any identifiable part of the community, and individuals. The activity funding tables within section seven of this Policy identify which proportion of each activity is considered being of public versus private benefit.

As the Council's funding philosophy is centred around a beneficiary pays approach, the funding sources selected by the Council for each activity will typically, although not always, reflect the levels of public versus private benefit. The choice of funding source will also be influenced by the other policy considerations listed in this section.

The available funding sources are listed in section seven of this Policy. This includes an identification of whether these sources apply to either public or private good, or both. The Council also applies differentials to some rating categories. This provides both reduced and increased rates charges to recognise the level of access to services and facilities for some areas of the District.

3.3 Intergenerational equity

This consideration analyses the period in or over which the benefits of Council's activities are expected to accrue. This then indicates the period over which the operating and capital expenditure should be funded.

For all activities, operating costs are directly related to providing benefits in the year of expenditure. As such, they are appropriately funded on an annual basis from annual revenue.

Intergenerational equity applies more readily to capital expenditure where assets have useful lives ranging from a few years through to many decades. One method used to spread these costs over time is loan funding. This ensures that current ratepayers do not pay for benefits received by future ratepayers. Each year's ratepayers service the debt associated with this asset. This results in infrastructural costs being spread more evenly across the life of the asset and the different ratepayers who benefit from it.

3.4 Exacerbator Pays

This consideration analyses the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity. Examples are parking enforcement, dog control, littering, noise control, enforcement of bylaws etc. This principle aims to identify the costs

to the community of controlling the negative effects of individual or group actions. The principle suggests that Council should recover any costs directly from those causing the problem.

Some of Council's activities exhibit exacerbator pays characteristics, in particular 'Regulation Monitoring'. Through the use of fees and charges (including fines), the Council will seek to recover expenditure where this situation exists. However, it is acknowledged that it can be difficult or inefficient to identify exacerbators (e.g. fly-tipping or refuse) and in these circumstances activities will be funded through general rates.

3.5 Costs and benefits (of separate funding)

This consideration analyses the costs and benefits of funding the activity distinctly from other activities.

There are administration costs associated with separate funding and these need to be weighed against any benefits of targeting specific beneficiaries/ users of a service, including transparency and accountability. Transparency and accountability

are most evident when an activity has one defined funding source. This allows ratepayers, or payers of user charges, as the case may be, to see exactly how much money is being raised and spent on the activity, and to assess more readily whether or not the cost to them of the activity represents good value.

However, funding every activity this way would be extremely complex. For some activities, the quantity of rates funding to be collected amounts to only a few cents per ratepayer. The administrative cost and lack of significance lead Council to fund a number of activities by way of a general rate. To aid in transparency and accountability, Council separates the total general rate into reasonable activity breakdowns, when presenting the ratepayer with their rates assessment notices. This then allows the ratepayer to make some form of meaningful assessment down to activity level.

4.0 FUNDING OF OPERATING EXPENDITURE

Operating expenditure pays for Council's day to day expenditure of service delivery, maintaining existing assets, or other expenditure that does not buy or build a new asset. Council funds operating expenditure from the following sources:

- a) General rates, including uniform annual general charges
- b) Targeted rates, including fixed targeted rates
- c) Fees and charges
- d) Interest and dividends from investments
- e) Grants and subsidies
- f) Other operating revenue (e.g. operating reserves).

The Council has determined the proportion of operating expenditure to be funded from each of the sources listed above, and the method for apportioning rates and other charges. The activity funding tables outlines in section eight of this Policy explains how those decisions have been made and provides information on how operating expenditure is funded for each activity.

The Council may choose to not fully fund operating expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted when beneficial to avoid significant fluctuations in rates, fees or charges.

The Council may choose to fund from the above sources more than necessary to meet the operating expenditure in any particular year. The Council will only budget for an operating surplus to fund an operating deficit in the immediately preceding or following years, or to repay debt.

The Council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment. The LGA requires Council to produce a Funding Impact Statement that provides details on the funding mechanisms to be

used for each year covered, and for this Statement to be included in the Long Term Plan and Annual Plan, as appropriate. The Funding Impact Statement shows how the Council intends to implement the Revenue and Financing Policy each year. It also shows the amount of funding to be collected from each available source, including how various rates are to be applied.

5.0 FUNDING OF CAPITAL EXPENDITURE

Capital Expenditure pays for buying or building new assets including replacing an existing asset or improving an existing one to deliver a better service.

The Council usually funds capital expenditure from borrowing and spreads repayment over several years. Borrowing is managed within the framework specified in Council's Liability Management Policy. Borrowing for capital expenditure enables the Council to ensure there is intergenerational equity in terms of who funds capital expenditure – the repayments are spread over the reasonably expected average life of the asset where practicable. This means today's ratepayers are not asked to fund tomorrow's assets.

Other funds include:

- a) Grants and Subsidies - from agencies such as the NZ Transport Agency and Ministry of Health
- b) Council reserves - including annual revenue collected to cover depreciation
- c) Development contributions
- d) Proceeds from the sale of assets
- e) Lump sum contributions

The Prospective Financial Statements included in the Long Term Plan contain a statement of prospective net debt position. This statement provides a summary of forecast borrowing levels, identifying the impact of capital expenditure and the various other capital funding sources listed above.

6.0 FUNDING SOURCES

This section provides some simple definitions of the different sources that are available to fund Council's activities. Each activity may be funded from any one or more source.

General Rates: General rates are used to raise revenue for activities that are of public good or where recovery from users (private good) is not efficient or possible. They include two portions. Part is set based on capital value (value of land plus improvements), and part is by a fixed amount per rating unit (Uniform Annual General Charges – UAGC-).

A stepped differential is applied for properties with a capital value over \$15m. For properties that are in this category, the portion of the property valued under \$15m will attract the full capital value general rates charges. For the portion of the property with capital value over \$15m, only a half capital value general rates charge will apply. This differential does not apply to the UAGC portion.

Targeted rates:	Targeted rates are used to raise revenue for activities where an area of benefit can be recognised, for example a rate may be charged to the commercial sector, or to a specific ward. They are set based on the capital value or as a fixed amount per rating unit (Fixed Targeted Rate). This can be used for both private good and public good.
Lump sum contributions:	For the recovery of specific capital expenditure, otherwise loan funded (optional for ratepayer). These must have a high component of private good as they are paid by ratepayers for capital. Our policy is to not accept lump sum contributions for targeted rates.
Fees and charges:	Fees, charges and the recovery of fines are used to raise revenue for services or activities that have a high component of either private good and where the users of the service or the exacerbators are identifiable.
Interest and dividends from investments:	The Council has very little external investment holdings and these do not make any return of note. Any income that is received from an investment are generally used to fund activities of public good.
Borrowing:	Loans, both short term and long term. Our policy is that borrowing is a funding tool and does not need a split between public and private good as it is only deferring the eventual charge.
Proceeds from asset sales:	Our policy for the proceeds from the sale of assets is that the proceeds from assets sales will be applied to reduce debt either within the activity from which the sale arose or by Council allocating the proceeds to retire debt in a specific activity.
Development contributions:	To levy these there must be a specific policy, however the revenue and financing policy must signal why these are going to be levied. This must have a high component of private good.
Grants and subsidies:	Our policy is that income received from an external funding entity be applied against the project for which the subsidy was acquired. These generally would be of a public good however this can depend on the purpose or source of the grant or subsidy.
Council created reserves:	Council created reserves are used to fund a number of activities, usually in instances where the activity meets the purpose for which the reserve was created. In some instances, where it is considered appropriate by the Council and where appropriate approval is granted, reserves are used to fund items outside of their original purpose.
Any other source:	Other funding sources may be available from time to time to fund Council activities.

7.0 ACTIVITY FUNDING TABLES

ACTIVITY	POLICY CONSIDERATIONS							RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	PUBLIC BENEFIT %	PRIVATE BENEFIT %	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPERATE FUNDING		OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%	CAPITAL
LEADERSHIP										
Governance	Effective Leadership	100	0	Nil	Nil	Nil	Nil	<p>This activity provides the opportunity for people to participate in the democratic process, and for the elected members to lead the Council on behalf of the community.</p> <p>The public good component of this activity reflects that the governance activity, (which provides for local body elections every three years and supports elected members to be effective, responsible and accountable decision-makers) is contributing to the open, transparent and accountable democratic process of local government.</p> <p>Operational costs are funded predominantly through general rates reflecting the public good component of this activity. Targeted rates are used to fund each of the four Community Boards of the District.</p>	H: General rates L: Targeted rates	Nil
Community Support	Community Needs	100	0	Nil	Nil	Nil	Nil	<p>This activity provides support to organisations and groups that are contributing to the current and future needs of the District.</p> <p>The public good component of this activity recognises the contribution made by organisations and groups within the community and offers a helping hand in appreciation of this voluntary contribution in the way of grants or subsidised rentals. The public good component also reflects the civil ceremonies and recognition awards, as well as developing sister city relationships which contribute to the social and cultural well-being of the community.</p> <p>Operational costs are funded through the general rate reflecting the public good component of this activity.</p>	F: General rates	Nil
Strategy and Policy	Effective Leadership	100	0	Nil	Nil	Nil	Nil	<p>This activity provides strategy and policy advice to enable effective decision making and long-term planning.</p> <p>The public good component of this activity recognises that the services delivered by this activity are of public good. The advice supports elected members in their policy and direction decisions for the benefit of the community and the majority of the plans and policies developed in this activity are requirements of legislation.</p> <p>Operational costs are funded through the general rate reflecting the public good component of this activity.</p>	F: General rates	Nil
ROADS AND FOOTPATHS										
Transport Network	<p>Reliable and Affordable Infrastructure</p> <p>Community Needs</p> <p>Sustainable Economic Development</p>	50	50	M	L	M	M	<p>This activity provides and maintains transport networks (such as roads, footpaths, parking facilities and bridges), public transport infrastructure (such as bus shelters) and traffic control mechanisms (such as signage, lighting and road markings). This activity provides for the safe and efficient movement of goods, services and people throughout the District.</p> <p>Specific users of the network are able to benefit from the safe, efficient, effective and affordable transport network. This represents the private component of this activity. The activity also supports the economic and social wellbeing outcomes for the District as a whole which is reflected in the public good component of this activity.</p> <p>Operational costs are funded through a targeted rate (including a Fixed Targeted Rate) across the District. This activity is also funded through subsidies from the New Zealand Transport Agency.</p>	M: Targeted rates M: Grants and subsidies	<p>Targeted rates</p> <p>Grants and subsidies</p> <p>Development contributions</p> <p>Operating and capital reserves</p> <p>Borrowings</p>
Parking Enforcement	<p>Community Needs</p> <p>Quality Services</p> <p>Sustainable Economic Development</p>	0	100	M	H	L	L	<p>The activity provides parking enforcement services primarily in the Whakatāne town centre and Kopeopeo shopping area. The parking wardens also check vehicles for registrations and warrants of fitness.</p> <p>The public good component of this activity reflects that this service is provided at the request of the community and businesses of the CBD, so parking spaces in our busiest areas have an appropriate level of turn-over and are available for shoppers and businesses. This activity helps to ensure parking is done in a way that is safe and does not cause a hazard or obstruction for other road users. The activity also assists with making sure that vehicles are generally safe to be on the road.</p> <p>While the Council recognises the public good component of this activity, the exacerbator component is so high that operational costs are recovered entirely by way of fees and charges (also includes fines). This activity is entirely self-funding.</p> <p>Any revenue surpluses are required by legislation to be applied to transportation projects in the (geographic) area where that revenue was collected.</p>	F: Fees and charges	Nil

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	COMMUNITY OUTCOMES	PUBLIC BENEFIT %	PRIVATE BENEFIT %	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPERATE FUNDING		OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%	CAPITAL
WATER SUPPLY										
Water Supply	Reliable and Affordable Infrastructure Community Needs	0	100	H	L	H	L	<p>The activity provides a potable water supply service to consumers who are able to connect to schemes within the District. The Council recognises the benefit to the health and wellbeing of the community from providing safe and reliable water schemes and of providing adequate water pressure across urban areas for firefighting.</p> <p>The private good component of this activity recognises the benefits to the individual households and businesses from the provision of safe and reliable water schemes. Users can be easily identified and it is administratively efficient to apply targeted rates. Fees and charges are used to recover costs of water use where meters exist. Where there are no meters in place the targeted rate will include a charge equal to the national average level of water use.</p> <p>People who are not able to connect to a water scheme do not contribute to this activity as they supply their own water, therefore the use of general rates to fund this activity is not considered to be fair and reasonable. Operational costs are funded through targeted rates (targeted to properties where connection to a scheme is possible) and through fees and charges.</p> <p>Water supply schemes across the District are amalgamated for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service of having access to a scheme, pays the same regardless of the costs related to each individual scheme. In general, this benefits smaller schemes which have a higher per ratepayer cost. The water schemes for Ruatāhuna and Plains have not been amalgamated with the others, each for different reasons. The Ruatāhuna scheme is not owned by the Council. The Plains scheme is primarily an agricultural scheme and has a unique 50 year management strategy.</p>	H: Targeted rates L: Fees and charges	Targeted rates Grants and subsidies Development contributions Operating and capital reserves Borrowings
SEWERAGE TREATMENT AND DISPOSAL										
Sewerage Treatment and Disposal	Reliable and Affordable Infrastructure Valuing our Environment Community Needs	0	100	H	L	H	L	<p>The activity provides a sewage disposal service to consumers who are able to connect to a scheme within the District. This activity also includes trade waste. This function manages waste discharged into Council's sewerage system from industrial and commercial premises. The Council recognises the broad benefit to the health and wellbeing of the community and environment from appropriate management of sewage and waste water.</p> <p>The private good component reflects the private benefit received by individual households and businesses from the provision of a safe and reliable sewage disposal schemes. A user pays philosophy applies given that the users of this activity can be easily identified and it is administratively efficient to apply targeted rates.</p> <p>Operational costs are funded though targeted rates (targeted to properties where connection to a scheme is possible) and through fees and charges (for the trade waste component). These two funding mechanisms have been applied in acknowledgement that this activity is of private good and reflects a user pays approach.</p> <p>People who are not connected to a sewerage scheme do not contribute to the funding of the sewage schemes as they have their own septic tanks or community schemes, therefore the use of general rates to fund this component of the activity is not considered to be fair and reasonable.</p> <p>Although each sewerage scheme has different costs to maintain and operate, sewerage schemes across the District have been amalgamated for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service of having access to a scheme, pays the same regardless of the costs related to each individual scheme. In general, this benefits smaller schemes which have a higher per ratepayer cost. Similar to the amalgamation of water schemes.</p>	H: Targeted rates L: Fees and charges	Targeted rates Grants and subsidies Development contributions Operating and capital reserves Borrowings

ACTIVITY	POLICY CONSIDERATIONS							RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	PUBLIC BENEFIT %	PRIVATE BENEFIT %	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPERATE FUNDING		OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%	CAPITAL
STORMWATER DRAINAGE										
Stormwater Drainage	Community Needs Reliable and Affordable Infrastructure Valuing our Environment	0	100	L	L	H	L	<p>The Council provides infrastructure to minimise the impact of stormwater on public and private property within our urban areas.</p> <p>This recognises benefits for public health and safety, for the protection of property, and in terms of minimising potential financial cost associated with flooding.</p> <p>The private good component reflects the private benefit received by specific urban areas, individual households and businesses from the provision of protection from inundation. Operational costs of this activity are funded through targeted rates (targeted according to each area benefiting from a stormwater scheme). This acknowledges the private benefit to households receiving that service and reflects a user pays approach. A component of the stormwater activity is disaster mitigation works and the repayment of debt related to these works.</p> <p>Funding for Matatā disaster mitigation is an exception as the costs place a huge and unaffordable burden onto that community. As a result, a portion of costs will be funded across the District. The Council recognises this is inconsistent with the funding for the rest of this activity but considers it necessary to ease the rating burden on the Matatā community.</p>	H: Targeted rates L: General Rates (for Matatā disaster mitigation only)	Targeted rates General Rates Development contributions Operating and capital reserves Borrowings
SOLID WASTE										
Solid Waste	Valuing our Environment Community Needs Quality Service	10	90	H	M	M	L	<p>The purpose of this activity is to provide for the collection, diversion, reprocessing and disposal of waste. The activity seeks to reduce the quantity of waste going to landfill for disposal through reprocessing or recycling, resulting in environmental benefits and cost savings to the ratepayers.</p> <p>The public good component of this activity recognises that the provision of facilities for the community to dispose of waste in a convenient and secure way helps to protect public health and reduces the harmful effects of waste getting into the environment. The facilities are designed to minimise fly-tipping and reduce issues of odour or contamination caused by incorrectly disposed waste.</p> <p>Operational costs are funded through a mix of targeted rates, general rates and fees and charges. Mainly the operational costs are paid for through targeted rates (targeted to communities where the wheelie bin, recycling bin and green waste wheelie bin collection services are available). This acknowledges the private good to households who have access to these services. The fees and charges component also acknowledges the private good to users of the transfer stations where those fees and charges are leveraged.</p> <p>General rates are used to fund this activity, to recognise the public benefit of managing waste appropriately and safely and that it contributes to the environmental well-being of the District. The Council also acknowledges that a stronger user pays approach would be prohibitive.</p>	H: Targeted rates L: General rates L: Fees and charges	Targeted rates Operating and capital reserves Borrowings
ENVIRONMENTAL SUSTAINABILITY										
Resource Management-Consents	Quality Services Valuing our Environment Sustainable Economic Development	50	50	H	L	L	L	<p>This activity manages subdivision and development of the District through the consent process.</p> <p>The public good component of this activity recognises that the enabling and controlling of growth in the District is of wider benefit to the community. It also recognises the service to customers who have not necessarily made a consent application.</p> <p>The private good component represents the benefit to those applying for subdivision and land-use consents.</p> <p>Operational costs are funded through general rates and through fees and charges reflecting the public and private good components of the activity.</p>	M: General rates L: Fees and charge	Nil

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Resource Management- Policy	Valuing our Environment Community Needs Sustainable Economic Development Effective Leadership	90	10	L	L	L	L	This activity provides a framework for the sustainable management of growth and development in the District. Through this activity we prepare plans and policies that implement the Resource Management Act 1991 (RMA), specifically the District Plan. The District Plan controls the way we use, subdivide and develop land in the District, it identifies where activities can take place, what land can be developed and what special features of our District should be protected. This activity is of public benefit as it weighs up the costs (both financial and environmental) and benefits (to the long term well-being of the community) of the decisions that are made under the RMA. Operational costs of this activity are funded entirely through general rates. This acknowledges that the activity is predominantly of public benefit.	F: General rates	Nil
COMMUNITY SAFETY										
Licensing (Alcohol and Gaming)	Community Needs	5	95	H	M	Nil	L	The activity allows the operation of licensed premises but provides some control over the sale of alcohol. Operational costs of this activity are funded through the general rate and through fees and charges. Default fees and charges for alcohol are set through the Sale and Supply of Alcohol Act 2012. These fees will continue to apply unless the Council changes these through a bylaw.	M: General rates M: Fees and charges	Nil
Environmental Health & Regulation Monitoring	Community Needs Quality Services Valuing our Environment	70	30	M	M	Nil	L	This activity responds to nuisance complaints (such as noise, refuse, odour) and provides licensing for registered premises that provide restricted goods and services (such as food, hair dressers, camp grounds etc). It also administers and enforces bylaws, legislation and policies relating to health and safety in public places. The services provided by this activity contribute to public health while there is also recognition that exacerbators should contribute to the costs resulting from their actions. In some cases, there are difficulties in identifying the exacerbators for monitoring actions such as fly tipping and abandoning vehicles. Therefore there is a limited ability to recover costs from fees and charges in the regulation and monitoring. The private benefit acknowledges that businesses receive licensing services which they require to operate lawfully. Operational costs are funded primarily by general rates to reflect the public benefit component of this activity. Fees and charges also fund this activity to reflect the private good component of this activity.	M: General rates L: Fees and charges	Nil
Building	Community Needs Quality Services Sustainable Economic Development	30	70	H	M	Nil	L	This activity manages the legal requirements for the construction and alteration of buildings under the Building Act 2004 and ultimately seeks to protect health and safety. The public good component of this activity is delivered through projects such as identifying earthquake prone buildings, dealing with leaky homes liability and interacting with customers who have not necessarily made a consent application. It also reflects that this activity protects the community from unsafe buildings and ensures buildings are designed and constructed in a manner that promotes sustainable development and to enables buildings that contribute to the health and wellbeing of the community. The funding rationale recognises that it is important for the economic wellbeing of the District not to deter development and growth through high consent costs. The general rates component acknowledges the public good component of this activity. The private good component of this activity reflects the private benefit to those applying for building consents. Operational costs are predominantly funded through fees and charges reflecting the private good component of those applying for consents.	L: General rates H: Fees and charges	Nil
Animal Control	Community Needs Quality Services	30	70	H	H	L	M	This activity protects human safety and health through the registration and enforcement of legislation, bylaws and policies of dogs, stock and other animals. Operational costs are funded through general rates and fees and charges. The general rates component acknowledges the public good of this activity in contributing to the safety of the community. The fees and charges portion recognises both the private benefit of services to dog owners and the high exacerbator element.	L: General rates H: Fees and charges	General rates Fees and charges Operating and capital reserves

ACTIVITY	POLICY CONSIDERATIONS							RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
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Emergency Management	Community Needs Effective Leadership	100	0	Nil	Nil	L	L	<p>The purpose of this activity is to have in place measures that prepare the community for disasters and to be able to respond and recover from them.</p> <p>There is a strong community desire for the Council to take a lead in an emergency situation and there are also statutory obligations for the Council to be involved in Civil Defence, Rural Fire and Hazardous Substances planning and response.</p> <p>This activity is considered to be of public good.</p> <p>Operational costs are predominantly funded through the general rate reflecting the public good component of this activity. Grants and subsidies are also able to be sourced to support this activity.</p>	H: General rates L: Grants and subsidies	General rates and subsidies
RECREATION AND COMMUNITY SERVICES										
Parks, Reserves, Recreation & Sports-fields	Community Needs Sustainable Economic Development Reliable and Affordable Infrastructure	95	5	L	M	H/L	M	<p>This activity provides a range of leisure, recreational, educational and sporting opportunities for the public.</p> <p>The activity is considered to be have a high public good component and reflects the strong desire from the community to have quality recreational space available in the most appropriate and convenient locations. This activity helps to build communities that interact with each other, are healthy, happy and well connected.</p> <p>The private benefit component reflects the use of reserves and recreational facilities by clubs and individuals.</p> <p>Operational costs are substantially funded through general rates reflecting the high public good component.</p> <p>Fees and charges are used to recover some costs from users where possible. A stronger user pays approach is not possible by the nature of the services and facilities being provided and would not be appropriate as this would deter people from using them.</p>	H: General rates L: Grants and subsidies	General rates Fees and charges Development contributions Operating and capital reserves Borrowings Subsidies
Aquatic Centres	Community Needs Quality Services Reliable and Affordable Infrastructure	80	20	M	L	H	L	<p>This activity provides a range of aquatic centre facilities and services for leisure, recreational, educational and sporting opportunities for the public.</p> <p>The activity is considered to have a high public good component and reflects the strong desire from the community to have quality facilities to enable opportunities to exercise and have fun in a social environment. Having facilities available in our District for people to learn to swim in a safe environment is considered to have a high public benefit to the community. Swimming facilities have a positive impact on the community's health and well-being and are used for occupational therapy treatment and rehabilitation. The private benefit recognises the benefits to the users of the aquatic centres.</p> <p>Operational costs are predominantly funded through general rates acknowledging the high level of public good. Fees and charges are used to recover some costs from service users and reflect the private benefit component of this activity. While a stronger user pays approach could be implemented it is considered that this would deter people from using the aquatic centres.</p>	H: General rates L: Fees and charges	Targeted rates Fees and charges Operating and capital reserves Borrowings
Halls	Community Needs Reliable and Affordable Infrastructure	80	20	H	Nil	M	L	<p>This activity provides public hall facilities for community use.</p> <p>The public good component identifies the contribution of halls to social cohesion of the communities they serve. The private benefit component reflects the benefits to those individuals and organisations hiring the halls.</p> <p>Operational costs are predominantly funded through general rates, reflecting the public good component of this activity. Operational costs are also funded through fees and charges which recognises the private benefit component of this activity.</p> <p>While users of the service can easily be identified and a strong user pays approach could be implemented, it is considered that this would deter people from using the halls.</p>	L: General rates H: Fees and charges	General rates Fees and charges Operating and capital reserves Development Contributions

ACTIVITY	COMMUNITY OUTCOMES	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
		PUBLIC BENEFIT %	PRIVATE BENEFIT %	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPERATE FUNDING		OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%	CAPITAL
Cemeteries and Crematorium	Community Needs Quality Services Reliable and Affordable Infrastructure	40	60	L	H	H	M	<p>This activity provides for an appropriate method and location for burials and cremations.</p> <p>The public good component of this activity acknowledges that the appropriate burials and cremation processes contribute to the health and safety of the public. There is a strong community demand to provide attractive, restful facilities which cater for the differing needs of the community. The social and cultural well-being of the community is enhanced by this activity. This activity also maintains closed cemeteries.</p> <p>The private benefit component of this activity reflects the benefits to those families of the deceased who chose to use the facilities.</p> <p>Operational costs are funded through fees and charges reflecting the high private benefit of this activity. General rates funding recognises the public good component of this activity.</p>	M: General rates M: Fees and charges	General rates Fees and charges Development contributions Operating and capital reserves Borrowings
Public Conveniences	Community Needs Reliable and Affordable Infrastructure	100	0	L	H	H	M	<p>This activity provides appropriately located public conveniences for public use.</p> <p>The public good component of this activity recognises the benefit of public conveniences for the whole of the community and the strong community demand.</p> <p>Operational costs are entirely funded through general rates acknowledging the public good component of this activity.</p>	H: General rates L: Restricted Reserves	General rates Development contributions Operating and capital reserves Borrowings
Libraries	Community Needs Quality Services	80	20	L	L	M	L	<p>This activity provides access to printed and digital information for education and recreation and to encourage literacy through programmes delivered by this activity.</p> <p>The public good component of this activity reflects the strong public demand for a community hub which provides resources and opportunities to access information in printed form or on-line. This activity provides access to relevant information whether it is for leisure, research or education. This activity increases the socio-economic conditions of our district by running and supporting programmes that work to raise literacy rates and increase levels of qualifications.</p> <p>The private good component of this activity recognises that individuals and organisations receive private benefit from the activities and services provided.</p> <p>Operational costs of this activity are funded mainly through the general rate to reflect the public good component of this activity. Fees and charges are also used but not to a level in keeping with the private good component of the activity.</p> <p>While users of the service can easily be identified and a strong user pays approach could be implemented it is considered that this would result in a level of fees and charges that would deter users from using the libraries.</p>	H: General rates L: Fees and charges L: Subsidies	General rates Operating and capital reserves Borrowings Grants and Subsidies
Museum	Community Needs Quality Services Reliable and Affordable Infrastructure	80	20	L	Nil	M	L	<p>This activity manages the preservation, display and provision of education around the artefacts and other historical assets on behalf of the community.</p> <p>The public good component of this activity reflects the cultural, educational, leisure and community values of the District. Te Koputu a te Whanga a Toi, offers exhibition space for a number of local, national and international exhibitions. The museum preserves our cultural heritage intergenerationally and provides research and archives facilities. The preservation, presentation, protection and education of the community, about its origins, also provides a significant sense of pride in the place we have chosen to live. This activity also encourages and develops cultural tourism.</p> <p>The private good component of this activity reflects the private benefit to those using the services. Operational costs are predominantly funded through general rates in recognition of the public good component of this activity.</p> <p>Fees and charges are also used, however these are generally not able to achieve a level of return reflecting the private good component of this activity.</p>	H: General rates L: Fees and charges L: Subsidies	General rates Operating and capital reserves Borrowings Grants and Subsidies

ACTIVITY	POLICY CONSIDERATIONS							RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	PUBLIC BENEFIT %	PRIVATE BENEFIT %	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPERATE FUNDING		OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%	CAPITAL
Ports and Harbour	Reliable and Affordable Infrastructure Community Needs Sustainable Economic Development	80	20	L	L	H	L	<p>This activity manages the port, launch facilities and associated assets. This includes the main commercial wharf, Otuawhaki (Green Wharf) and the Game Wharf in Whakatāne as well as Ōhope Wharf, Thornton and Ōhiwa ramps and various groynes and navigational equipment. This activity also includes some facilities around the ports and harbours including car parks, jetties, a weigh station, hardstand, wharves and navigation markers. The operation of this activity also includes services such as disking the river mouth, undertaking soundings and providing assistance to boat owners in times of high floodwater.</p> <p>The public benefit component of this activity recognises that these facilities enhance the economy of the District through enhanced recreational and business opportunities. Operational costs are funded by the harbour fund reserves, sourced from harbour property leases.</p> <p>This funding situation recognises the unique situation of the harbour assets vested in the Council where any income received from those assets can only be reapplied to their maintenance and development. This has an impact of offsetting any funding requirement that might otherwise be sourced from general rates.</p> <p>Fees and charges are also used, however these are generally not able to achieve a level of return reflecting the private good component of this activity. The Council will continue to assess options to recover costs from private users, where this would be administratively efficient.</p>	F: Harbour Fund Reserves	Investment Income Fees and charges Operating Reserves Harbour Fund Reserves
Community Development	Community Needs Effective Leadership	60	40	L	M	L	L	<p>This activity promotes a safe community through a variety of methods including education, interagency collaboration and externally funded programmes. This activity includes road safety, youth development and community safety.</p> <p>The public good component of this activity reflects the contribution of road safety programmes and community safety initiatives, undertaken to support the wellbeing and safety of the community. This activity has a wider public benefit of reducing the social costs associated with road accidents through its road safety function.</p> <p>Operational costs of the community safety component of this activity are funded through general rates. Operational costs of the road safety component of this activity are funded through targeted rates. This recognises the public good component of this activity</p> <p>The private good component acknowledges the benefit to individuals who participate in the externally funded programmes that the Council delivers. These are funded through grants and subsidies.</p>	L: General rates H: Grants and subsidies	Grants and Subsidies Harbour Fund Operating and Capital Reserves
Whakatāne Holiday Park	Community Needs Sustainable Economic Development	0	100	H	L	M	H	<p>This activity is undertaken to support economic development and tourism growth plans for the District and to provide temporary accommodation following the Edgumbe floods in 2017.</p> <p>With a high private benefit component (reflecting the benefit to those using the facilities at the Holiday Park), and the ability easily identify users, the activity is funded through user fees and charges.</p> <p>The Holiday Park activity is separately funded in acknowledgement that there is a commercial component to this activity.</p>	H: Fees and charges	Borrowings Fees and Charges
DISTRICT GROWTH										
Economic Development	Effective Leadership Sustainable Economic Development	70	30	L	Nil	H	M	<p>This activity promotes, supports and facilitates projects that have economic benefits to the District.</p> <p>The Council has strengthened its focus on economic development and the high public good component recognises the contribution of this activity to the economic wellbeing of our community.</p> <p>Operational costs are funded primarily through the general rate reflecting the high public good component of this activity. Fees and charges, targeted rates and subsidies are used to reflect the private good component of this activity.</p>	M: General rates L: Fees and charges L: Subsidies M: Targeted Rates	

ACTIVITY	POLICY CONSIDERATIONS							RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	PUBLIC BENEFIT %	PRIVATE BENEFIT %	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPERATE FUNDING		OPERATIONAL L = <30% M = 30-70% H = 71-99% F = 100%	CAPITAL
Strategic Property	Sustainable Economic Development	0	100	H	Nil	H	M	<p>This activity manages commercial assets vested in the Council and includes a number of different properties attributed to the harbour fund. The majority of these are for commercial land and are held in perpetual ground lease.</p> <p>The assets of the Harbour Board were gifted to the Council for the benefit of the community as harbour endowment land and the Council has an obligation to maintain, operate and develop the port and harbour facilities for the good of the community. The harbour endowment land earns income through leases, which is used to pay for the on-going operation, maintenance and improvements of the ports and harbour facilities.</p> <p>The private good component recognises the benefit to those leasing the Council's commercial assets for private use.</p> <p>Operational costs are funded through a mix of general rates, fees and charges, subsidies and in the case of harbour fund property, through the harbour fund reserve.</p> <p>The high private good component recognises the benefit to those leasing the Council's commercial assets for private use. Where the Council is unable to achieve a higher level of private benefit funding sources for its non-harbour assets, it uses general rates to fund the shortfall.</p>	<p>L: General rates</p> <p>H: Fees and charges</p> <p>L: Subsidies</p>	<p>General rates</p> <p>Fees and charges</p> <p>Operating and capital reserves</p>
Events & Tourism	Community Needs Quality Services Sustainable Economic Development	20	80	M	Nil	Nil	M	<p>This activity provides information about services and facilities available to the local community and visitors to the District. It also provides marketing and events promotion and includes the Visitor Centre.</p> <p>The public good component of this activity recognises the contribution to the recreational and prosperity outcomes for the District.</p> <p>The private good component of this activity recognises the benefits of marketing and information distribution to the commercial sector.</p> <p>The use of general rates to fund the operational costs of this activity recognises the public good component. The use of fees and charges and targeted rates recognises the private good components of this activity.</p>	<p>L: General rates</p> <p>H: Targeted rates</p> <p>L: Fees and charges</p>	Nil
CORPORATE AND DISTRICT ACTIVITIES										
Corporate Activities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<p>This group comprises of seven individual 'internal' activities (sometimes referred to as overhead activities) that collectively support the efficient and effective delivery of all Council 'external activities'. The activities include Customer Services; Public Affairs; Human Resources; Finance; Corporate Information; Corporate Property; and District Income and Expenditure. The costs of these activities are funded by way of allocation across Council's other (external) activities.</p>	<p>Costs are funded by allocations across Council external activities.</p>	<p>Borrowings</p> <p>Operational and Capital Reserves</p>
COUNCIL CONTROLLED OPRGANISATIONS										
Whakatāne Airport	Reliable and Affordable Infrastructure Community Needs Sustainable Economic Development	20	80	H	M	H	H	<p>This Council Controlled Organisation supports the safe and secure movement of aircraft passengers and freight.</p> <p>The public good component of this activity recognises the public benefit to the District as a whole from operating a sub-regional airport. The private good component of this activity recognises the private benefit to those residents, businesses and visitors using the Whakatāne Airport.</p> <p>Operational costs are predominantly funded through fees reflecting the high private good component of the activity.</p>	<p>H: Fees and charges</p> <p>L: Joint venture funding</p>	<p>Operating and Capital Reserves</p> <p>Joint Venture Funding</p> <p>Borrowings</p>
Toi EDA	Effective Leadership Sustainable Economic Development	70	30	L	Nil	H	M	<p>The activities undertaken by Toi-EDA contribute to the sustainable growth and development of the local economy. Toi-EDA is a partnership between the three territorial authorities (Kawerau, Ōpōtiki and Whakatāne) and the Bay of Plenty Regional Council, working together with local iwi.</p> <p>The Whakatāne District Council contribution to the costs of ToiEDA recognise the components of public benefit (to the District) and private benefit (to the commercial/industrial sector). In accordance, the funding source is a mix of general and targeted rates.</p>	<p>H: General rates</p> <p>L: Targeted rates</p>	Nil
BoPLASS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<p>This Council Controlled Organisation delivers shared back office services and communications to deliver savings and/or more effective outcomes to participating councils. As such, BoPLASS supports the outcomes of the activities to which those deliverables relate.</p>	<p>H: General rates</p> <p>L: Fees and charges</p>	<p>Funding of any relevant capital costs will be considered individually as they arise.</p>

ACTIVITY	COMMUNITY OUTCOMES	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
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IGF A	n/a	n/a	n/a	n/a	n/a	n/a	n/a	The Local Government Funding Agency (LGFA) is exists to enable participating local authorities to borrow funds at lower interest rates than might otherwise be available through individual borrowing activities.	L = <30% M = 30-70% H = 71-99% F = 100%	

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