

First adopted:	30 June 2012
Revision dates/version:	Version 2
Next review date:	November 2017
Engagement required:	not required
Document number:	D-1684434
Associated documents:	Revenue and Financing Policy
Sponsor/Group:	CFO

FUNDING NEEDS ANALYSIS

Purpose and Scope

1. The Funding Needs Analysis provides the background and analysis to explain the funding decisions made by Council. It is guided by the funding principles documented in the Revenue and Financing Policy.
2. Council must comply with section 101(3)¹. For each activity, Council must, in the first instance, determine the appropriate sources of funding² that will meet the funding needs of each activity. In determining this Council will take into consideration:
 - The community outcomes to which the activity primarily contributes.
 - The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
 - The period in or over which those benefits are expected to occur.
 - The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
 - The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
3. Having completed the above analysis Council must then consider:
 - The overall impact of any allocation of liability for revenue needs on the community.
4. The application of these requirements is very subjective. The legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a)³. It also provides Council with considerable latitude for judgement in the consideration of the section 101(3)(b) requirement.
5. The following sections document the matters and approaches Council has taken in determine the funding needs of an activity and how that translates into Council's decision on the appropriate funding sources to be used.

Previous reviews

6. In 2004/14 Council prepared its first Long Term Council Community Plan (later to be named the Long Term Plan). A requirement of the plan was to every three years review and consult on the

¹ All references to legislation are to the Local Government Act 2002, unless otherwise stated.

² The funding sources are listed in s103 LGA.

³ In his High Court judgement on Neil Construction Ltd and others v. North Shore City Council 2007, Potter J made it clear that Council must for each activity consider each element of s101(3).

Revenue and Financing Policy. The Funding Needs Analysis was incorporated in its entirety in these previous Revenue and Financing Policies up until the 2012/22 - 10 Year Plan.

7. At each review Council has considered particular activities that may need re-analysis. Council does not reconsider all of the options for funding each activity at each review; this would be impractical and inefficient.

Funding Sources for Operating Costs

8. Operating costs are the day to day spending that maintains the services delivered by Council. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.
9. Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded using user charges such as swimming pool admission fees, others with targeted rates such as the Hamilton Gardens rate and others from the general rate such as road maintenance. Distinct funding enables ratepayers or payers of user charges to assess more readily whether or not the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine how much money is being raised for the service and spent on the service, which promotes transparency and accountability.
10. The available funding sources for operating costs include:
 - User charges
 - Grants, sponsorship, subsidies and other income
 - Investment income
 - Reserve funds
 - Rates
 - General rate
 - Targeted rates
11. Each funding source and how Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is applied in this analysis.

Table 2: Consideration of legal requirements for operating expenses

Headings -s.101(a) reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	Council determines which of its 10 community outcomes which an activity contributes to. Council has not established a link between community outcomes and funding requirements for an activity.
Distribution benefits - s.101(3)(a)(ii)	The distribution of benefits is given consideration by Council, reflecting its area of benefit preference to funding sources for an activity. Determining benefit is not scientific ⁴ , is very subjective and is for Council to determine. Council has considered how the benefit of activity applies to households, businesses and the community as a whole.
Period of benefit- s.101(3)(a)(iii)	For most operational expenses the benefit is received in the

⁴ As concluded by Richardson P in the Court of Appeal decision on Wellington City Council v. Woolworths NZ Ltd and others (1996). *“The very complexity and inherent subjectivity of any benefit allocation for these specified outputs points away from using relative benefit as a definitive criterion.”*

Headings -s.101(a) reference	Matters Council might consider
	<p>year the expense is incurred.</p> <p>For most activities Council cash funds depreciation (an operating expense) from revenue sources and this along with other surplus cashflow will be used to fund capital costs for either asset renewal or debt repayments.</p> <p>Some operational expenses (provisions) may have a benefit over multiple years and so Council may choose to fund the activity over that period.</p>
Who creates the need- s.101(3)(a)(iv)	<p>Some things Council must do because the actions or inactions of individuals or groups create the need to undertake the activity.</p> <p>Council may choose to target these people or organisations through fines, charges or rates.</p>
Separate funding- s.101(3)(a)(v)	<p>Council must consider the practicalities of separate funding along with transparency and accountability.</p> <p>In some cases while it may be desirable to charge individuals there may be no practical way of doing so</p> <p>With regard to the rates contribution, Council is of the view that the costs and benefits of separate rating mechanisms for separate activities makes a complex rating system which is expensive to maintain and becomes confusing to interpret. In Council's opinion this does not contribute to improved transparency and accountability.</p>

DRAFT

Analysis for operating costs by activity

- Schedule 1 analyses each activity against the requirements of section 101(3)(a). These views are subjective and have been formed by successive councils, having reviewed the policy at least every three years.

Funding Sources for Capital Costs

13. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:
- User charges
 - Grants, sponsorship, subsidies and other income
 - Investment income
 - Financial contributions
 - Development contributions
 - Proceeds from the sale of assets⁵
 - Reserve funds
 - Borrowing
 - Rates
 - General rate
 - Targeted rates
14. Each funding source and how Council prefers to use that funding source for capital expenditure is described in detail in the Revenue and Financing Policy and is applied in this analysis.

Analysis for capital costs by activity

15. Council does not fund its capital costs on an activity by activity basis.
16. As described in the Financial Strategy, Council has a challenge to manage growth, affordable rates increases and debt. In order to achieve the appropriate balance between these variables Council takes the following approach.
- i. Council sets the annual rate increase,
 - ii. The existing budget plus an estimate for growth determines the rates income.
 - iii. Activity operating revenue and expenditure budgets are determined, within this constraint.
 - iv. An amount is budgeted for Development Contributions payments, which is set aside to fund growth projects or growth debt, as determined by the Development Contributions Policy.
 - v. The net cash operating costs is determined (net of cash revenue budgets).
 - vi. This leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise the funds are available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by activity and is available to fund any capital costs.
 - vii. Council sets the limit on debt, which determines the debt funding available for capital costs.
17. This process results in the following funding available for capital costs:
- Cash from general rates for use on all activities.
 - Cash from targeted rates for use on Access Hamilton project (Activity: Transportation), Hamilton Gardens' development (Activity: Hamilton Gardens) and BID improvements (Activity: Economic Initiatives).
 - Cash from borrowing

⁵ The Liability Management and Investment Policy states: “the proceeds from asset sales or investments will in the first instance be used to repay outstanding borrowings to reduce the overall debt, unless otherwise specifically authorised by Council. The exception to this is in relation to the sale of endowment properties where any surplus cash is held in the Municipal Endowment Fund to be used to reinvest in property.”

18. Council uses the following guidelines when considering the funding of capital projects:
 - All projects are first funded from grants, subsidy or other income, which are budgeted as operating costs.
 - Growth projects for network infrastructure that are required to meet increased demand are funded from development contributions, to the extent the Development Contributions Policy provides.
 - Reserve funds for other purposes are considered. Council has a small number of cash funded reserves available for capital costs projects.
 - Targeted rating options may be considered.
 - Projects that have exhausted previous funding sources are funded from the surplus cash available from general rates and debt.
19. A single project may have a mix of each of these funding options.
20. Whenever Council resolves to consider a separate funding policy Council will consider the sources of funds above, the Revenue and Financing Policy and complete a section 101(3) assessment to determine an appropriate funding policy for the project. Generally, Council will resolve the funding policy at the time the project is proposed in an Annual Plan or Long-term Plan. In undertaking this assessment it shall have regard to the matters in table three.

Table 3: Consideration of legal requirements for capital expenses

Headings -s.101 reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	A capital project is expected to contribute to the community outcomes in the same-way as the activity in which it is funded, unless Council resolves otherwise.
Distribution benefits - s.101(3)(a)(ii)	The distribution of benefits is expected to be the same as that for the operating costs of the activity in which it is funded, unless Council resolves otherwise. Council may choose to target those people or organisations who primarily benefit through financial and development contributions, lump sum options or targeted rates.
Period of benefit- s.101(3)(a)(iii)	For most capital projects the benefit is received over the life or the capacity life of the asset. Council will have regard to the equitable distribution of costs to each generation for the building and renewal of the asset.
Who creates the need- s.101(3)(a)(iv)	Some capital costs Council has to do because the actions or inactions of individuals or groups create the need to undertake the activity. Council may choose to target these people or organisations through financial and development contributions or targeted rates.
Separate funding- s.101(3)(a)(v)	Council must consider the practicalities of separate funding along with transparency and accountability. In some cases while it may be desirable to charge individuals there may be no practical way of doing so.

21. Note that for growth related network infrastructure a separate s.101(3) analysis is required in the Financial and Development Contributions Policy, as required by s106.

Overall funding consideration

22. Council is required by section 101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. It allows Council, as a final measure, to modify the overall mix of funding in response to these considerations.
 - i. Council will modify the change from the land value general rate of 2014/15 to a capital value general, by transitioning the change over 10 years. This is achieved by using the transitional targeted rate. Council is making this modification to mitigate the impact of the change on ratepayers by spreading that impact over 10 years.
 - ii. Council will modify the allocation of the rates liability between sectors of the rating base by the use of differentials on the general and transitional rates.
 - iii. Council will modify the choice of general rate funding to a mix of targeted and general rate funding in order to achieve an appropriate transition from the land value general rate in 2014/15 to a capital value general from 2015/16.
 - iv. As water, sewerage and refuse collection is part of the general rate, it is appropriate to create targeted rates for non-rateable properties for this services which are rateable.
 - v. Council may waive or discount fees and charges where it considers it appropriate to do so. Some matters Council may consider in deciding whether it is appropriate to waive fees are for social reasons, for the promotion of events and facilities, for commercial reasons, due to poor service or to minimise risk.
 - vi. Council may remit rates where it considers it appropriate to do so and as documented in the Rates Remissions Policy. These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (e.g. additional or no provision of some services).
 - vii. Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years for the purpose of smoothing the cost to users and ratepayers.
 - viii. Council may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 in the Financial and Development Contributions Policy.

DRAFT

Activity Funding Needs Analysis – Operating Costs

23. Schedule One lists each activity⁶ and documents Council’s assessment of the components of section 101(3)(a) as it applies to that activity. Table two list the matters Council might consider under each part of the section.

Funding Bands

24. After considering the section 101(3)(a) components, Council considers to what extent each of the funding sources is able to fund each activity. This policy is intended to be in place for the next three years before it is reviewed and because things change over time, it is not possible to precisely determine the percentage allocated. For this reason Council has decided to band the percentages into the categories listed in table four.
25. The assessment in Appendix One identifies the most likely sources of income an activity is budgeted to earn. In all case rates funds the balance of the activity after all other sources have been maximised. It is likely that from time to time Council will be able to secure additional funding that may be become available.
26. Council budgets will normally be set within these ranges. As these ranges are expressed as a percentage of the cost of the activity they may change over time because of changes in expenditure rather than changes in revenue. If budgets were marginally outside these ranges, it is unlikely that Council will consider that matter to have a high degree of significance and therefore warrant a consultation to change the Revenue and Financing Policy. It is also likely that actual funding sources will be different from budgeted funding sources.

Table 4: Funding Bands

Name	Percentage Range
Unlikely	0%
Minimal	0% - 20%
Low	20% - 40%
Moderate	40% - 60%
High	60% - 80%
Most	80% -100%
All	100%

Funding Sources and Rationale

27. This column of Schedule One identifies which of the funding sources Council plans to use in budgeting to fund the operating costs of each activity. It is determined by Council after consideration of each clause of section 101(3)(a).
28. As the assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and Council’s preferences for using these sources. The final choice of funding sources is subjective. Therefore Council has documented its rationale for choosing the funding source.
29. The funding source for an activity may be modified by Council when Council considers the requirements of section 101(3)(b). If this has occurred it is considered as part of the overall funding considerations section of this policy.

⁶ For a description of each activity see the 10-Year Plan.

Rating Policy

30. The requirements of section 101(3)(a) and section 103 only require Council to consider the rating funding sources at the level of:
 - “(a) general rates, including—*
 - (i) choice of valuation system; and*
 - (ii) differential rating; and*
 - (iii) uniform annual general charges:*
 - (b) targeted rates”*
31. This is consistent with the purpose of the revenue and financing policy to “describe the policies” of funding.
32. The Revenue and Financing Policy is intended to provide policy direction but not intended to replace the decision making requirements for calculation of the rates as described for the Funding Impact Statement in clause 15 or clause 20 of schedule 10. Nor is it intended that the Revenue and Financing Policy replace the requirements of the Local Government (Rating) Act 2002.
33. Council has a preference that its decisions on the allocation of the rates provides predictability and certainty. For this reason Council has developed its rating policies which will provide information that further assists in understanding the rates calculation processes.

DRAFT

SCHEDULE ONE: Activity Funding Needs Analysis – Operating Costs

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
Water Supply							
Water Treatment and Storage	Providing outstanding Infrastructure	<p>The primary benefit for having a safe and adequate volume of water is to households and business.</p> <p>Council considers that each household receives approximately the same benefit from a safe and adequate storage of water.</p> <p>Business and rural water users have greater variation in requirements for water.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Very limited impact of the actions or actions of others.	Council considers that there is little benefit of separate funding for water treatment and storage from water distribution.	<p>HIGH General rates Targeted rates</p> <p>MINIMAL User charges</p> <p>UNLIKELY All other funding sources.</p>	<p>General rates are the appropriate funding source for households as they are easy to administer and users receive the same benefit from the quality and quantity of supply.</p> <p>Metered water rates (targeted rates) and a targeted rate are appropriate for funding business and rural consumers.</p> <p>Where bulk water is supplied it is able to be charged on a user charges basis.</p>
Water Distribution	Providing outstanding Infrastructure	<p>The primary benefit for having an outstanding water distribution network is to households and business.</p> <p>1700 properties outside the district are supplied with water.</p> <p>Council considers that each household receives approximately the same benefit from a safe and adequate storage of water.</p> <p>Business and rural water users have greater variation in requirements for water.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Very limited impact of the actions or actions of others.	Council considers that there is little benefit of separate funding for water treatment and storage from water distribution.	<p>HIGH General rates Targeted rates</p> <p>MINIMAL User charges</p> <p>UNLIKELY All other funding sources.</p>	<p>General rates are the appropriate funding source for households as they are easy to administer and users receive the same benefit from the supply of water.</p> <p>Metered water rates (targeted rates) are appropriate for funding business and rural consumers.</p> <p>Where bulk water or outside of the district water is supplied it is able to be charged on a user charges basis.</p>

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
Sewerage							
Sewage Collection	Providing outstanding Infrastructure	<p>The collection of sewage is primarily a benefit to households and business that are connected to the schemes by removing the waste from properties.</p> <p>Council considers that each household and business receives approximately the same benefit from the removal of sewage.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Very limited impact of the actions or actions of others.	Council considers that there is little benefit of separate funding for sewage collection.	<p>HIGH General rates.</p> <p>MINIMAL Targeted rate. User Charges.</p> <p>UNLIKELY All other funding sources.</p>	<p>In most cases it is not practicable to measure the quantity of each individual's contribution to the sewerage system.</p> <p>General rates are the appropriate funding source for households and business as they receive the same benefit from sewage collection.</p>
Sewage Treatment and Disposal	Providing outstanding Infrastructure	<p>The treatment and disposal of sewage are primarily a benefit to the community as a whole by removing the health risks.</p> <p>The protection of the environment is a benefit to the serviced communities.</p> <p>Council considers that each household and business receives approximately the same benefit from the treatment and disposal of sewage.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Some businesses have an adverse impact greater than most users due to the volume or nature of the waste produced.	Council considers that there is little benefit of separate funding for sewage treatment and disposal.	<p>MOST General rates.</p> <p>MINIMAL Targeted Rate User Charges.</p> <p>UNLIKELY All other funding sources.</p>	<p>In most cases it is not practicable to measure the quantity of each individual's contribution to the sewerage system.</p> <p>There are some businesses that produce abnormal sewage where direct charging is able to be made. This is required by the Trade Waste Bylaw in addition to the targeted rate. Their share of costs is recovered by way of trade waste user charges.</p> <p>The community benefits from the safety and environmental effects of sewerage treatment and disposal.</p> <p>General rates are the appropriate funding source for households and business as they receive the same benefit from wastewater collection.</p>

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
Stormwater							
Stormwater Network	Providing outstanding Infrastructure	<p>The collection of stormwater are primarily a primarily a benefit to households and business by minimising and removing stormwater from properties.</p> <p>This benefit extends to the wider community as it includes the removal of stormwater from public spaces.</p> <p>Council considers that each household and business receives approximately the same benefit from the stormwater network.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact	Council considers that there is little benefit of separate funding for stormwater collection.	<p>ALL General rates.</p> <p>MINIMAL Subsidy & other</p> <p>UNLIKELY All other funding sources.</p>	<p>There is no practical way to charge individuals or groups for any direct benefit.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and users receive the same benefit from the stormwater network.</p> <p>Those who (either directly or indirectly) benefit should pay. Stormwater networks are funded from local amenity rates in the serviced townships.</p>
Transport							
Transport Network	Providing outstanding Infrastructure	<p>The transport network serves the whole district and everyone benefits directly in their personal use and indirectly through the supply of goods and services to businesses.</p> <p>Council considers that each household and business receives approximately the same benefit from transport network.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	<p>There is an impact of the actions or inactions of others.</p> <p>Costs are driven by traffic volumes and size. Large vehicles, wear roads out more quickly than motorcars.</p>	<p>Council considers that there is little benefit of separate funding for transport network generally.</p> <p>The Access Hamilton strategy has important strategic relationships and requires certainty of funding. For this reason separate funding is required for this component of the activity.</p>	<p>HIGH General rates</p> <p>LOW Subsidy & other</p> <p>MINIMAL Targeted rate User Charges</p> <p>UNLIKELY All other funding sources.</p>	<p>While there is an individual benefit to using the roading network there is no practical means available to charge for this. Subsidies sourced from New Zealand Transport Agency (NZTA) are funded from licensing revenue that represents some element of user pays, particular in the case of Road User Charges, which is based on road kilometres travelled. Council also receives a minimal amount of regional petrol tax.</p> <p>Council maximises the amount of subsidy for the level of spending it approves.</p> <p>The subsidy revenue from NZTA is available to fund both operating and capital costs.</p> <p>A targeted roading rate based on</p>

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
							capital value funds Council's share of the operating costs for Access Hamilton strategy expenditure. Capital value is selected as it is considered it has the best available relationship to benefit received.
Parking Management	Providing outstanding Infrastructure An Active, Strong Commercial City with Distinctive Suburban Villages	Parking provides a direct benefit to users. Having parking available in business areas provides an indirect benefit to businesses. Council considers that users receive the primary benefit of parking management.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Demand is driven by volumes and time parked.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	ALL User charges UNLIKELY All other funding sources.	There are well established user charges methodologies for city parking that assist in demand management. Fines revenue is included in user charges and results in this activity operating at a surplus.
Rubbish and Recycling							
Refuse Collection	Providing outstanding Infrastructure	Removal of refuse provides a benefit to households.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Some households create more waste than others. This is managed by rules on volumes of waste. Business refuse varies across business and is managed by Council not providing a refuse service.	Council considers that there is little benefit of separate funding for stormwater collection.	MOST General rates. MINIMAL Targeted rates Grants and subsidies UNLIKELY All other funding sources.	General rates are the appropriate funding source for households as they are easy to administer and users receive the same benefit from refuse collection.
Waste Minimisation	Providing outstanding Infrastructure	The whole community benefits from action in this area to minimise the negative impacts of waste.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact.	Council considers that there is little benefit of separate funding for stormwater collection.	ALL General rates. UNLIKELY All other funding sources.	General rates are the appropriate funding source for households as they are easy to administer and users receive the same benefit from refuse collection.
Landfill Site Management	Providing outstanding Infrastructure	The whole community benefits from the responsible management and monitoring of	The benefit of most operating costs is expected to arise in the year the funding is	The actions of individuals or groups have a minor impact	Council considers that there is little benefit of separate funding for	ALL General rates. UNLIKELY	General rates are the appropriate funding source for households as they are easy to administer and users receive the same benefit

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
		historic landfill sites.	sourced by ensuring the closed land fill is safe.		stormwater collection.	All other funding sources.	from landfill site management.
Recreation							
Pools	<p>Providing outstanding Infrastructure</p> <p>An Active, Strong Commercial City with Distinctive Suburban Villages</p> <p>Waikato is the Capital of High Performance Sport</p>	<p>The primary benefit from the leisure facilities is the use of the pools for recreation, social, sporting, educational, and water safety purposes.</p> <p>The regional visitor uses the facilities providing indirect benefits to business.</p> <p>Council considers that households receive a similar benefit from leisure facilities.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	<p>The actions of most individuals or groups have some impact on this activity.</p> <p>There is a correlation between the numbers of people using the pool and operating costs.</p>	Identifying separate users pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p>MODERATE</p> <p>General rates</p> <p>User charges</p> <p>MINIMAL</p> <p>Grants</p> <p>Sponsorship</p> <p>UNLIKELY</p> <p>All other funding sources.</p>	<p>The Active Hamilton strategy encourages participation. The cost effective pricing access to leisure amenities contributes to this.</p> <p>User charges are made for casual recreation use, fees for recreation programmes, swim school, and retail sales.</p> <p>User charges do not fully recover the cost of the private benefit and rates funding is required ensure cost effective access to this service can be provided.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from leisure facilities.</p>
Indoor recreation	<p>Providing outstanding Infrastructure</p> <p>An Active, Strong Commercial City with Distinctive Suburban Villages</p> <p>Waikato is the Capital of High Performance Sport</p>	<p>The primary benefit from the indoor recreation is the use of the Te Rapa Sportsdrome for recreation, social, sporting, and educational purposes.</p> <p>The regional visitor uses the facilities providing indirect benefits to business.</p> <p>Council considers that households receive a similar benefit from indoor recreation</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	<p>The actions of most individuals or groups have some impact on this activity.</p> <p>There is a correlation between the numbers of people using the pool and operating costs.</p>	Identifying separate users pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p>HIGH</p> <p>General rates</p> <p>LOW</p> <p>User charges</p> <p>MINIMAL</p> <p>Grants</p> <p>Sponsorship</p> <p>UNLIKELY</p> <p>All other funding sources.</p>	<p>The Active Hamilton strategy encourages participation. The cost effective pricing access to leisure amenities contributes to this.</p> <p>User charges are made for casual recreation use and fees for recreation programmes.</p> <p>User charges do not fully recover the cost of the private benefit and rates funding is required ensure cost effective access to this service</p>

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
		facilities.					can be provided. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from indoor recreation facilities.
Zoo	Providing outstanding Infrastructure	The primary benefit of the Zoo is to users. An indirect benefit to business occurs as the zoo attracts regional tourism. Zoological activities assist the international protection species.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. There is a correlation between the numbers of people using the pool and operating costs.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	HIGH General rates LOW User charges UNLIKELY All other funding sources.	User charges are made for admission, events and retail sales. User charges do not fully recover the cost of the private benefit and rates funding is required ensure cost effective access to this service can be provided. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the Zoo.
Arts and Culture							
Libraries	Our Books are Balanced Providing outstanding Infrastructure Celebrated for our Arts and Culture	The primary benefit from libraries is to those that borrow and use of library material and resources. Waikato ratepayers get the benefit of free access, which is funded from the Waikato District Council. The library attracts visitors which benefit local businesses. The community is enriched by the preservation of collections of regional significance and the contribution of the library to a well-informed and literate	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	MOST General rates MINIMAL User Charges Grants & Subsidies UNLIKELY All other funding sources.	The private good component of library activities is recovered through user charges, and fines. High levels of user charging results in a considerable drop off of usage and has proven to not be cost effective access. User recovery is also constrained by s.142 of the Local Government Act 2002. Waikato residence use is paid for by as provided in a funding agreement with Waikato District Council. General rates are the appropriate funding source for households and

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
		community.					business as they are easy to administer and it recognises the benefit from the libraries.
Museum	<p>Providing outstanding Infrastructure</p> <p>Celebrated for our Arts and Culture</p>	<p>The museum provides for exhibitions and use of the archives by visitors to the museum.</p> <p>Businesses benefit from this visitor attraction.</p> <p>The community as a whole has a collective sense of history due to preservation of collections of regional significance and the contribution of the museum to the regional visitor and tourism economy.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p>MOST General rates</p> <p>MINIMAL User Charges Grants & Subsidies Sponsorship</p> <p>UNLIKELY All other funding sources.</p>	<p>User charges set at an appropriate level to promote and provide access to a range of experiences which celebrate the arts and history of the region.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the libraries.</p>
Theatres	<p>Providing outstanding Infrastructure</p> <p>Celebrated for our Arts and Culture</p>	<p>Theatres provide events and performing arts venues that assist in celebrating our arts and culture. Primary benefits are to the users.</p> <p>Businesses benefit indirectly from these events.</p> <p>The community is enriched by events and performances of regional significance.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p>HIGH General rates</p> <p>LOW User Charges</p> <p>MINIMAL Grants & Subsidies Sponsorship</p> <p>UNLIKELY All other funding sources.</p>	<p>User charges set at an appropriate level to promote and provide access to a diverse range of events and cultural experiences for residents.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the theatres.</p>
Arts Promotion	<p>An Active, Strong Commercial City with Distinctive Suburban Villages</p> <p>Celebrated for our Arts and Culture</p>	The community is enriched by events and performances.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p>ALL General rates</p> <p>UNLIKELY All other funding sources.</p>	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from arts promotion.

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
Safety							
Animal Education and Control	An Active, Strong Commercial City with Distinctive Suburban Villages	Dog registration is a service that benefits dog owners by allowing legal ownership of dogs and enabling impounded dogs to be traced to their owners. Dog ranging, pound keeping and response to animal complaints are activities that protect the public from the negative effects of the actions or inactions of dog owners.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions or inactions of animal owners create costs for this activity and negatively impact on the community. The negative impacts affect the whole community.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	HIGH User charges LOW General rates UNLIKELY All other funding sources	User charges recognise that the benefits of registration activities are to dog owners and the costs of responding to complaints about dogs and wandering stock are driven by the actions or inactions of animal owners. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from animal control.
Environmental Health and Public Safety (including tagbusters)	An Active, Strong Commercial City with Distinctive Suburban Villages	The benefits of inspection and licensing of premises (including food premises, camping grounds, hairdressers, liquor, offensive trades and funeral directors) accrue mostly to the business owner. The protection of public health by ensuring these premises meet requirements is a benefit to the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The allocation of charges is modified on grounds of fairness and equity to recognise that the costs of controlling the negative effects of the actions or inactions of animal owners should be borne by those owners.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	MODERATE General rates LOW User charges MINIMAL Grants and subsidies UNLIKELY All other funding sources	User charges recognise the benefits to people who apply for licences. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from a safer community.
Community Support							
Community Development	The Third City Economy in New Zealand An Active, Strong Commercial City with Distinctive Suburban Villages	The community development activity supports resilient and readiness of communities. All members of the community benefit from these activities.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community development.	MOST General rates MINIMAL User charges Grants and subsidies. UNLIKELY	This activity includes grants administration on behalf of others. This shows as an income and expense. General rates are the appropriate funding source for households and

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
						All other funding sources.	business as they are easy to administer and it recognises the benefit from community development.
Emergency Management	An Active, Strong Commercial City with Distinctive Suburban Villages	Civil defence activities are provided for the benefit of the whole community.	<p>The benefit of operating costs is in having plans in the event of an emergency at some time in the future.</p> <p>The annual operating costs ensure there are up to date plans and staff and volunteers are trained. This expenditure is incurred in the year the funding is sourced.</p>	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for emergency management.	<p>ALL General rates</p> <p>UNLIKELY All other funding sources.</p>	<p>In the event of activation Council may be entitled to subsidies for some civil defence costs such as welfare. Council does not budget for this income or the expense.</p> <p>The planning for an emergency benefits the whole community and is fully rate funded.</p>
Housing	Access to Affordable Housing	<p>Tenants primarily benefit from community housing.</p> <p>Council's objective for the community housing activity is that it should be self-funding and not be subsidised by rates.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<p>ALL User charges</p> <p>UNLIKELY All other funding sources.</p>	Rents are at, or near, market value and set in accord with the Housing for the Older Person Policy.
Parks & Green Spaces							
Hamilton Gardens	<p>Strongly connected to the River</p> <p>Best Concept Garden in the World</p> <p>An Urban Garden</p> <p>Celebrated for our Arts and</p>	<p>The gardens are for the recreational enjoyment of the amenity by visitors. They are the region's largest visitor attraction.</p> <p>The households benefit for the recreation and amenity of the gardens.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for emergency management.	<p>MOST General rates</p> <p>MINIMAL User charges</p> <p>UNLIKELY All other funding</p>	<p>A small amount of user charges is achievable for private use of the facility such as weddings, festivals and retail sales.</p> <p>It is not practical to charge casual users.</p> <p>It is budgeted that all costs</p>

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
	Culture	Business benefits from the visitor activity created by the attraction.				sources.	associated with the Gardens development meet from the Gardens targeted rate will be for capital costs.
Community Parks	Providing outstanding Infrastructure Strongly connected to the River An Urban Garden	Community parks create amenity with green spaces and playgrounds throughout the city. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community parks.	MOST General rates MINIMAL User charges UNLIKEY All other funding sources.	There is no practical way to collect revenues from private benefit of using these parks. There are some tenancies on community parks. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community parks.
Gullies and native plantings	Providing outstanding Infrastructure Strongly connected to the River An Urban Garden	Gullies and native plantings create amenity with green spaces. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for gullies and native plantings.	MOST General rates MINIMAL Grants and subsidies UNLIKEY All other funding sources.	Some external funding is available for improving these areas. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from for gullies and native plantings.
Streetscapes	Providing outstanding Infrastructure An Urban Garden An Active, Strong Commercial City with Distinctive Suburban Villages	Streetscapes create amenity with green spaces. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for streetscapes.	MOST General rates MINIMAL Subsidies UNLIKEY All other funding sources.	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from streetscapes.
Sports Parks	Providing outstanding Infrastructure Waikato is the Capital of	Sports parks provide active recreation for training and competition for all levels of sport.	The benefit of operating costs is expected to arise in the year the funding is	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of	MOST General rates MINIMAL	User charges set at an appropriate level to promote and provide the sustainable use of these facilities. General rates are the appropriate

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
	High Performance Sport Celebrated for our Arts and Culture	Users benefit directly from having the facilities available. The whole community benefits from the amenity values, the health and wellbeing benefits. The community is enriched by the sports performance and events. Business benefits indirectly from the events.	sourced.		Council's expenditure on this activity.	User charges UNLIKELY All other funding sources.	funding source for households and business as they are easy to administer and it recognises the benefit from sports parks.
Cemeteries & Crematorium	Providing outstanding Infrastructure Celebrated for our Arts and Culture	The provision of burial facilities and services is for individuals. The city in turn has available green space, protecting public health by ensuring the safe disposal of human remains, and in maintaining cemeteries and cemetery records for future generations to locate their ancestor's burial plot/site. The crematorium is a regional facility and benefits those who choose cremation.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of some individuals or groups have some impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	MOST User charges MINIMAL Reserve funds UNLIKELY All other funding sources.	Individuals pay user charges for the initial acquisition and use of a burial site (burial fees and plot charges) or the crematorium. The cemetery plot maintenance in perpetuity reserve fund contributes to maintenance costs.
Economic Development							
Economic Initiatives	The Third City Economy in New Zealand An Active, Strong Commercial City with Distinctive Suburban Villages	Benefits accrue to the city as a whole from efforts to grow the economy. The benefits accrue to all sectors of the economy. The targeted funding for the BID area benefits those businesses inside the area.	Economic initiatives benefits could accrue over a number of years as a result of some costs. However, the benefit of most operating expenditure is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for streetscapes.	MOST General rates MINIMAL Targeted rate User Charges UNLIKELY All other funding sources.	User charges revenue is earned from some events promoted in this activity. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from cemeteries and the crematorium. A targeted rate to fund the BID for those who get the benefit of the

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
							BID.
Strategic Property Investment	The Third City Economy in New Zealand	The primary benefit from strategic property is the use of the property by commercial tenants.	Commercial property benefits could accrue over a number of years as a result of some expenditure. However, the benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	ALL Investment Income UNLIKELY All other funding sources.	The benefits accrue primarily to users who pay for the service provided by way of rents, lease, licenses etc. Assets sale income, unless otherwise resolved is used to reduce debt.
Claudelands	Providing outstanding Infrastructure Waikato is the Capital of High Performance Sport Celebrated for our Arts and Culture	Claudelands provides venues for events that are attended by large numbers of people including high performance sport, conferences, functions, concerts and shows. The community is enriched by the range of events and activities at the venue. Events provide direct and indirect benefits to businesses.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each sport has their own specifications and requirements for stadia.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	HIGH General rates LOW User Charges MINIMAL Sponsorship UNLIKELY All other funding sources.	User charges are made for hireage, events and retail sales. User charges do not fully recover the cost of the private benefit and rates funding is required ensure cost effective access to this service can be provided. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from Claudelands.
Stadiums	Providing outstanding Infrastructure Waikato is the Capital of High Performance Sport Celebrated for our Arts and Culture	Stadiums provide venues for high performance sport and are attended by large numbers of people. The benefit to households of being able to attend live high performance sport is reflected in the importance of sport to our cultural and social wellbeing. Sporting events provide direct and indirect benefits to businesses. The community is enriched by	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each sport has their own specifications and requirements for stadia.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	HIGH General rates LOW User Charges MINIMAL Grants Sponsorship UNLIKELY All other funding sources.	User charges are made for admission, events and retail sales. User charges do not fully recover the cost of the private benefit and rates funding is required ensure cost effective access to this service can be provided. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the stadia.

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
		events and performances of regional significance.					
Planning & Development							
City Planning	<p>Providing outstanding Infrastructure</p> <p>Strongly connected to the River</p> <p>An Active, Strong Commercial City with Distinctive Suburban Villages</p> <p>An Urban Garden</p> <p>Access to Affordable Housing</p>	<p>City Planning provides professional resource management advice and leadership to Council, the community and the development industry; to facilitate the planned and sustainable growth of Hamilton City.</p> <p>The whole community benefits from this activity.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for City Planning.	<p>ALL General rates</p> <p>UNLIKELY All other funding sources.</p>	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from city planning.
Planning Guidance & Compliance	<p>The Third City Economy in New Zealand</p> <p>Providing outstanding Infrastructure</p> <p>An Active, Strong Commercial City with Distinctive Suburban Villages</p> <p>An Urban Garden</p> <p>Access to Affordable Housing</p>	<p>Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs.</p> <p>These activities also provide benefit to persons other than the applicant such future owners and occupiers of the land (a property-based benefit).</p> <p>The whole community benefits as this activity aims to protect Hamilton's unique environment and residents' quality of life as the city grows and develops.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<p>HIGH User Charges</p> <p>LOW General rates.</p> <p>UNLIKELY All other funding</p>	<p>A user charge recognises the benefits to people who apply for resource consents.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from city planning.</p>
Building Control	The Third City Economy in	Individuals that apply for consents and use the other	The benefit of operating costs is	The actions of most individuals or groups	Identifying separate funding assists in the	MOST	User charges are favoured for those that apply for building

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
	<p>New Zealand</p> <p>Providing outstanding Infrastructure</p> <p>An Active, Strong Commercial City with Distinctive Suburban Villages</p> <p>Access to Affordable Housing</p>	<p>services in this area directly drive the majority of the costs.</p> <p>These building control activities also provide the public entering the building and future owners and occupiers of the building</p> <p>Information is supplied to the public through inquiries.</p> <p>The whole community benefits as this activity aims to protect Hamilton's unique environment and residents' quality of life as the city grows and develops.</p>	<p>expected to arise in the year the funding is sourced.</p>	<p>have a minor impact on this activity.</p>	<p>accountability and transparency of Council's expenditure on this activity.</p>	<p>User charges</p> <p>LOW Other</p> <p>UNLIKELY All other funding</p>	<p>consents, code compliance certificates, PIMs or LIMs.</p> <p>Some other income is collected in commissions.</p>
Democracy							
Governance & Civic Affairs	<p>Our Books are Balanced</p> <p>The Third City Economy in New Zealand</p> <p>Providing outstanding Infrastructure</p> <p>Strongly connected to the River</p> <p>Best Concept Garden in the World</p> <p>An Active, Strong Commercial City with Distinctive Suburban Villages</p> <p>An Urban Garden</p> <p>Access to Affordable Housing</p> <p>Waikato is the Capital of High Performance Sport</p>	<p>The whole community benefits from this activity.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals and groups drive the costs in this activity.</p>	<p>Council considers that there is little benefit of separate funding for City Planning.</p>	<p>ALL General rates</p> <p>MINIMAL User charges</p> <p>UNLIKELY All other funding sources.</p>	<p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from city planning.</p> <p>A small amount of income is received every three years for providing election services to other organisations.</p>

Activity	Community Outcomes	Distribution of Benefits	Period of Benefit	Whose Act Creates a Need	Separate Funding	Funding Source and Bands	Rationale
	Celebrated for our Arts and Culture						
Partnership with Maaori	Celebrated for our Arts and Culture	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for City Planning.	ALL General rates UNLIKELY All other funding sources.	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from city planning.