

# **Revenue and Financing Policy**

## **Introduction**

Under the Local Government Act 2002 (LGA), Council is required to adopt a "Revenue and Financing Policy" using the special consultative procedure outlined in the LGA.

Council adopted its first Revenue and Financing Policy as part of the Ashburton District Community Plan 2004-2014, reviewed the policy through the Community Plan for 2006-2016, and is now reviewing the policy through the draft 2009-2019 Community Plan.

This policy contains Council's intended approach to funding operating and capital expenditure from available sources. It is an important policy as it determines who pays for Council's activities and on what basis.

## **Purpose of This Policy**

The purpose of this policy is to clearly set the ways Ashburton District Council funds each of its functions and activities and to provide a rationale for why activities are funded the way they are.

The policy provides the framework for Council to make an analysis of who is able to benefit from the provision of each activity, of who should be allocated the cost of providing each activity and the rating or funding mechanism which should be used to fund each activity.

This policy is set out under the following major headings:

1. Policy statement
2. Definitions of terms
3. Legislative requirements
4. Council's process for applying these legal requirements
5. Overall funding considerations
6. Funding mechanisms
7. Policy review
8. Community outcomes contribution
9. Individual activity analysis.

## **1. POLICY STATEMENT**

### **Funding Operating Expenditure**

Council funds operating expenditure from the following sources:

- General rates, including uniform annual general charge
- Targeted rates
- Fees and charges
- Interest and dividends from investments
- Grants and subsidies towards operating expenses
- Other operating revenue.

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. This policy explains how those decisions have been made and provides information on how operating expenditure is funded for each activity – see Activity Tables section.

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.

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

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 *Community Plan* and *Annual Plan*, as appropriate. The *Funding Impact Statement* shows how 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.

### **Funding Capital Expenditure**

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 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.

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

- Council reserves
- Development contributions levied under the LGA
- Financial contributions levied under the Resource Management Act 1991
- Contributions towards capital expenditure from external parties - such as the NZ Transport Agency
- Annual revenue collected to cover depreciation
- Proceeds from the sale of assets
- Operating surpluses
- Bequests

The *Prospective Financial Statements* included in the *Community 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.

### **Unfunded Depreciation on Capital Assets**

In some instances Council may decide fully funding depreciation for an asset is not prudent. In instances where depreciation has not been fully charged against an asset this will be noted in the *Community Plan* or *Annual Plan* along with an explanation for why some or all of the depreciation has not been funded. Examples of reasons why not fully funding depreciation might be considered prudent include:

- The asset will not be replaced or will not be replaced to the existing standard
- Fully funding depreciation is not considered to enhance community well-being or contribute to achieving community outcomes

### **Valuation System**

Councils are able to rate properties based on land value or capital value.

***Ashburton District Council uses capital value rating*** as it is considered to more fairly represent the property owner's overall stake in the district and is less discriminatory against owners whose property value consists mostly of land.

## Differential Rating

Councils are able to rate properties on differential rates to reflect varying levels of service provision or varying cost in providing service. An example of this is a Business Differential rate where businesses pay a higher rate than residential properties.

**Ashburton District Council does not use differential rating.**

## 2. DEFINITIONS OF TERMS

These definitions are intended to define terms used in the *Revenue and Financing Policy* in plain English. For legal definitions see the Local Government Act 2002, the Local Government (Rating) Act 2002 and the Local Government Act 1974.

**Benefit** – refers to the positive effect able to be gained as a result of a council provided activity or service, regardless of whether this is taken up or not

**Bequest values** - values that attach to the fact that leaving some facility in place for future generations may be of considerable value to them, and of itself, be an act to be valued.

**Capital expenditure** - expenditure on new assets or on assets that increase the level of service provided.

**Capital value** – total ratable value of a property comprising land plus improvements at the time of valuation.

**CV** - capital value (see above).

**Exacerbator** - a person(s) who directly cause negative effects that cost money to control or mitigate.

**Excludability** - benefits to particular users; others can reasonably be excluded. An excludable function is likely to be a private good.

**Existence benefit** – benefit that arises through the mere existence of certain facilities, even if the person who values them may never contemplate using them personally.

**General rate** - a rate levied on all rateable properties within the local authority jurisdiction. A general rate may be:

- A uniform rate in the dollar of property value on all properties; or
- A differential rate in the dollar of property value on all properties; or
- A uniform annual charge per rating unit

**Intergenerational Equity** - the principle that the cost of an asset or service should be spread over its life, so that all people who benefit, contribute a fair share of the costs.

**Non-excludable** - no person or group can be prevented from enjoying the benefit. Benefits may be to particular users, but it is not efficient to identify and/ or charge them. An example is beaches. An activity that is non-excludable is an indicator of public good.

**Non-rival** - the enjoyment of a benefit by a person does not prevent the benefit being enjoyed by other people at the same time. Once a benefit is provided a large number of people can use it at little or no extra cost. An example is street lighting. Being non-rival is an indicator of being a public good.

**Operating expenditure** - costs for normal day to day services and the maintenance of services and assets.

**Option benefit** - benefit that comes from the value non-users put on the availability of a service. For instance, people can value the fact that they have the option of using a recreation centre even if they never actually make use of it.

**People-based benefit** - a benefit that people can enjoy without owning property.

**Practicability** - a test of whether a funding tool is lawful and whether it will allocate costs in a desired way.

**Prestige benefit** – benefit arising from the fact that some facility or service may contribute to a sense of civic pride felt by individuals whether or not the facility is ever seen or used by them. (A stadium or civic centre are potential examples.)

**Private good** – goods or services that directly benefit an individual rather than the community as a whole. Private goods are an indicator that users should pay.

**Property-based benefit** – a benefit that accrues only to property or to property owners. This may be a service to property or an activity that benefits property values.

**Public Good** - goods or services that are most efficiently supplied by the community, and are usually both non-rival and non-excludable.

**Rates** - funds collected by Council from taxes on property.

**Rival** – consumption of a service by an individual reduces the amount of service available to others and the service provided needs to produce more outputs to satisfy other users. Being rival is an indicator of private good.

**Social and equity modification** - Revising the economic allocation of costs for reasons of fairness, or to implement another policy, or to avoid sudden changes to the allocation of costs.

**Targeted rate** – a Council charge for specific services by a tax on each ratable unit deemed to benefit from these services.

**UAC** - Uniform annual charge (see below).

**Uniform annual charge** – a Council charge of an equal amount on each ratable unit within a defined rating area or function (this charge does not vary with value of the unit).

**UAGC** – Uniform annual general charge (see below).

**Uniform annual general charge** – a Council charge of an equal amount on each ratable unit in the district (this charge does not vary with value of the unit).

**User charges** - a Council charge by fees paid by those who use specific services provided by the Council.

### **3. LEGISLATIVE REQUIREMENTS**

Section 102(4)(a) of the Local Government Act 2002 (LGA) requires Councils to adopt a *Revenue and Financing Policy*, which must state the local authority's policies in respect of the funding of operating expenses and capital expenses.

Section 103 of the LGA details what must be stated in a Revenue and Financing Policy

#### **Section 103 - Revenue and Financing Policy**

- (1) A policy adopted under section 102(4)(a) must state –
  - (a) the local authority's policies in respect of the funding of operating expenses from the sources listed in subsection (2)
  - (b) the local authority's policies in respect of the funding of capital expenditure from the sources listed in subsection (2).
- (2) The sources referred to in subsection (1) are as follows:
  - (a) general rates, including –
    - (i) Choice of valuation system
    - (ii) differential rating

- (iii) uniform annual general charges;*
  - (b) targeted rates;*
  - (c) fees and charges;*
  - (d) interest and dividends from investments;*
  - (e) borrowing;*
  - (f) proceeds from asset sales;*
  - (g) development contributions;*
  - (h) financial contributions under the Resource Management Act 1991;*
  - (i) grants and subsidies;*
  - (j) any other source.*
- (3) A policy adopted under section 102(4)(a) must also show how the local authority has, in relation to the sources of funding identified in the policy, complied with section 101(3).*

Section 101(3) details specific decision-making criteria regarding funding sources that Council must consider in its Council to fund its activities.

### **Section 101 - Financial Management**

- (3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:*
- (a) in relation to each activity to be funded –*
    - (i) the Community Outcomes to which the activity primarily contributes*
    - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals*
    - (iii) the period in or over which those benefits are expected to occur*
    - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity*
    - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities*
  - (b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.*

### **Section 14 Principles relating to local authorities**

This section lists a set of general principles applying to all significant decisions, which includes the funding policy. In summary, the general principles of section 14 require the conduct of Council business and decision-making to be:

- Transparent and accountable
- Efficient and effective
- Focussed on meeting Community outcomes
- Responsive to diverse community interests including future generations
- Inclusive of Maori
- Collaborative with other local authorities
- Based on sound business practices in the case of commercial transactions
- Demonstrative of prudent stewardship of resources
- Based on a sustainable approach reflecting the social, economic, environmental and
- Cultural well-being of future generations.

### **Section 77 Decision-making**

This section provides further guidance including the need to identify:

- the comprehensive costs and benefits of options
- the impact of decisions on achieving outcomes
- the impact on capacity to meet current and future generations' needs
- Maori issues.

#### 4. COUNCIL'S PROCESS FOR APPLYING THESE LEGAL REQUIREMENTS

The first step of the process followed by Council when developing the *Revenue and Financing Policy* is to analyse each activity in terms of the requirements of section 101(3)(a) of the Act. The criteria used for this analysis are:

- Community outcomes contribution
- Distribution of benefits
- Period of Benefits
- Exacerbator Pays
- Distinct Funding

##### **Community Outcomes Contribution**

Section 101(3)(a)(i) of the LGA requires Council to identify the Community outcome to which each activity primarily contributes. This *Revenue and Financing Policy* lists for each activity, the outcome or outcomes to which it primarily contributes, and states why each activity is undertaken.

##### **Distribution of Benefits**

Section 101(3)(a)(ii) of the LGA requires Council to assess the benefits from each activity flowing to the community as a whole, and those flowing to individuals or identifiable parts of the community. This seeks to identify who has the potential to receive benefit from the provision of a service or activity and to identify an approximate level of benefit that is able to be gained. Benefit is assessed using four categories of potential benefit; community-wide benefit, group benefit, private benefit and out of district benefit.

**Private Benefit:** Benefits flow to identifiable individuals.

Activities providing private benefit will generally be funded, where practicable and equitable, by user charges. Council's user charges are reviewed each year as part of the Annual Plan or Long Term Council Community Plan on the basis of;

- The budgeted cost of providing the service
- The market acceptability of the charge
- Fairness and equity of the charge
- Council policy regarding the impact of user charges on the overall community well-being and the council's purpose in providing the service

Where it is not considered practicable or equitable to fund private benefit through user charges these will generally be funded by the community as a whole through a capital value general rate or a uniform annual charge.

**Community-wide Benefit:** Benefits flow to the community as a whole directly where:

- Additional people benefiting has little or no impact on costs
- The person or people benefiting cannot be identified
- The community in general benefits

Activities providing benefits of this type will normally be funded by the community as a whole using either capital value general rate or a uniform annual charge. It is not necessary that the entire community benefits for this principle to be applied.

**Group Benefit:** Benefits flow to identifiable groups where:

- The person or people benefiting can reasonably be identified
- The person or persons identified are benefiting relatively equally, regardless of whether individuals within the group decide to utilise the benefit or not.

Activities providing benefits of this type will normally be funded by either a capital value targeted rate or targeted uniform annual charge. Targeted rates or charges are used to allocate costs to an identifiable group only. It is not necessary that the entire group benefits for this principle to be applied.

**Out of District Benefit:** Benefits sometimes flow to people outside the district or who are visiting the district. Activities providing out of district benefit will usually be funded by user charges if the beneficiaries are identifiable, or through capital value general rate if the beneficiaries are not readily identifiable or if it is impractical to apply user charges.

**Analysis:** Council determines the level of benefit deemed to accrue to beneficiaries through the benefit analysis process. The level of benefit able to be received is used to help determine cost allocation between beneficiaries where there is more than one beneficiary category.

Ashburton District Council endeavours, where possible, to allocate cost to the primary beneficiary of any function or activity undertaken by Council. A primary beneficiary is deemed to be someone who is able to gain some benefit directly from the Council's provision of a function or activity or service. This is irrespective of whether the beneficiary takes advantage of the ability to utilise this benefit or not.

### **Period of Benefits**

Section 101(3)(a)(iii) of the LGA requires Council to assess the period over which the benefits from each activity will flow. This provides a rationale for deciding the period over which operating and capital expenditure should be funded.

**Operating Expenditure:** 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.

**Capital Expenditure:** Capital assets provide benefits for the duration of their useful lives. This can range from a few years in the case of computer equipment through to many decades for infrastructural assets such as pipe networks. For all activities significant new capital costs are generally loan funded and paid for over the reasonably expected lifetime of the asset or 25 years, whichever is the lesser. Minor new capital expenditure is generally funded from rates in the year it is incurred. Capital renewals are generally funded from depreciation and/ or rates.

Intergenerational equity needs to be sought when funding capital expenditure; ensuring benefits occurring over time are funded over time. This is particularly relevant for larger capital investments such as roads, water and wastewater facilities and other new infrastructure projects.

Loan funding ensures current ratepayers do not pay for benefits received by future ratepayers. Each year's ratepayers pay interest (representing the cost of capital) and depreciation charges associated with the asset, resulting in costs being spread more evenly across the life of the asset and the different ratepayers who will benefit from it (thereby achieving intergenerational equity).

The activity analysis tables in this policy, showing the benefit and cost allocation analysis will only show a Period of Benefits analysis where this varies from the general analysis above.

### **Exacerbator Pays**

Section 101(3)(a)(iv) of the LGA requires Council to assess the extent to which each activity exists only because of the actions or inaction of an individual or group. This principle aims to identify the costs to the community of controlling negative effects from individual or group actions. The principle suggests that Council should recover any costs directly from those causing the problem. Examples are dog control, littering and parking fines.

Where costs are incurred to control or mitigate negative effects caused by the action or inaction of persons or groups of persons, then these costs will be allocated to those persons by:

- Firstly, a direct charge to the exacerbator (person or persons responsible for the negative effects)
- Where a direct charge is not practicable or efficient then the costs may be allocated through;

- A targeted rate to the exacerbator group
- A uniform charge to the exacerbator group or if this group is not readily identifiable, then to the district as a whole
- A general rate to the district as a whole if the group is not readily identifiable

### **Distinct Funding**

Section 101(3)(a)(v) of the LGA requires Council to consider the costs and benefits of distinct funding for each activity. The consideration of the costs and benefits of distinct funding must include the consequences of the chosen funding method in terms of transparency and accountability. Transparency and accountability are most evident when an activity is distinctly funded. This allows ratepayers, or payers of user charges 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 for money.

Council must, therefore, consider the costs and benefits of funding each activity in a way that relates exclusively to that activity. An example of this is the funding of drinking water from a targeted rate. Funding every activity on this basis is not efficient in every case. In these situations the charge is incorporated into the general rate or into the uniform annual general charge.

The individual activity analysis tables in this policy set out the results of Council's consideration of these matters, and any modifications that have been made to the funding shares and sources that are indicated by the distribution of benefits for the activity.

## **5. OVERALL FUNDING CONSIDERATIONS**

Once the consideration of the matters referred to in section 101(3)(a) has been completed, a picture emerges of how different parts of the community benefit from Council's services and an overall indicative allocation of costs is compiled.

The indicative allocation of costs is then examined in the light of the overall considerations set out in section 101(3) (b). This section of the Act requires Council to consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural wellbeing of the community.

Elected member judgement is important at this point, because many of the benefit distribution assessments and resulting adjustments are subjective and benefit from final assessment by community representatives.

### **Cost Allocation Variations**

Council seeks, where practicable, to allocate costs to the beneficiary of the service or function. There are instances, however, where direct beneficiaries are either difficult to identify or it is not practicable to have costs allocated to them.

Examples of instances where cost allocation will differ from the benefit analysis include:

- ***Out of district benefit*** - As Council does not generally have the ability to charge out of district users for activities or services provided in the district, this benefit is usually funded by the community as a whole as if it were a district-wide benefit.
- ***Network service provision*** – Where Council provides an activity or service using a network method of delivery, such as roading, footpaths or water, it is assumed everyone that is able to use the network will do so and costs are allocated accordingly.
- ***Legislative Limitations*** – In some instances Council is limited in what costs it can allocate to beneficiaries of services by legislation. In these cases costs that can't be allocated to the beneficiary are usually funded by the district as a whole as if it were a district-wide benefit.

## Community Wellbeing

The Local Government Act 2002 requires councils to consider the overall social, economic, environmental and cultural wellbeing of the community and the achievement of community outcomes when deciding on how functions and activities are funded.

This requirement may mean Council decides to allocate costs in a way not directly aligned to where the benefits lie or to fund services or activities in ways other than generally prescribed in this policy. Council will identify instances where this happens in the cost allocation analysis for each activity and provide its rationale for the decision.

In considering community wellbeing and the allocation of costs, Council will have regard to:

- The obligation of the Council to endeavour to achieve and promote community outcomes
- The obligation of the Council to act in the interests of the community as a whole
- The fairness and equity arising from the allocation of costs
- Policies of the Council which can be effectively promoted through the utilisation of particular funding mechanisms and/ or cost allocation
- Transition from an existing funding regime to a new funding regime
- The suitability of a funding mechanism to:
  - Achieve an appropriate allocation of costs
  - Be an efficient funding mechanism

## 6. FUNDING MECHANISMS

The funding mechanisms generally available for Council to use are:

**General Rates:** Rates charged to each property or separately used or inhabited part of a property in the district. **The types of general rate charged in Ashburton District are:**

**Capital value general rate** - based on the capital value of the property as determined by the Council's district valuation register

- Payable on all individually rateable properties in the district
- The rate charged per dollar of capital value is uniform across the district

Capital value general rate is used in situations where one or more of the following applies:

- The benefit relates to the community as a whole and is deemed to be primarily a property related benefit
- The benefit relates to the property owner's stake in the district
- Affordability has been identified as an issue and therefore capital value represents a broad correlation with ability to pay

**Uniform annual general charge** - a uniform charge on each separately used or inhabited part of a rating unit in the district. In Ashburton District the uniform annual general charge is made up of various uniform annual charges applicable to particular activities. It is not, as is the case with many councils, an arbitrary figure that is then apportioned to activities.

A Uniform Annual General Charge is used in situations where one or more of the following applies:

- The benefit relates to the community as a whole and is deemed to be primarily a people-related benefit
- There is a reasonable correlation between the number of properties and the spread of benefits in the community
- The benefit available is deemed to be relatively equal for every household in the community

**Targeted Rates:** are the primary means of distinct funding charged to specific properties in the district. Targeted rates normally apply to particular geographic locations where a service or facility is provided. Targeted rates may be either based on capital value or be a uniform annual charge to each property in the group.

Targeted rates groups based on geographic location and/ or property use charged by Ashburton District Council are:

- Ashburton Residential
- Ashburton Central Business District (Expanded)
- Ashburton Inner Central Business District
- Ashburton Business
- Methven Residential
- Methven Business
- Rakaia Residential
- Rakaia Business
- Rural (excluding Methven & Rakaia)

**Business Rating Groups:** For the purposes of the above rating groups “Business” means those rating units where there are any or all of the following:

- Business operations are carried out on the property
- Purpose built buildings or modified premises for the purpose of carrying out business
- Resource consents relating to business activity
- Advertising business services on the property, or through media identifying the property as a place of business
- Property has a traffic flow greater than would be expected from a residential residence.

**Specified Asset or Service Use Rates:** Targeted rates based on specific services charged by Ashburton District Council are:

- Roading rate – charged on all separately used or inhabited parts of a rating unit in the district
- Library charge – charged to each separately used or inhabited part of a rating unit in the district, excluding vacant sections
- Water rate – charged for each of the 13 water schemes in the district based on the costs of providing water within the scheme
- Water meter rate – charged to all business properties in each scheme, based on water usage above the general allocation amount
- Stockwater rate – charged to all properties with access to the Council’s stockwater network at per metre of accessible stockwater race
- Methven Community Board rate – charged to the Methven Community Board area
- Methven community pool rate - charged to the Methven Community Board area

**Fees and Charges:** In cases where private benefit is identified, user-pays charges are used to fund the activity where practicable. Council levies fees and charges to obtain this funding. Generally fees and charges are levied to recover costs only. The full list of Councils current fees and charges is included as an appendix to this policy.

#### **Other Funding Sources**

Council has other sources of funding that are generally used to off-set funding required from the rates and fees outlined above. These other funding sources include:

**Development Contributions:** Under the LGA, Council has the ability to levy development contributions when land is being subdivided. This charge is to fund the provision of growth capacity in infrastructure services. Where it is deemed there is no growth capacity and none planned, the infrastructure is considered to be at full capacity and no development contributions are charged and no new development permitted.

Ashburton District Council charges development contributions on:

- Water – in Ashburton, Methven, Rakaia, Hinds, Fairton and Chertsey
- Wastewater – in Ashburton and Methven
- Community Infrastructure – all developments in the district

Full details of Financial Contributions can be found in Ashburton District Council's *Policy on Development and Financial Contributions*.

**Financial Contributions:** Under the Resource Management Act 1991 Council can levy financial contributions when land is being subdivided to fund the provision of infrastructure services. Contributions are currently charged on:

- Infrastructure Provision, developers are normally required to provide all water, wastewater, stormwater, roading and footpath infrastructure within the footprint of the development to a design and standard agreed by Council. In some cases infrastructure connecting a development to existing Council infrastructure may be required and upgrading of Council infrastructure at the developers costs may also be required.
- Reserve Contribution, as a payment to enable the provision of reserve and recreational land. A reserve contribution is currently charged for subdivision consents when creating new allotments or, in some cases, when changing land uses, in residential, township and rural/ residential zones throughout Ashburton District.

Full details of Financial Contributions can be found in Ashburton District Council's *Policy on Development and Financial Contributions*.

**Corporate Revenues:** Council receives corporate revenues, principally from dividends, interest and investment returns. These revenues are either allocated as a credit against the total general rate requirement resulting in a reduced funding requirement from general rate revenues, or are held in a reserve funds account. New investments must be made in accordance with Council's *Investment Policy*.

Examples of Ashburton District Council's sources of income, interest and dividends include:

- Commercial property rentals
- Profits and/ or dividends from council controlled organisations
- Dividends and/ or capital gain from equity shares
- Revenues from Council's forestry investments
- Interest from fixed term and on-call investments

**Borrowing:** Council may, when considered prudent, fund capital expenditure through borrowing. This may be internal borrowing from reserve funds or external borrowing from financial markets. All transactions must be in accordance with Council's borrowing policy.

**Proceeds from Asset Sales:** Council may sell assets it no longer considers are in the rate-payer's best interest for it to retain. Proceeds from asset sales are normally used to either offset General Rates, are re-invested in accordance with Council's investment policy or held in reserve funds accounts.

**Grants and Subsidies:** Grants and subsidies are provided to Council by several organisations and government departments to pay for or off-set the cost of providing specific facilities, infrastructure or services. An example of this is New Zealand Transport Agency subsidies for certain roading expenditure.

**Council Reserves:** Council, from time to time, may use reserves to meet capital expenditure and, in isolated cases, to meet operating expenditure.

If this source of funding is used then the reserves from which the funding is drawn down should meet the same benefit criteria as the source of funds the reserve funding is replacing. For example, if the activity has a district-wide benefit to be met from General Rate then the reserve fund to be used should be a General Rate reserve.

## **7. POLICY REVIEW**

Ashburton District Council conducts a full review of the *Revenue and Financing Policy* every three years, as part of preparing a long term council community plan, with the next review in the 2011/ 2012 year.

Outside of a review undertaken through the long term council community plan the *Revenue and Financing Policy* may only be amended as an amendment to the long term council community plan.

## REVENUE AND FINANCING POLICY

### - COMMUNITY OUTCOMES CONTRIBUTION

The funding activities of Council included in the following tables all contribute in some way to achieving community outcomes. This section shows which community outcome each activity primarily contributes to.

<b>Activity</b>	<b>Primary Community Outcome(s) Contribution</b>
<b>Essential Services</b>	
- Roading	1. A thriving and diverse local economy that provides the foundation for a quality lifestyle
- Footpaths	2: Natural and developed environments are sustained for the enjoyment of current and future generations
- Domestic Water	5: Healthy, active people enjoying a good quality of life in a caring and safe community
- Wastewater	
- Stormwater	
- Stockwater	
- Public Conveniences	
- Solid Waste Management	
- Solid Waste Collection	
- Civil Defence	
- Rural Fire Protection	

<b>Activity</b>	<b>Primary Community Outcome(s) Contribution</b>
<b>Economic Development</b>	
- Employment & Economic Development	1: A thriving and diverse local economy that provides the foundation for a quality lifestyle 3: A community with a strong sense of identity and heritage, which welcomes new residents and encourages diversity
- District Promotion	1: A thriving and diverse local economy that provides the foundation for a quality lifestyle 3: A community with a strong sense of identity and heritage, which welcomes new residents and encourages diversity 6: A community with access to a variety of cultural, recreational and heritage experiences and facilities that enrich our quality of life
- District Water Management	1: A thriving and diverse local economy that provides the foundation for a quality lifestyle
- Forestry	2: Natural and developed environments are sustained for the enjoyment of current and future generations
- Commercial Property	

<b>Activity</b>	<b>Primary Community Outcome(s) Contribution</b>
<b>Community Facilities &amp; Services</b>	
- Library	4: A community with access to quality education and life long learning 6: A community with access to a variety of cultural, recreational and heritage experiences and facilities that enrich our quality of life
- Elderly Persons Housing	5: Healthy, active people enjoying a good quality of life in a caring and safe community
- Community Safety & Wellbeing	3: A community with a strong sense of identity and heritage, which welcomes new residents and encourages diversity 5: Healthy, active people enjoying a good quality of life in a caring and safe community
- Arts, Culture and Heritage	3: A community with a strong sense of identity and heritage, which welcomes new residents and encourages diversity
- Community Grants & Events	6: A community with access to a variety of cultural, recreational and heritage experiences and facilities that enrich our quality of life
- Recreation Facilities & Services	2: Natural and developed environments are sustained for the enjoyment of current and future generations 5: Healthy, active people enjoying a good quality of life in a caring and safe community 6: A community with access to a variety of cultural, recreational and heritage experiences and facilities that enrich our quality of life
- Democracy	7: A community that contributes to improving our quality of life through democratic participation

**Activity**  
**Parks & Open Spaces**

- Cemeteries
- Reserves & Camp Grounds
- Ashburton Domain
- Rural Beautification
- Township Beautification

**Primary Community Outcome(s) Contribution**

- 2: Natural and developed environments are sustained for the enjoyment of current and future generations
- 2: Natural and developed environments are sustained for the enjoyment of current and future generations
- 6: A community with access to a variety of cultural, recreational and heritage experiences and facilities that enrich our quality of life

**Activity**  
**Environmental Services**

- District Planning
- Animal Control
- Parking
- Building Regulation
- Land Information
- Public Health
- Inspections
- District Planning
- Animal Control
- Parking
- Building Regulation
- Land Information
- Public Health
- Inspections
- District Water Management
- Forestry
- Commercial Property

**Primary Community Outcome(s) Contribution**

- 1: A thriving and diverse local economy that provides the foundation for a quality lifestyle
- 2: Natural and developed environments are sustained for the enjoyment of current and future generations
- 3: A community with a strong sense of identity and heritage, which welcomes new residents and encourages diversity
- 1: A thriving and diverse local economy that provides the foundation for a quality lifestyle
- 2: Natural and developed environments are sustained for the enjoyment of current and future generations
- 3: A community with a strong sense of identity and heritage, which welcomes new residents and encourages diversity
- 1: A thriving and diverse local economy that provides the foundation for a quality lifestyle
- 2: Natural and developed environments are sustained for the enjoyment of current and future generations

## REVENUE AND FINANCING POLICY

### ACTIVITY TABLES

#### – Funding Analysis for each Council Service or Activity

**Important Note:** The figures used in the budget funding summaries contained in these tables apply to the 2009/ 2010 year only.

## Roading

### Description of Service:

Council provides the majority of the district's roading network and associated infrastructure and services, including; roads, bridges, culverts, kerb and channelling, road marking, traffic control, street-lighting and road safety education.

### Benefit Analysis:

Community-wide benefit accrues through the district's transportation requirements being met and all residents being able to access the roading network equally. Council's Roading activity is treated as being a single district-wide network, available for all to use. Community-wide benefit is assessed at 100%.

**Community-wide benefit 100%**

### Cost Allocation Analysis:

Cost is allocated on a community-wide basis, in line with the benefit analysis.

**Note on Cost Allocation:** The analysis in this policy considers the benefits coming from Council expenditure only. Private benefit accruing to individual road users (including those from outside the district) is funded through the government subsidy funding and is excluded from this analysis.

**Community-wide 100%**

### Funding Mechanism:

Funding for Council's roading activity is to be met 100% from a capital value targeted rate.

The capital value targeted rate is charged to every rateable unit in the district to reflect the community-wide benefit.

A capital value rating mechanism is used because: the benefit relates to the community as a whole and is deemed to benefit property to some extent (properties are accessible and therefore more valuable); and, represents the property owners' community interest.

Using a targeted rate provides transparency regarding the level of funding and rating required.

**CV Targeted Rate 100%**

### External Funding:

**Government:** Council receives subsidy funding from the New Zealand Transport Agency (NZTA) for qualifying road maintenance and capital projects. The funds for this assistance come from petroleum tax and road user charges. The NZTA funding assistance rate (FAR) for maintenance and renewal work in Ashburton District in 2008/ 09 is 47% and for capital projects is 57%. These figures can change from year to year.

**Vested Assets:** Subdivision developers are required to provide roading within their development that meets Council standards and requirements. This asset is then vested in Council free of charge and becomes part of Council's roading network.

### New Ashburton River Road Traffic Bridge:

Due to the high cost of this budgeted expenditure, the long expected useful life of the asset (80 – 150 years) and to achieve intergenerational equity, Council will fund the capital cost of the project from its cash reserves.

2009/10 Funding Summary	
	\$
Operating expenditure	10,687,217
Capital Expenditure	7,691,492
Transfer to reserves	0
Loan Repayment	66,323
<b>Total Expenditure</b>	<b>18,445,032</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	6,903,796
<b>Total funding required</b>	<b>11,541,236</b>
<b>Funded by:</b>	
Income	6,365,874
Increase/Decrease in reserve	-109,512
<b>Roading Rate</b>	<b>5,284,874</b>
	<b>11,541,236</b>

## Footpaths

### Description of Service:

Council provides and maintains footpaths and streetscapes in all townships of the district. Footpaths provide a safe pedestrian transport network that links the community within townships.

### Benefit Analysis:

Footpaths are generally used by local people, and are non rival and non excludable. There is existence and civic value to these groups in having well maintained and safe footpaths. Group benefit accrues to residents of towns that have footpaths, with the benefit assessed at 70%.

Group benefit for Ashburton and Methven is further broken down into subgroups to reflect varying degrees of benefit as follows:

<b>Residential</b>	<b>70%</b>
<b>Business</b>	<b>30%</b>

Community-wide benefit accrues to all residents through having attractive and safe footpaths and streetscapes in the district. Community-wide benefit is assessed at 30%.

<b>Group benefit</b>	<b>70%</b>
<b>Community-wide benefit</b>	<b>30%</b>

### Cost Allocation Analysis:

Cost is allocated on a 70% to identifiable groups and 30% community-wide basis, in line with the benefit analysis.

<b>Identifiable Groups</b>	<b>70%</b>
<b>Community as a whole</b>	<b>30%</b>

### Funding Mechanism:

Group cost allocation is funded by each group identified in the benefit analysis through a capital value targeted rate on the Ashburton, Methven, and Rakaia townships and on the remaining rural area.

Community-wide cost allocation is funded through capital value general rate charged to every rateable unit in the district.

Properties in the Ashburton Inner CBD area are also charged a capital value targeted rate for footpath cleaning.

A capital value rating mechanism is used because: the benefit relates to the community as a whole and is deemed to benefit property to some extent (properties are accessible and therefore more valuable); and, represents property owners' community interest.

<b>CV Targeted Rates</b>	<b>70%</b>
<b>CV General Rate</b>	<b>30%</b>

### External Funding:

- New Zealand Transport Agency (NZTA) may subsidise qualifying footpath safety and realignment works.
- Subdivision developers provide footpaths within their development that is vested in Council and becomes part of Council's footpath network.

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	1,010,946
Capital Expenditure	513,982
Transfer to reserves	0
Loan Repayment	45,298
<b>Total Expenditure</b>	<b>1,570,226</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	418,467
<b>Total funding required</b>	<b>1,151,759</b>
<b>Funded by:</b>	
Income	93,427
Increase/Decrease in reserve	-2,493
<b>General Rate</b>	<b>318,247</b>
<b>Targeted CV Rates</b>	
Ashburton CBD Business (Inner)	30,180
Ashburton Residential	260,076
Ashburton Business	111,461
Methven Residential	113,078
Methven Business	48,462
Rakaia Amenity	76,305
Rural (excluding Methven & Rakaia)	103,017
	<b>1,151,759</b>

## Drinking Water

### Description of Service:

Council provides drinking water through 14 potable water schemes throughout the district. Council is responsible for sourcing, treating, reticulating and monitoring the water supplied.

### Benefit Analysis:

Private benefit accrues to residents connected to water schemes - they are identifiable, the service is highly rival (with each scheme designed for a specific capacity) and highly excludable (as only those properties within the defined area can connect). Private benefit is assessed at 90%.

Community-wide benefit accrues through the health benefits and existence value of having quality drinking water available within the scheme areas. This benefit is assessed at 10%.

<b>Private benefit</b>	<b>90%</b>
<b>Community as a whole</b>	<b>10%</b>

### Cost Allocation Analysis:

Cost allocation varies from the benefit analysis. It is considered inequitable for district-wide benefit to be funded across the district, as residents not on a water scheme must provide their own source of drinking water. Therefore the costs of the water activity will be met by users of the schemes.

<b>Identifiable Group</b>	<b>100%</b>
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### Funding Mechanism:

There are four funding mechanisms used to fund operational expenses for the water activity that apply to different water schemes in the district.

1. Properties connected to a community potable water scheme are charged a group-targeted uniform annual charge (UAC) and a targeted UAC for each scheme. Water schemes in this group are Ashburton, Methven, Rakaia, Chertsey, Fairton, Lake Hood, Hinds, Hakatere, Mayfield and Mount Somers.

The group-targeted UAC recovers the collective operating expenditure for all schemes in the group, excluding interest, depreciation, cyclic renewals and capital costs. The targeted UAC funds scheme-specific costs for interest, depreciation, cyclic renewals and capital costs.

2. Properties connected to the Dromore and Winchmore rural potable water schemes pay a UAC that funds all costs associated with providing water to the respective scheme.

3. The Methven/ Springfield and Montalto rural water schemes are essentially stockwater schemes and are charged a water rate based on units and hectares respectively.

4. Non-residential water connections are charged a targeted uniform annual charge, entitling them to a set amount of water. Usage in excess of this amount is charged on a per cubic metre basis.

**Targeted UACs and charges**  
**100%**

**Non-Connected Properties:** Non-connected properties which are able to connect to a water scheme are charged half the applicable uniform annual charge as a scheme availability charge.

### Capital Expenditure:

For the purposes of this policy the definition of capital expenditure is:

- Providing a new water source or upgrade of an existing water source.
- Providing a new water treatment facility or upgrade of an existing water treatment facility.
- Providing reticulation to the property boundary for a new water scheme, or the growth component of any water reticulation upgrade. The non-growth component of a reticulation upgrade is considered to be a cyclic renewal and funded by the water scheme.

### Benefit Analysis:

Improving the quality of drinking water available enhances the health and wellbeing of all residents leading to community-wide benefit. This community-wide benefit is assessed at 10%.

<b>Private benefit</b>	<b>90%</b>
<b>Community-wide benefit</b>	<b>10%</b>

### Cost Allocation Analysis:

Cost allocation is in line with the benefit analysis. In general 10% of the total capital expenditure to upgrade an existing drinking water scheme or develop a new community drinking water scheme will be funded community-wide.

Where new schemes or upgrades include a component other than drinking water, e.g. stockwater, 10% of the drinking water component only will be funded community-wide.

<b>Identifiable Group</b>	<b>90%</b>
<b>Community as a whole</b>	<b>10%</b>

**Funding Mechanism:**

Community-wide funding will be loan funded, or will be funded from general reserves or from capital value general rate on all rateable units in the district.

<b>Targeted UACs</b>	<b>90%</b>
<b>CV General Rate</b>	<b>10%</b>

**Capital Expenditure for Private Water****Schemes:**

The 10% community-wide contribution may also be available to private community water schemes subject to meeting Council's requirements regarding scheme design, capacity, and ongoing operation and meeting relevant legislative requirements.

Where new schemes or upgrades include a component other than drinking water, e.g. stockwater, 10% of the drinking water component only will be considered for community-wide funding.

**External Funding:**

**Development Contributions:** Development contributions are charged for new connections to the water schemes in Ashburton, Methven, Rakaia, Chertsey, Fairton and Hinds. See Ashburton District Council's *"Policy on Financial Contributions and Development Contributions"* for details on how this is calculated and the amount to be paid on each applicable water scheme.

**Vested Assets:** Subdivision developers are required to provide water reticulation within their development that meets Council standards and requirements. This asset is then vested in Council and becomes part of Council's water network.

**Government "Capital Assistance Programme" (CAP) Funding:** - available to assist capital upgrade projects on smaller water schemes. In general, this funding, will cover 50% - 100% of capital upgrade costs for qualifying schemes.

10% of the costs of capital upgrade projects where CAP funding is 90% or less will be funded from community-wide sources. Residual funding required after CAP and community-wide contribution will be loan funded and paid for by the properties connected to the scheme and from development contributions.

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	3,607,310
Capital Expenditure	1,493,247
Transfer to reserves	0
Loan Repayment	244,558
<b>Total Expenditure</b>	<b>5,345,115</b>
Less loan funded	962,653
Less Transfer from reserves	28,827
Less funded from depreciation	875,202
<b>Total funding required</b>	<b>3,478,433</b>
<b>Funded by:</b>	
Income	291,657
Increase/Decrease in reserve	-141,077
<b>Targeted UAC's</b>	
Water Group	1,608,132
Ashburton	967,134
Methven	147,391
Rakaia	70,663
Fairton	24,161
Hakatere	19,100
Hinds	33,704
Mayfield	30,970
Chertsey	17,995
Mt Somers	29,550
Dromore	45,588
Winchmore	34,151
Methven/Springfield	58,801
Montalto	81,859
Lake Hood	13,041
Lyndhurst	35,814
Water by Meter charges	109,800
	<b>3,478,432</b>

## Wastewater

### Description of Service:

Council provides wastewater schemes for the collection, treatment and disposal of wastewater in Ashburton, Methven and Rakaia.

### Benefit Analysis:

Private benefit accrues to those connected to the service - they are identifiable, the service is highly rival (with each scheme designed for a specific capacity) and the service is highly excludable (as only those properties within the defined area can connect). Private benefit is assessed at 90%.

Community-wide benefit accrues in the existence value of these schemes, and through wastewater being disposed of in ways that minimise impact on the environment and control potential health hazards. This benefit is assessed at 10%.

**Private benefit 90%**  
**Community-wide benefit 10%**

### Cost Allocation Analysis:

Cost allocation is not in line with the benefit analysis. Private benefit is not quantifiable as connections are not metered, meaning cost cannot be allocated in this way.

It is considered inequitable for community-wide benefit to be funded across the district, as residents not on a wastewater scheme must provide their own means of wastewater collection and disposal.

Therefore the costs of each wastewater scheme will be allocated to the group receiving the private benefit and be met by users on each scheme.

**Identifiable Group 100%**

### Funding Mechanism:

As each residential property receives the same level of service, funding is through a uniform annual charge (UAC) for each scheme, according to the costs of operating that scheme.

Non-residential connections are charged a pan charge for each toilet (pan charge) based on a "user-pays" principle.

**Targeted UACs & charges 100%**

### Capital Expenditure:

Capital expenditure for most activities is funded in the same way as operational expenditure, but over the life of the loan funding. Capital expenditure for wastewater varies from this.

For the purposes of this policy the definition of capital expenditure is:

- Providing a new wastewater treatment facility or upgrade of the existing wastewater treatment facility.
- Providing a new disposal facility for treated wastewater.
- Providing reticulation to the property boundary for a new wastewater scheme, or the growth component of any wastewater reticulation upgrade. The non-growth component of a reticulation upgrade is considered to be a cyclic renewal and funded by the wastewater scheme.

**Benefit Analysis:** Improving the quality of wastewater treatment and/ or disposal enhances the health and wellbeing of all residents and has environmental benefits leading to community-wide benefit. This community-wide benefit is assessed at 10%.

**Private benefit 90%**  
**Community-wide benefit 10%**

**Cost Allocation Analysis:** Cost allocation is in line with the benefit analysis. In general 10% of the total capital expenditure to upgrade an existing wastewater scheme or develop a new wastewater scheme will be funded community-wide.

**Identifiable Group 90%**  
**Community as a whole 10%**

**Funding Mechanism:** Community-wide funding will come from general reserves or from capital value general rate on all rateable units in the district.

Funding for the costs to be paid by the wastewater scheme will come from the targeted UAC on properties able to connect to the particular wastewater scheme.

**Targeted UACs 90%**  
**CV General Rate 10%**

**Non-Connected Properties:** Connections to wastewater schemes pay the full UAC. Non-connected properties which are able to connect to the scheme are charged half the UAC as a scheme availability charge.

**External Funding:**

**Development Contributions:** Development contributions are charged for new connections to the wastewater schemes in Ashburton and Methven. See Ashburton District Council's "Policy on Financial Contributions and Development Contributions" for details on how this is calculated and the amount to be paid on each applicable wastewater scheme.

**Vested Assets:** Subdivision developers are required to provide wastewater network reticulation within their development that meets Council standards and requirements. This asset is then vested in Council free of charge and becomes part of Council's wastewater network.

**Other Revenue:** Revenue is obtained from the Ocean Farm (wastewater treatment and disposal facility) which offsets the targeted rate of Ashburton wastewater. This revenue is excluded from the funding summary.

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	3,795,504
Capital Expenditure	1,005,599
Transfer to reserves	0
Loan Repayment	13,092,900
<b>Total Expenditure</b>	<b>17,894,003</b>
Less loan funded	12,795,000
Less Transfer from reserves	30,594
Less funded from depreciation	966,621
<b>Total funding required</b>	<b>4,101,788</b>
<b>Funded by:</b>	
Income	892,716
Increase/Decrease in reserve	-89,702
<b>Targeted UAC's</b>	
Ashburton	2,899,065
Methven	173,319
Rakaia Loan Rate	85,421
Rakaia	140,969
	<b>4,101,788</b>

## Stormwater

### Description of Service:

Council provides and maintains stormwater disposal networks that collect and discharge storm water from town streets. Council provides stormwater disposal networks in Ashburton, Methven, Rakaia and some rural villages.

### Benefit Analysis:

Group benefit accrues to property owners in areas where stormwater facilities are provided. This group benefit is assessed at 90%.

Community-wide benefit accrues from the provision of storm water networks through protection of district owned assets (roads, footpaths etc) and enabling safer transport within the scheme area during rainfall events. Community-wide benefit is assessed at 10%.

**Group benefit 90%**  
**Community-wide benefit 10%**

### Cost Allocation Analysis:

Cost is allocated 90% to the groups (each stormwater scheme) and 10% community-wide, in line with the benefit analysis.

**Identifiable Groups 90%**  
**Community as a whole 10%**

### Funding Mechanism:

Group cost allocation of 90% is funded through a capital value targeted rate on rateable units within each scheme area fund of the costs.

Community-wide cost allocation of 10% is funded through capital value general rate on all rateable units in the district. Capital value funding mechanisms are considered appropriate because the benefit is primarily related to property protection.

Property owners normally will gain benefit from a storm water network whether they choose to or not due to the network nature of the service and so all are charged.

**CV Targeted rates 90%**  
**CV General rate 10%**

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	855,386
Capital Expenditure	568,445
Transfer to reserves	0
Loan Repayment	48,269
<b>Total Expenditure</b>	<b>1,472,100</b>
Less loan funded	725,112
Less Transfer from reserves	8,109
Less funded from depreciation	171,074
<b>Total funding required</b>	<b>567,805</b>
<b>Funded by:</b>	
Income	110,297
Increase/Decrease in reserve	-42,632
<b>General Rate</b>	<b>49,631</b>
<b>Targeted CV Amenity Rates</b>	
Ashburton	394,415
Methven	48,021
Rakaia	6,069
Hinds	2,004
	<b>567,805</b>

## Stockwater

### Description of Service:

Council owns and operates a substantial stockwater network in the district consisting of over 3,000 km of water races.

### Benefit Analysis:

Private benefit accrues to farmers with access to the stockwater network. The service is highly excludable as only those properties within a serviced area are able to use the service. The schemes are designed to service a specific capacity and additional capacity is needed to service additional demand. Private benefit is assessed at 90%

Community-wide benefit accrues through the environmental benefits and fire-fighting uses the stockwater network provides. Community-wide benefit is assessed at 10%.

**Private benefit 90%**  
**Community-wide benefit 10%**

### Cost Allocation Analysis:

Cost allocation is in line with the benefit analysis with 90% of costs allocated to private beneficiaries of the network and 10% across the community as a whole.

**Private beneficiaries 90%**  
**Community as a whole 10%**

### Funding Mechanism:

The private cost allocation of 90% is funded through a targeted uniform annual charge per metre of accessible water race on all properties with access to the stockwater network and is charged on availability not use.

Community-wide cost allocation of 10% is funded through capital value general rate on every rateable unit in the district.

Capital value funding is considered appropriate because the community-wide benefit is primarily related to property protection.

**Targeted charge 90%**  
(Per accessible metre of water race)  
**CV General rate 10%**

### Capital Expenditure - new schemes:

There are positive economic, social and environmental impacts for the community when a new stockwater scheme is developed. New schemes lead to productivity growth and new business in the district, revitalise rural areas and provide environmental benefits through new habitat creation.

Community-wide benefit is assessed at 20% of the cost of the new scheme. Therefore 20%, of the cost of any new stockwater scheme will be funded community-wide. Funding will come from loan funding paid for through CV General Rate.

<b>2009/10 Funding Summary</b>	
Operating expenditure	879,516
Capital Expenditure	35,314
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>914,830</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	24,498
<b>Total funding required</b>	<b>890,332</b>
<b>Funded by:</b>	
Income	9,928
Increase/Decrease in reserve	10,816
<b>General Rate</b>	<b>86,959</b>
<b>Targeted UAC's</b>	
Stockwater	782,629
	<b>890,332</b>

## Public Conveniences

### Description of Service:

Council provides "free-to-use" public conveniences at locations throughout the district.

### Benefit Analysis:

Group benefit accrues to properties in the Ashburton, Methven and Rakaia central business districts through Council providing toilet facilities in the CBD areas. Businesses would be likely to have increased demand on their own facilities if these facilities were not available. Group benefit is assessed at 20%.

Community-wide benefit accrues to the district as a whole through the provision of public conveniences from existence value and health benefits. Community-wide benefit is assessed at 60%.

Out of district benefit accrues through provision of facilities which visitors are able to use. This benefit is assessed at 20%.

<b>Group benefit</b>	<b>20%</b>
<b>Community-wide benefit</b>	<b>60%</b>
<b>Out of district benefit</b>	<b>20%</b>

### Cost Allocation Analysis:

Cost allocation is not in line with the benefit analysis. Out of district benefit cannot be collected efficiently and is therefore added to the community-wide cost allocation.

<b>Identifiable Group</b>	<b>20%</b>
<b>Community as a whole</b>	<b>80%</b>

### Funding Mechanism:

Group cost allocation of 20% is funded through capital value targeted rates on the Ashburton Expanded CBD, Methven Business and Rakaia Business rating groups.

Community-wide cost allocation of 80% is funded by the district as a whole, through a uniform annual charge on every rateable property in the district. A uniform annual general charge reflects the people-related benefits this activity provides.

<b>CV targeted rate</b>	<b>20%</b>
<b>Uniform annual charge</b>	<b>80%</b>

2009/10 Funding Summary	
	\$
Operating expenditure	273,102
Capital Expenditure	15,000
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>288,102</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	10,142
<b>Total funding required</b>	<b>277,960</b>
<b>Funded by:</b>	
Income	13,902
Increase/Decrease in reserve	-10,140
<b>General Rate</b>	<b>219,359</b>
<b>Targeted CV Amenity Rates</b>	
CV Targeted Business Rate	54,839
	<b>277,960</b>

## Solid Waste Management

### Description of Service:

Council operates resource recovery parks at Ashburton and Rakaia that process recyclable material and residual waste. Solid waste and recycling drop-off facilities are provided at Methven and Mayfield.

Council funds a recycling education programme in schools and undertakes other recycling and waste minimisation promotions.

### Benefit Analysis:

Private benefit accrues through the provision of facilities to recycle or dispose of unwanted refuse. The service is highly rival in that the volume of a landfill is fixed. There is a clear case for the "exacerbator pays" principle to be applied. Private benefit is assessed at 60%.

Community-wide benefit accrues to the community through knowing that refuse is being managed in a coordinated, safe and environmentally acceptable way. Community-wide benefit is assessed at 40%.

**Private benefit 60%**  
**Community-wide benefit 40%**

### Cost Allocation Analysis:

Costs are allocated 60% to private users and 40% to the community as a whole, in line with the benefit analysis.

**Private beneficiaries 60%**  
**Community as a whole 40%**

### Funding Mechanism:

Private cost allocation is funded through user-pays fees for disposal of residual waste at the resource recovery parks. Community-wide cost allocation is funded from capital value general rate.

Capital value general rate is considered appropriate because; the benefit relates to the community as a whole and is deemed to have a property related benefit component; and, capital value represents the property owner's community interest.

**Fees and charges 60%**  
**CV General rate 40%**

<b>2009/10 Funding Summary</b>	
Operating expenditure	2,802,931
Capital Expenditure	50,445
Transfer to reserves	126,000
Loan Repayment	0
<b>Total Expenditure</b>	<b>2,979,376</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	73,146
<b>Total funding required</b>	<b>2,906,230</b>
<b>Funded by:</b>	
Income	1,983,430
Increase/Decrease in reserve	-28,551
<b>General Rate</b>	<b>951,351</b>
	<b>2,906,230</b>

## Solid Waste Collection

### Description of Service:

Council provides kerbside collection of solid waste (rubbish) and recyclable materials in Ashburton, Methven, Rakaia, Hinds, Mayfield and Mt Somers. Council provides collection and disposal of solid waste from litter bins, mostly in commercial areas, and mini-bin collections at the Rakaia, Lake Clearwater and Rangitata Huts. Residual waste (non-recyclable) is disposed of at the Kate Valley.

### Benefit Analysis:

Private benefit accrues to people receiving solid waste and recycling collection service. The benefit is excludable, measurable and highly rival (more waste means more cost). The "exacerbator pays" principle applies. This benefit is assessed at 80%.

Group benefit accrues from litter bin service based on location. Most litter bins are in business areas providing benefit to those properties. This benefit is assessed at 15%.

Community-wide benefit accrues through the existence value associated with collection and disposal of solid waste contributing to a clean and healthy environment. Community-wide benefit is assessed at 5%.

<b>Private benefit</b>	<b>80%</b>
<b>Group benefit</b>	<b>15%</b>
<b>Community-wide benefit</b>	<b>5%</b>

### Cost Allocation Analysis:

Cost allocation is not inline with the benefit analysis. Private cost allocation is 50%, representing the cost of collection and disposal of rubbish bags only.

Group cost allocation of 50% represents the cost of the kerbside recycling service and the provision of litter bins.

<b>Private beneficiaries</b>	<b>50%</b>
<b>Identifiable group</b>	<b>50%</b>

### Funding Mechanism:

Private cost allocation of 50% is funded through rubbish bag sales. Group cost allocation of 40% is funded through a targeted uniform annual charge (UAC) on all rateable units within each township receiving this service, according to the cost of providing service in each town; and the litter bin service through a 10% capital value targeted rate on business rating units in Ashburton, Methven and Rakaia, according to the cost of providing the service in each town.

Rubbish collection at Lake Clearwater and Rangitata Huts is funded through a uniform annual charge on each rateable unit, with any shortfall funded through capital value general rate.

**Note:** Exact percentages of costs being funded through each of the funding mechanisms will vary from year to year due to the cost allocation being based on cost of component services rather than the overall cost of service.

<b>Fees and charges</b>	<b>50%</b>
<b>Targeted UAC</b>	<b>40%</b>
<b>CV Targeted rate</b>	<b>10%</b>

<b>2009/10 Funding Summary</b>	
Operating expenditure	944,968
Capital Expenditure	8,350
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>953,318</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	22,119
<b>Total funding required</b>	<b>931,199</b>
<b>Funded by:</b>	
Income	508,539
Increase/Decrease in reserve	-13,769
<b>General Rates</b>	<b>14,012</b>
<b>Targeted UAC's</b>	
Ashburton Collection	255,765
Methven Collection	39,738
Rakaia Collection	18,750
Hinds	6,235
Mayfield	2,333
Mt Somers	3,637
<b>Targeted CV Amenity Rtes</b>	
Ashburton Business	75,477
Methven Business	14,529
Rakaia Business	5,954
	<b>931,199</b>

## Civil Defence

### Description of Service:

Council has responsibilities under the Civil Defence and Emergency Management Act to undertake the provision of contingency planning and readiness for natural disasters.

### Benefit Analysis:

Community-wide benefit accrues through the ability for the district to recover from a civil defence emergency event. The required level of preparedness is independent of the population that will benefit. It is not possible to exclude people from the service or to separate out the levels of benefit. Community-wide benefit is assessed at 90%.

There is some out-of-district benefit through the district's civil defence resources being able to assist outside the district if requested. Out of district benefit is assessed at 10%.

**Community-wide benefit 90%**  
**Out of district benefit 10%**

### Cost Allocation Analysis:

Costs are allocated 90% community-wide and 10% out of district, in line with the benefit analysis.

**Community as a whole 90%**  
**Out of district 10%**

### Funding Mechanism:

Out-of-district cost allocation is funded through subsidy from the Ministry of Civil Defence and Emergency Management. The government subsidy of 10% is approximate only as this amount is outside Council's control. Should the subsidy be less than 10%, the balance will be added to the community-wide cost allocation.

Funding required net of Ministry of Civil Defence and Emergency Management subsidy will be funded 50% from capital value general rate and 50% from uniform annual charge, both charged against all rateable units in the district. This funding mix recognises that the civil defence activity provides benefit to both people and property.

**Government subsidy 10%**  
**CV General rate 45%**  
**Uniform annual charge 45%**

<b>2009/10 Funding Summary</b>	
Operating expenditure	84,276
Capital Expenditure	2,000
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>86,276</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	2,316
<b>Total funding required</b>	<b>83,960</b>
<b>Funded by:</b>	
Income	4,976
Increase/Decrease in reserve	-316
<b>General Rates</b>	<b>39,650</b>
<b>UAGC</b>	<b>39,650</b>
	<b>83,960</b>

## Rural Fire Protection

### Description of Service:

Council is the Rural Fire Authority for Ashburton District, administering and managing rural fire control functions. This includes having an operative Rural Fire Plan, providing equipment, resources and training and promoting rural fire awareness and prevention measures within the district.

### Benefit Analysis:

Group benefit accrues to rural residents through the provision of effective fire prevention and control capability. Group benefit is assessed at 80%

Community-wide benefit accrues through the availability of resources to attend vehicle collisions and to back up urban fire services if required. There is also a secondary benefit to the district in minimising possible economic, environmental and recreational losses associated with fires in the rural area. Community-wide benefit is assessed at 20%.

**Group benefit 80%**  
**Community-wide benefit 20%**

### Cost Allocation Analysis:

The costs are allocated 80% to the rural residents group and 20% to the district as a whole, in line with the benefit analysis.

**Identifiable group 80%**  
**Community as a whole 20%**

### Funding Mechanism:

The 80% group cost allocation will be funded through a capital value targeted rate on all rural properties, (excluding Methven and Rakaia townships which are serviced by the NZ Fire Service).

The 20% community-wide benefit will be funded through capital value general rate on all rateable units in the district.

Capital value rating is considered appropriate in both cases to reflect the property related benefits provided by this activity.

**CV Targeted rate 80%**  
**CV General rate 20%**

### External Funding:

Private benefit accrues in cases where the action of an individual has caused a fire. The costs associated with providing this service will be recovered through charging the responsible party actual and reasonable costs incurred to control the fire. As Council has no way of estimating the amount of costs recovered each year these recoveries are excluded from this analysis.

<b>2009/10 Funding Summary</b>	
Operating expenditure	266,458
Capital Expenditure	6,750
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>273,208</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	21,915
<b>Total funding required</b>	<b>251,293</b>
<b>Funded by:</b>	
Income	30,016
Increase/Decrease in reserve	-15,165
<b>General Rates</b>	<b>47,288</b>
<b>Targeted CV Amenity Rates</b>	
Rural Amenity Rate	189,153
	<b>251,293</b>

## Library

### Description of Service:

Council operates the Ashburton District Library which provides educational, informational and recreational resources for the district's residents. The District Library also holds significant historical information relevant to the district.

### Benefit Analysis:

Private benefit accrues to users of library services. Private benefit is limited to individuals with library cards, and is therefore excludable. As a book can only be borrowed by one person at a time, this part of the service is highly rival. Private benefit is assessed at 70%

Community-wide benefit accrues through existence, option and civic value to the whole district in having a public library. The library is open to anyone, and the educational value of library resources benefits the whole district. Community-wide benefit is assessed at 30%.

**Private benefit 70%**  
**Community-wide benefit 30%**

### Cost Allocation Analysis:

Cost allocation is not in line with the benefit analysis. Council considers there is no practical way to collect the 70% private benefit from users. All funding is therefore allocated district-wide.

**Community as a whole 100%**

### Funding Mechanism:

The community-wide cost allocation is funded in two ways.

A targeted uniform annual charge on all rateable units, excluding vacant lots, provides 70% of funding.

The remaining 30% is funded through capital value general rate on all rateable units in the District to reflect property owners' community interest, and existence value the library activity provides to the district, making it a more attractive place to live.

The use of a uniform annual charge recognises the 'people benefit' provided by the Library activity. To further reinforce the people-related benefit component being targeted, this rate is not levied on vacant lots.

Capital value general rate is considered appropriate for a portion of the funding to reflect the value that accrues to property through the existence value of the library service.

**Targeted UAC 70%**  
**CV General rate 30%**

**Other Revenue:** User charges through rentals and fines, contribute around 6% of the costs of providing this service. Cost allocation in this policy excludes this funding.

2009/10 Funding Summary	
	\$
Operating expenditure	1,041,287
Capital Expenditure	116,200
Transfer to reserves	5,000
Loan Repayment	0
<b>Total Expenditure</b>	<b>1,162,487</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	134,253
<b>Total funding required</b>	<b>1,028,234</b>
<b>Funded by:</b>	
Income	110,820
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>275,224</b>
<b>Targeted UAC</b>	<b>642,190</b>
	<b>1,028,234</b>

## Memorial Halls & Recreation Reserves

### Description of Service:

Council administers the accounts of the seventeen recreation reserve boards within the district. Recreational reserves provide open space for sports, recreation and leisure in the smaller towns and rural areas of the district. Reserve Boards operate the individual reserves. This analysis deals only with Council's contribution.

There are five Memorial Halls in the district, at Tinwald, Rakaia, Mt. Hutt, Mayfield and Laghmor/ Westerfield. Council administers the accounts and funds insurance on these facilities. Hall committees operate the individual halls. This analysis deals only with Council's contribution.

### Benefit Analysis:

Private benefit accrues to individuals who use the halls and reserves as they can normally exclude other users. This analysis excludes private benefit as this is funded through fees and charges.

Group benefit accrues to the Ashburton, Methven and Rakaia urban communities through having location benefit over and above district-wide access to the Tinwald, Methven and Rakaia Reserve facilities. Group benefit is assessed at 50%.

Community-wide benefit accrues through the civic and existence value in having these facilities in the district. The community-wide benefit is assessed at 50%.

**Group benefit** 50%  
**Community-wide benefit** 50%

### Cost Allocation Analysis:

The costs are allocated 50% to identifiable groups, Ashburton, Methven and Rakaia urban property owners, and 50% across the community as a whole, in line with the benefit analysis. The cost allocation is approximate only as it is based on the cost of providing grass mowing at the Tinwald, Methven and Rakaia Domains.

**Identifiable Groups** 50%  
**Community as a whole** 50%

### Funding Mechanism:

Group cost allocation is funded through a capital value targeted rate on properties in the Ashburton, Methven and Rakaia urban areas. The cost to be allocated depends on the costs associated with each of the relevant Reserves.

Community-wide cost allocation is funded through capital value general rate on all rateable properties in the district to reflect property owners' community interest.

**CV Targeted rates** 50%  
**CV General rate** 50%

2009/10 Funding Summary	
	\$
Operating expenditure	351,160
Capital Expenditure	150,000
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>501,160</b>
Less loan funded	0
Less Transfer from reserves	101,082
Less funded from depreciation	92,370
<b>Total funding required</b>	<b>307,708</b>
<b>Funded by:</b>	
Income	237,865
Increase/Decrease in reserve	5,577
<b>General Rate</b>	<b>32,416</b>
<b>Targeted CV Amenity Rates</b>	
Ashburton Urban	25,500
Methven	3,000
Rakaia	3,350
	<b>307,708</b>

## Elderly Persons Housing

### Description of Service:

Council owns 104 elderly persons housing units in Ashburton, 6 in Methven and 2 in Rakaia.

The units are provided to enable elderly residents of limited means to live independently in quality accommodation. Council provides these units at below market level rents to elderly people who meet means-based assessment criteria.

### Benefit Analysis:

Private benefit accrues to residents renting the units and is assessed at 90%. Residents renting the properties are identifiable, and the benefit is highly rival, in that there are limited units available.

Community-wide benefit accrues through residents knowing that elderly people with limited financial means have the opportunity to take care of themselves in a safe and comfortable living environment. There are existence, civic and option values for the district in these facilities. Community-wide benefit is assessed at 10%.

**Private benefit 90%**  
**Community-wide benefit 10%**

### Cost Allocation Analysis:

Cost allocation is not in line with the benefit analysis. Private beneficiaries are allocated 100% of the costs. Tenants benefit from being able to rent accommodation at a lower than market rate. This imposes an opportunity cost on the council and the community to provide this activity (foregoing a market rate of return on the value of the assets). Council, therefore, does not believe any additional contribution by the district is necessary.

**Private Beneficiaries 100%**

### Funding Mechanism:

Private beneficiaries fund 100% of the cost of this activity through user charges, in line with the cost allocation analysis.

From time to time Council may fund a portion of costs from reserves built up in the Elderly Persons Housing account. This is normally to smooth out rental increases deemed too onerous to pass on to tenants in one movement.

**User charges 100%**

**External Funding:** There are funding sources available from central government and others that may, from time to time, be used to upgrade certain features of the units. Other funding sources may also be explored if there is ever a need to construct new units. These funding sources have not been included in this analysis.

<b>2009/10 Funding Summary</b>	
Operating expenditure	435,420
Capital Expenditure	220,000
Transfer to reserves	0
Loan Repayment	8,321
<b>Total Expenditure</b>	<b>663,741</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	80,823
<b>Total funding required</b>	<b>582,918</b>
<b>Funded by:</b>	
Income	470,204
Increase/Decrease in reserve	112,714
<b>General Rates</b>	0
	<b>582,918</b>

## Community Safety and Wellbeing

### Description of Service:

Council provides funding to a range of organisations with an aim to improve the community safety and overall social wellbeing of the community. Funding is currently provided to; the Ashburton District Safer Community Council, Ashburton Youth Health Centre, Ashburton Resource Centre, and for projects like the Ashburton District Mayoral Social Wellbeing Forum, and the Ashburton "Settling In" Project.

### Benefit Analysis:

Community-wide benefit accrues to all members of the community through these services being generally freely available to residents who need them. Community-wide benefit is assessed at 100%.

**Community-wide benefit 100%**

### Cost Allocation Analysis:

Cost is allocated 100% community-wide, in line with the benefit analysis.

**Community as a whole 100%**

### Funding Mechanism:

Community-wide cost allocation will be funded 75% through a uniform annual charge (UAC) and 25% through a capital value general rate on all rateable units in the district.

A UAC component is appropriate to fund this activity as it recognises the people-related benefit that accrues.

A capital value component reflects an impact on property prices through provision of community facilities and to reflect property owners' interest in the district.

**Uniform annual charge 75%**  
**CV General rate 25%**

### Ashburton Town Centre Ambassadors:

Council is proposing this initiative be funded differently from the remainder of the activity to reflect the group benefit accruing to Ashburton businesses. This project is proposed to be funded 25% from a targeted rate on Ashburton Business and 75% from a uniform annual charge.

<b>2009/10 Funding Summary</b>	
Operating expenditure	269,925
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>269,925</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>269,925</b>
<b>Funded by:</b>	
Income	1,397
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>50,882</b>
<b>UAGC</b>	<b>201,396</b>
<b>Targeted CV Amenity Rates</b>	
Ashburton Business	16,250
	<b>269,925</b>

## Art, Culture and Heritage

### Description of Service:

Council provides funding for the Ashburton Art Gallery, Ashburton Museum, Ashburton Trust Event Centre and provides heritage grants to promote the protection of heritage buildings listed in the District Plan.

### Benefit Analysis:

Private benefit accrues to those who use these facilities and they are identifiable and excludable. This benefit is expected to be recovered from the beneficiaries by facility operators and this benefit analysis, therefore, deals with the Council contribution only.

Community-wide benefit accrues to everyone in the community through having cultural facilities available for all to enjoy. These facilities have an existence value as well as an educational value. Community-wide benefit is assessed at 100%.

**Community-wide benefit 100%**

### Cost Allocation Analysis:

Cost is allocated 100% by the community as a whole, in line with the benefit analysis.

**Community as a whole 100%**

### Funding Mechanism:

Community-wide cost allocation will be funded 50% through a uniform annual charge (UAC) and 50% through a capital value general rate on all rateable units in the district.

A UAC component is appropriate to fund this activity as it recognises the people related benefit that accrues.

A capital value component reflects an impact on property prices through provision of community facilities and to reflect property owners' interest in the district.

**Uniform annual charge 50%**  
**CV General rate 50%**

2009/10 Funding Summary	
	\$
Operating expenditure	3,140,862
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	36,364
<b>Total Expenditure</b>	<b>3,177,226</b>
Less loan funded	2,300,000
Less Transfer from reserves	15,000
Less funded from depreciation	0
<b>Total funding required</b>	<b>862,226</b>
<b>Funded by:</b>	
Income	6,017
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>428,105</b>
<b>UAGC</b>	<b>428,105</b>
	<b>862,226</b>

## Recreation Facilities and Services

### Description of Service:

Council provides funding to a range of organisations that provide recreation facilities and services, including: Sport Mid-Canterbury, Ashburton Community Pool, and Methven Pool. Council also provides funding to the Ashburton Stadium Complex Trust to develop options for the planned new aquatic centre and indoor sports facility. Council undertakes some project work of its own in this area through Active Ashburton initiatives.

### Benefit Analysis:

Private benefit accrues to those who use facilities, who are identifiable and excludable. This benefit is expected to be recovered from beneficiaries by each facility.

Group benefit accrues to Ashburton urban property owners through location benefit relating to the Ashburton Community Pool. Group benefit is assessed at 20% of the Ashburton Community Pool grant.

Group benefit accrues to Methven urban property owners through location benefit relating to Methven Pool. Group benefit is assessed at 100% of the grant amount. Total group benefit is assessed at 15%.

Community-wide benefit accrues to all residents being able to use facilities and services provided or funded by Council. Community-wide benefit is assessed at 85%.

**Group benefit 15%**  
**Community-wide benefit 85%**

### Cost Allocation Analysis:

Group cost allocation is 15% to the Ashburton and Methven urban properties group, representing their share of the costs of funding swimming pools in the towns. Community-wide cost allocation is 85%, in line with the benefit analysis.

**Identifiable group 15%**  
**Community as a whole 85%**

### Funding Mechanism:

Group cost allocation of 15% approximately is funded by a capital value targeted rate on Ashburton urban properties to fund 20% of the Ashburton Community Pool grant and on Methven urban properties to fund 100% of the Methven swimming pool grant. The 15% figure is indicative only as funding will be moderated through the general rate component of funding for this activity. Council may consider using a targeted rate to provide funding for other swimming pools in the district in future, on the same basis as is currently used for Methven.

Community-wide cost allocation is funded 42% through a uniform annual charge (UAC) on all

rateable units in the district and 43% through capital value general rate. A UAC component recognises the people related benefit that accrues.

A capital value component reflects an impact on property prices through provision of community facilities and to reflect property owners' interest in the district.

**CV Targeted rate 15%**  
**Uniform annual charge 42%**  
**CV General rate 43%**

### Funding Capital Cost of New Aquatic Centre and Indoor Stadium:

Funding of all future costs associated with Council's funding contribution to a new aquatic centre and indoor stadium will come 100% from a uniform annual charge.

2009/10 Funding Summary	
	\$
Operating expenditure	1,001,307
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>1,001,307</b>
Less loan funded	376,958
Less Transfer from reserves	123,042
Less funded from depreciation	0
<b>Total funding required</b>	<b>501,307</b>
<b>Funded by:</b>	
Income	4,902
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>193,009</b>
<b>UAGC</b>	<b>219,396</b>
<b>Targeted CV Amenity Rates</b>	
Ashburton Urban	84,000
	<b>501,307</b>

## Community Grants and Events

### Description of Service:

Council provides two main grant schemes; the major community projects grants, made each year through the Annual Plan process, and Council grants made each year in August.

Council also provides funding for community events, such as the Concert in the Park and provides an events grant scheme, administered by Ashburton District Tourism.

### Benefit Analysis:

Community-wide benefit accrues to everyone in the community through being able to enjoy the facilities and services that Council grants fund, and attending the community events provided by Council. Community-wide benefit is assessed at 100%.

**Community-wide benefit 100%**

### Cost Allocation Analysis:

Cost is allocated 100% community-wide, in line with the benefit analysis.

**Community as a whole 100%**

### Funding Mechanism:

Community-wide cost allocation will be funded 100% through a capital value general rate on all rateable units in the district.

Capital value general rate is an appropriate funding mechanism as there is uncertainty from year to year what the grant funding will be applied to, and to reflect property owners' interest in the community.

**CV General rate 100%**

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	353,196
Capital Expenditure	0
Transfer to reserves	133,332
Loan Repayment	0
<b>Total Expenditure</b>	<b>486,528</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>486,528</b>
<b>Funded by:</b>	
Income	142,916
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>343,612</b>
	<b>486,528</b>

## Democracy

### Description of Service:

This activity covers the democratic processes undertaken by Council and the Methven Community Board including elected members, elections, meetings, communication, consultation, policy development, and advocacy. It also covers the Youth Council.

### Benefit Analysis:

Community-wide benefit accrues through democratic representation and community communication and engagement. No resident can be excluded from receiving this benefit. Community-wide benefit is assessed at 97%.

Group benefit accrues to Methven residents as the Methven Community Board represents the Methven area only and no other part of the district has this level of additional representation. This group is identifiable and excludable and is assessed at 3% of total benefit (being 75% of the cost of funding the operation of the Methven Community Board).

**Group benefit 3%**  
**Community-wide benefit 97%**

### Cost Allocation Analysis:

Costs are allocated approximately 3% to the Methven community and 97% to the community as a whole, in line with the benefit analysis.

Methven urban property owners pay 75% of the costs of the operation of Methven Community Board. Council works with other community groups not recognised explicitly in Council's funding and therefore it is considered inequitable for the Methven community to fund the total cost of their Community Board.

**Identifiable group 3%**  
**Community as a whole 97%**

### Funding Mechanism:

Methven group cost allocation will be funded by a capital value targeted rate on all rateable units in the Methven urban area.

The community-wide benefit will be funded 48% from capital value general rate and 49% from a uniform annual general charge.

Capital value rating is considered appropriate to fund half of this activity as residents benefit proportional to their stake in the district.

Uniform annual general charge is considered appropriate to fund half of this activity to reflect the people related benefits of the activity.

**Note:** The general rate and uniform annual charge figures are indicative only. The actual amount will be the total cost of the activity minus the Methven Community Board rate.

**CV Targeted rate 3%**  
**Uniform annual charge 49%**  
**CV General rate 48%**

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	1,588,038
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>1,588,038</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>1,588,038</b>
<b>Funded by:</b>	
Income	79,195
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>741,960</b>
<b>UAGC</b>	<b>729,499</b>
<b>Targeted CV Amenity Rates</b>	
Methven Urban	37,385
	<b>1,588,039</b>

## Cemeteries

### Description of Service:

Council provides cemetery facilities in line with the Burial & Cremation Act 1964. Council aims to provide cemeteries with tasteful, yet simple design, utilising a low maintenance setting.

### Benefit Analysis:

Private benefit accrues to users of cemetery facilities, largely friends and family of the deceased. This benefit is assessed at 80%.

Community-wide benefit accrues to the whole district from ensuring the deceased are interred in a sanitary way and from cemeteries contributing to the passive open space of the district. Community-wide benefit is assessed at 20%.

**Private benefit**                    **80%**  
**Community-wide benefit** **20%**

### Cost Allocation Analysis:

The costs are allocated 80% to private beneficiaries and 20% across the community as a whole, in line with the benefit analysis.

**Private beneficiaries**        **80%**  
**Community as a whole**    **20%**

### Funding Mechanism:

Private cost allocation of 80% of the activity is funded from plot sales, interment fees and miscellaneous other fees.

Community-wide cost allocation of 20% is funded from capital value general rate on all rateable units in the district.

Capital value is considered the fairest funding mechanism to represent property owners' community interest.

**Fees and charges**            **80%**  
**CV General rate**            **20%**

<b>2009/10 Funding Summary</b>	
Operating expenditure	273,297
Capital Expenditure	87,635
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>360,932</b>
Less loan funded	56,371
Less Transfer from reserves	0
Less funded from depreciation	3,657
<b>Total funding required</b>	<b>300,904</b>
<b>Funded by:</b>	
Income	182,205
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>118,699</b>
	<b>300,904</b>

## Reserves & Camping Grounds

### Description of Service:

Council owns amenity properties throughout the district that include statues, war memorials, the Ashburton clock, information kiosks, shingle reserves and the Ashburton skate-park.

Council also owns and maintains camping grounds throughout the district at Rangitata, Lake Camp, Rakaia Gorge and Hakatere, with some being leased out to private operators.

### Benefit Analysis:

Private benefit accrues to identifiable users of the camp grounds, shingle pits, and other facilities available and this benefit is assessed at 50%.

Community-wide benefit accrues to residents of the district through use of the reserves, camp grounds, the Ashburton skate-park and other facilities. Tourism occurring as a result of the facilities provided brings economic benefit to the district. Community-wide benefit is assessed at 50%.

Out of district benefit accrues to users of the camp grounds and facilities, however this is considered low and deemed to be funded by user charges.

**Private benefit 50%**  
**Community-wide benefit 50%**

### Cost Allocation Analysis:

The costs are allocated 50% to private beneficiaries and 50% across the community as a whole, in line with the benefit analysis.

**Private beneficiaries 50%**  
**Community as a whole 50%**

### Funding Mechanism:

Private benefit costs are funded from user-pays fees and charges.

Community-wide benefit is funded from capital value general rate.

Any budgeted shortfall in funding from fees and charges will be funded from the general rate for that year. Likewise, any budgeted excess in fees and charges will offset the general rate requirement.

A capital value rating mechanism is used to reflect the benefit being partly property related as a result of positive overall effects on property values; and to reflect property owners' community interest.

**Fees and charges 50%**  
**CV General rate 50%**

### 2009/10 Funding Summary

	\$
Operating expenditure	396,629
Capital Expenditure	315,000
Transfer to reserves	31,002
Loan Repayment	0
<b>Total Expenditure</b>	<b>742,631</b>
Less loan funded	0
Less Transfer from reserves	227,124
Less funded from depreciation	44,253
<b>Total funding required</b>	<b>471,254</b>
<b>Funded by:</b>	
Income	216,024
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>248,985</b>
<b>UAC's</b>	
Rangitata Huts	1,620
Lake Clearwater	4,625
	<b>471,254</b>

## Ashburton Domain

### Description of Service:

The Ashburton Domain is provided and maintained by Council as a recreational park for the residents of the district and visitors to enjoy.

### Benefit Analysis:

Group benefit accrues to Ashburton residents through the beautification of this area, creating a more pleasant town environment, and giving opportunities for residents to use these facilities freely. Ashburton urban residents have a location benefit other groups don't have. This group benefit is assessed at 50%.

The group benefit of 50% to the Ashburton urban area is broken down into two sub groups.

- Ashburton residential - deemed to receive the majority of benefit, assessed at 35%.
- Ashburton business – deemed to receive benefit as the domain enhances Ashburton's image as an attractive place to live and work. This benefit is assessed at 15%.

Community-wide benefit accrues to all residents through having the Ashburton Domain available for recreational purposes. Community-wide benefit is assessed at 40%.

Out of district benefit accrues to visitors having an attractive facility to visit. This is assessed at 10%.

<b>Group benefit</b>	<b>50%</b>
<b>Community-wide benefit</b>	<b>40%</b>
<b>Out of district benefit</b>	<b>10%</b>

### Cost Allocation Analysis:

Cost allocation varies from the benefit analysis. Cost allocation to group beneficiaries remains the same at 50%. Out of district benefit has been re-allocated as community-wide benefit as it is impossible to collect revenue from visitors to the Ashburton Domain.

<b>Identifiable group</b>	<b>50%</b>
<b>Community as a whole</b>	<b>50%</b>

### Funding Mechanism:

A capital value targeted rate is used to fund the group costs allocation to Ashburton urban properties – 35% to Ashburton residential and 15% to Ashburton business, in line with the benefit analysis and cost allocation. Community-wide benefit is funded by capital value general rate.

Capital value general rate is used to reflect the benefit being partly property related as a result of positive overall effects on property values; and to reflect property owners' community interest.

<b>CV Targeted rates</b>	<b>50%</b>
<b>CV General rate</b>	<b>50%</b>

<b>2009/10 Funding Summary</b>	
Operating expenditure	523,701
Capital Expenditure	130,000
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>653,701</b>
Less loan funded	0
Less Transfer from reserves	68,934
Less funded from depreciation	61,066
<b>Total funding required</b>	<b>523,701</b>
<b>Funded by:</b>	
Income	27,850
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>247,926</b>
<b>Targeted CV Amenity Rates</b>	
Ashburton Residential	173,548
Ashburton Business	74,378
	<b>523,701</b>

## Rural Beautification

### Description of Service:

Council undertakes projects and maintenance to enhance the streetscapes, sports grounds, parks and reserves in the rural areas of the district. This activity contributes to the rural parts of the district being attractive places to live and visit.

### Benefit Analysis:

Group benefit accrues to rural residents through making rural parts of the district more attractive places to live, and is assessed at 50%.

**Note:** The rural group excludes Methven and Rakaia whose beautification is dealt with under the activity 'Township Beautification'.

Community-wide benefit accrues through all residents being able to use rural areas for business and recreation and gain benefit from the pleasant surroundings. Community-wide benefit is assessed at 50%.

**Group benefit** 50%  
**Community-wide benefit** 50%

### Cost Allocation Analysis:

Costs are allocated 50% to the rural properties group and 50% community-wide, in line with the benefit analysis.

**Identifiable group** 50%  
**Community as a whole** 50%

### Funding Mechanism:

The group cost allocation of 50% is funded from a capital value targeted rate on all rural rateable units (excluding Methven and Rakaia urban properties).

The community-wide cost allocation is funded through a capital value general rate on all rateable units in the district.

Capital value rating mechanisms are used to reflect the benefit being partly property related as a result of positive overall effects on property values; and to reflect property owners' community interest.

**CV Targeted rate** 50%  
**CV General rate** 50%

<b>2009/10 Funding Summary</b>	
Operating expenditure	117,118
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>117,118</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	2,388
<b>Total funding required</b>	<b>114,730</b>
<b>Funded by:</b>	
Income	8,891
Increase/Decrease in reserve	-2,388
<b>General Rates</b>	<b>54,114</b>
<b>Targeted CV Amenity Rates</b>	
Rural (excluding Methven & Rakaia)	54,114
	<b>114,730</b>

## Township Beautification

### Description of Service:

Council undertakes projects and maintenance to enhance the streetscapes, sports grounds, parks and reserves in the townships of the district. This activity ensures our towns are attractive places to live in and to visit. Council also provides Christmas festive lighting as part of this activity.

### Benefit Analysis:

Group benefit accrues to the towns of Ashburton, Methven, and Rakaia through this activity making these localities more attractive places to live and work. This benefit is assessed at 50%.

The group benefit of 50% is broken down into two further subgroups - residential and business. The benefit is assessed as equal between these two groups and is set at 25% each.

Community-wide benefit accrues from having attractive townships throughout the district. All residents are able to use the recreational facilities in these towns for business and recreation benefit. Community-wide benefit is assessed at 40%.

Out of district benefit accrues to visitors to the district being able to enjoy attractive facilities, also contributing to New Zealand's reputation as a clean and attractive nation. The benefit is assessed at 10%.

<b>Group benefit</b>	<b>50%</b>
<b>Community-wide benefit</b>	<b>40%</b>
<b>Out of district benefit</b>	<b>10%</b>

### Cost Allocation Analysis:

Cost allocation varies from the benefit analysis. Costs for out of district benefit have been re-allocated as community-wide due to the inability to collect funding for out of district benefit.

<b>Identifiable groups</b>	<b>50%</b>
<b>Community as a whole</b>	<b>50%</b>

### Funding Mechanism:

Group cost allocation of 50% is funded through a capital value targeted rate on all properties in the urban areas of Ashburton, Methven and Rakaia based on the costs of providing this activity in each of the towns.

In Ashburton and Methven this rate is allocated 50% to residential and 50% to business. Rakaia is funded 75% residential and 25% from business, recognising the small business rating base in Rakaia.

Community-wide cost allocation of 50% is funded from capital value general rate on all rateable units in the district. Capital value rating is used to reflect the benefit being primarily

property related as a result of positive overall effects on property values; and to reflect property owners' community interest.

<b>CV Targeted rates</b>	<b>50%</b>
<b>CV General rate</b>	<b>50%</b>

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	881,899
Capital Expenditure	131,000
Transfer to reserves	350,000
Loan Repayment	35,522
<b>Total Expenditure</b>	<b>1,398,421</b>
Less loan funded	0
Less Transfer from reserves	104,894
Less funded from depreciation	102,787
<b>Total funding required</b>	<b>1,190,740</b>
<b>Funded by:</b>	
Income	418,096
Increase/Decrease in reserve	-44,935
<b>General Rates</b>	<b>408,790</b>
<b>Targeted CV Amenity Rates</b>	
Ashburton Residential	154,995
Ashburton Business	154,995
Methven Residential	32,547
Methven Business	32,547
Rakaia Residential	25,280
Rakaia Business	8,427
Rural	1,190,741

## Employment & Economic Development

### Description of Service:

Council provides funding to Enterprise Ashburton to provide economic development services for the district.

### Benefit Analysis:

Community-wide benefit accrues through this activity adding to the economic growth of the district, encouraging new businesses and job opportunities and promoting community wealth. Community-wide benefit is assessed at 100%.

**Community-wide benefit 100%**

### Cost Allocation Analysis:

Cost allocation is 100% community-wide, in line with the benefit analysis.

**Community as a whole 100%**

### Funding Mechanism:

The community-wide cost allocation is funded through a capital value general rate on all rateable units in the district.

A capital value rating mechanism is used to reflect the benefit being partly property related as a result of positive overall effects on property values; and to reflect community interest.

**CV General rate 100%**

### Additional Information:

Private benefit accrues to individuals and businesses that directly use services provided by Enterprise Ashburton. Council expects the agency to recover costs associated with providing these services by charging directly for services deemed to be of a private benefit nature.

<b>2009/10 Funding Summary</b>	
Operating expenditure	249,670
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>249,670</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>249,670</b>
<b>Funded by:</b>	
Income	2,389
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>247,281</b>
	<b>249,670</b>

## District Promotion & Visitor Industry

### Description of Service:

Council funds the Ashburton District Tourism Board to undertake the promotion of the district to visitors and to promote tourism ventures operating within the district.

### Benefit Analysis:

Group benefit accrues to those in the tourism industry and businesses in general, which gain directly and indirectly from tourism promotion and marketing of the district funded by Council. The benefit will vary between businesses and is difficult to measure accurately. The groups deemed to benefit from this service are Ashburton, Methven and Rakaia businesses. Group benefit is assessed at 50%.

Community-wide benefit accrues from the positive effects from attracting visitors to the district, providing economic, social, and cultural benefits. Tourism increases employment and business opportunities. Community-wide benefit is assessed at 50%.

**Group benefit** 50%  
**Community-wide benefit** 50%

### Cost Allocation Analysis:

Costs are allocated 50% to the Ashburton, Methven and Rakaia business rating groups and 50% community-wide, in line with the benefit analysis.

**Identifiable group** 50%  
**Community as a whole** 50%

### Funding Mechanism:

The group cost allocation of 50% is funded through a targeted capital value rate on all Business rateable units in Ashburton, Methven and Rakaia.

The community-wide cost allocation of 50% is funded through a capital value general rate on all rateable units in the district.

Capital value rating mechanisms are used to reflect the benefit being partly property related as a result of positive overall effects on property values; and to reflect property owners' community interest.

**CV Targeted rates** 50%  
**CV General rate** 50%

### External Revenue:

Private benefit accrues to individuals and businesses that directly use services provided by Ashburton District Tourism. Council expects the agency to recover costs associated with these services by charging directly for services deemed to be of a private benefit nature. This analysis deals with the Council contribution only.

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	410,033
Capital Expenditure	30,000
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>440,033</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>440,033</b>
<b>Funded by:</b>	
Income	3,896
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>218,069</b>
<b>Targeted CV Amenity Rates</b>	
Ashburton Business	178,406
Methven Business	31,214
Rakaia Business	8,448
	<b>440,033</b>

## District Water Management

### Description of Service:

Council recognises the importance of water to the district and has funded the Ashburton Community Water Trust to develop a community approach to water issues. The Trust carries out the majority of work associated with this activity; including investigating and promoting the efficient use of water and investigating water storage and river enhancement strategies.

### Benefit Analysis:

Community-wide benefit accrues through the economic, environmental and social benefits that come from the sustainable use of water to enhance agricultural production and the maintenance of the ecological qualities of the district's waterways. Community-wide benefit is assessed at 100%.

**Community-wide benefit 100%**

### Cost Allocation Analysis:

The cost allocation is 100% community-wide, in line with the benefit analysis.

**Community as a whole 100%**

### Funding Mechanism:

The community-wide cost allocation is funded 100% from the community as a whole through capital value general rate.

A capital value rating mechanism is used to reflect the benefit being partly property related as a result of positive overall effects on the local economy and therefore on property values, and to reflect property owners' community interest.

**CV General rate 100%**

<b>2009/10 Funding Summary</b>	
Operating expenditure	95,000
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	8,000
<b>Total Expenditure</b>	<b>103,000</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>103,000</b>
<b>Funded by:</b>	
Income	0
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>103,000</b>
	<b>103,000</b>

## Forestry

### Description of Service:

Council holds forestry investments as part of its investment portfolio. Net revenue is used by Council to off-set the general rate requirement. Council also holds a forestry reserve fund in order to smooth the contribution to the general rate.

### Benefit Analysis:

This benefit analysis deals only with who should receive the benefit of the income derived from this activity.

The forestry investment is undertaken to generate income for all ratepayers in the district and used to off-set the general rate requirement. Community-wide benefit is assessed at 100%.

**Community-wide benefit 100%**

### Cost Allocation Analysis:

Funding from the Forestry activity will be allocated on a district-wide basis, in line with the benefit analysis.

**Community as a whole 100%**

### Funding Mechanism:

The net returns generated by this activity are allocated community-wide through a reduction in the general rate requirement for each rateable unit, in line with the cost allocation analysis.

Allocating this funding on a capital value basis reflects each property's proportional stake in the district.

**Contribution to general rate 100%**

<b>2009/10 Funding Summary</b>	
Operating expenditure	367,250
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	
<b>Total Expenditure</b>	<b>367,250</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>367,250</b>
<b>Funded by:</b>	
Income	305,487
Increase/Decrease in reserve	136,763
<b>General Rates</b>	<b>-75,000</b>
	<b>367,250</b>

## Commercial Property

### Description of Service:

Council holds property investments as part of its investment portfolio. Property includes farmland, leasehold rural and urban land, and commercial buildings. Net revenue is used by Council to off-set the general rate requirement.

### Benefit Analysis:

This benefit analysis deals only with who should receive the benefit of the income derived from this activity.

The commercial property investments are undertaken to generate income for all ratepayers in the district and used to off-set the general rate requirement. Community-wide benefit is assessed at 100%.

**Community-wide benefit 100%**

### Cost Allocation Analysis:

Funding from the Commercial Property activity will be allocated on a community-wide basis, in line with the benefit analysis.

**Community as a whole 100%**

### Funding Mechanism:

The net returns generated by this activity are allocated district-wide through a reduction in the general rate requirement for each rateable unit, in line with the cost allocation analysis.

Allocating this funding on a capital value basis reflects each property's proportional stake in the district.

**Contribution to general rate 100%**

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	1,340,480
Capital Expenditure	11,374,541
Transfer to reserves	1,208,402
Loan Repayment	0
<b>Total Expenditure</b>	<b>13,923,423</b>
Less loan funded	11,690,932
Less Transfer from reserves	233,979
Less funded from depreciation	109,638
<b>Total funding required</b>	<b>1,888,874</b>
<b>Funded by:</b>	
Income	2,488,748
Capital Income	575,000
Increase/Decrease in reserve	-573
<b>General Rates</b>	<b>-1,174,301</b>
	<b>1,888,874</b>

## District Planning

### Description of Service:

Council has responsibilities under the Resource Management Act to manage the environmental effects of activities in the district. This is achieved through having an operative District Plan and monitoring and enforcing the environmental standards contained in the Plan. Resource consents are required for activities that are not permitted as of right in the District Plan.

### Benefit Analysis:

Private benefit accrues to resource consent applicants who are identifiable and excludable. There is a private benefit in that information is supplied on Land Information Memoranda which constitutes a private benefit (see Land Information activity). Private benefit is assessed at 50%.

Community-wide benefit accrues through the level of environmental protection afforded by the District Planning activity. Community-wide benefit is assessed at 80%.

**Private benefit** 50%  
**Community-wide benefit** 50%

### Cost Allocation Analysis:

Costs are allocated 50% to private beneficiaries and 50% community-wide, in line with the benefit analysis.

**Private beneficiaries** 50%  
**Community as a whole** 50%

### Funding Mechanism:

Private cost allocation of 50% is funded from fees and charges on resource consent and other applications.

Community-wide cost allocation of 50% is funded from a capital value general rate on all rateable units in the district. A capital value rating mechanism is used to reflect the benefit being partly property related as a result of positive overall effects on property values; and to reflect property owners' community interest.

**Fees and charges** 50%  
**CV General rate** 50%

### Note Regarding Fees and Charges:

Council sets its fees for this activity based on recovering actual and reasonable costs associated with resource consents and other services. The revenue from fees depends on demand for service. Any budgeted shortfall in fees will come from the general rate while any budgeted excess will offset the general rate.

<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	1,055,900
Capital Expenditure	150,000
Transfer to reserves	0
Loan Repayment	21,350
<b>Total Expenditure</b>	<b>1,227,250</b>
Less loan funded	445,000
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>782,250</b>
<b>Funded by:</b>	
Income	312,309
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>469,941</b>
	<b>782,250</b>

## Animal Control

### Description of Service:

Council provides animal control services to ensure the community is not endangered by uncontrolled dogs or stock.

### Benefit Analysis:

The "exacerbator pays" principle applies as dog registration is aimed at controlling and monitoring dogs. Similar benefits apply to owners of wandering stock who have their animals contained and looked after. Private benefit is assessed at 80%.

Community-wide benefit accrues through being able to respond to dog and wandering stock issues in a timely manner. Minimising concerns such as safety, noise and fouling all have district-wide benefits. Community-wide benefit is assessed at 20%.

**Private benefit 80%**  
**Community-wide benefit 20%**

### Cost Allocation Analysis:

Cost allocation varies from the benefit analysis. Dog owners are allocated 95% of the costs of this activity. Although the benefit analysis shows a higher district-wide benefit, if there were no uncontrolled dogs there would be no need for any expenditure in this area. The "exacerbator pays" principle applies.

Some private benefit is also funded through fees and fines associated with impounded stray dogs and wandering stock.

Community-wide cost allocation is set at 5%. This is primarily to cover the costs associated with investigating and, if necessary impounding, wandering stock.

**Private beneficiaries 95%**  
**Community as a whole 5%**

### Funding Mechanism:

The private cost allocation of 95% for this activity is funded from dog license fees. The community-wide cost allocation of 5% is funded through capital value general rate on all rateable units in the district.

Capital value general rate is considered the appropriate funding mechanism for this portion of costs as the benefits are not easily identifiable as being person-related, and to reflect property owners' community interest.

**Fees and charges 95%**  
**CV General rate 5%**

### Note Regarding Fees and Charges:

Council sets its fees for this activity based on recovering actual and reasonable costs. The revenue from fees depends on demand for service. Any budgeted shortfall will come from the general rate while any budgeted excess will offset the general rate.

<b>2009/10 Funding Summary</b>	
Operating expenditure	308,167
Capital Expenditure	12,000
Transfer to reserves	8,898
Loan Repayment	0
<b>Total Expenditure</b>	<b>329,065</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	8,898
<b>Total funding required</b>	<b>320,167</b>
<b>Funded by:</b>	
Income	333,676
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>-13,509</b>
	<b>320,167</b>

## Licensing

### Description of Service:

Council has a regulatory role and issues and enforces liquor licenses, gambling venue licenses and health standards licenses.

### Benefit Analysis:

Private benefit of licensing accrues primarily to the license holders. They are identifiable and are obligated to meet certain statutory standards and obligations. The "exacerbator pays" principle applies in this case. Private benefit is assessed at 80%.

Community-wide benefit accrues to all members of the community through having minimum standards applied in the areas of liquor and gambling venue licensing and in food and health standards. Community-wide benefit is assessed at 20%.

**Private benefit 80%**  
**Community-wide benefit 20%**

### Cost Allocation Analysis:

Cost allocation is 80% to private beneficiaries and 20% to the district as a whole, in line with the benefit analysis.

**Private beneficiaries 80%**  
**Community as a whole 20%**

### Funding Mechanism:

The private cost allocation of 80% is funded from fees and charges associated with license applications and inspections. Currently, on average, only around 60% of license costs can be recovered through fees and charges due to liquor licensing fees being set by statute. Any shortfall is re-allocated to the community-wide cost allocation.

The community-wide cost allocation of 20% is funded from capital value general rate. Any shortfall funding required to make up the 80% private cost allocation is also funded from capital value general rate.

Capital value general rate is considered the appropriate funding mechanism as the benefits are not easily identifiable as being person-related, and to reflect property owners' community interest.

**Fees and charges 80%**  
**CV General rate 20%**

### Note Regarding Fees and Charges:

Council sets its fees for this activity based on recovering actual and reasonable costs. The revenue from fees depends on demand for service. Any budgeted shortfall will come from general rates while any budgeted excess will go to offset general rates.

2009/10 Funding Summary	
Operating expenditure	160,167
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>160,167</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>160,167</b>
<b>Funded by:</b>	
Income	97,095
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>63,072</b>
	<b>160,167</b>

## Parking

### Description of Service:

Council provides on and off-street car parking in the central business district of Ashburton, the commercial districts of Methven and Rakaia and suburban shopping areas throughout the district.

### Benefit Analysis:

Car parks are excludable and highly rival. Private benefit accrues to those who use parking facilities. Private benefit also accrues to the businesses or properties being visited. Private benefit is assessed at 80%

Community-wide benefit accrues to people using council-provided free parking in the Ashburton central business district and at shopping centres throughout the district. District-wide benefit is assessed at 10%.

Out of district benefit accrues to visitors using the District's car-parking facilities. Out of district benefit is assessed at 10%.

<b>Private benefit</b>	<b>80%</b>
<b>Community-wide benefit</b>	<b>10%</b>
<b>Out of district benefit</b>	<b>10%</b>

### Cost Allocation Analysis:

Cost is not allocated according to the benefit analysis. In order to maintain turnover of parking spaces in the Ashburton CBD and to encourage parking outside of this area, costs are allocated 100% to the private beneficiaries using metered parking in the Ashburton CBD.

<b>Private beneficiaries</b>	<b>100%</b>
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### Funding Mechanism:

The 100% private cost allocation for this activity is funded from fees and charges. These are comprised of parking meter fees and parking infringement fines.

<b>Fees and charges</b>	<b>100%</b>
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<b>2009/10 Funding Summary</b>	
	<b>\$</b>
Operating expenditure	253,811
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>253,811</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>253,811</b>
<b>Funded by:</b>	
Income	355,042
Increase/Decrease in reserve	-104,411
<b>General Rates</b>	<b>0</b>
	<b>250,631</b>

## Building Regulation

### Description of Service:

Council is responsible for enforcing the Building Act and NZ Building Code to ensure all buildings are structurally sound and safe for occupancy.

Council undertakes inspections at various stages of the construction process to ensure design and construction specifications are met.

### Benefit Analysis:

Private benefit accrues to building owners and construction contractors through being able to meet legislative requirements. The "exacerbator pays" principle is applied here. Private benefit is assessed at 90%.

Community-wide benefit accrues to the community as a whole from the assurance that buildings are safe and constructed to a certain standard. Community-wide benefit is assessed at 10%.

**Private benefit 90%**  
**Community-wide benefit 10%**

### Cost Allocation Analysis:

Cost allocation varies from the benefit analysis. While there is a level of community-wide benefit, Council believes it is appropriate that the costs be allocated 100% to private beneficiaries.

**Private beneficiaries 100%**

### Funding Mechanism:

The 100% private cost allocation will be funded from fees and charges for services provided. The fees and charges are set each year and included in Council's schedule of fees and charges.

**Fees and charges 100%**

### Note Regarding Fees and Charges:

Council sets its fees for this activity based on recovering actual and reasonable costs. The revenue from fees depends on demand for service. Any budgeted shortfall will come from general rates while any budgeted excess will be used to offset general rates.

<b>2009/10 Funding Summary</b>	
Operating expenditure	1,414,170
Capital Expenditure	0
Transfer to reserves	258
Loan Repayment	0
<b>Total Expenditure</b>	<b>1,414,428</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	258
<b>Total funding required</b>	<b>1,414,170</b>
<b>Funded by:</b>	
Income	1,418,856
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>-4,686</b>
	<b>1,414,170</b>

## Land Information

### Description of Service:

Council maintains records relating to all properties in the district. Information on a particular property is available to the public through a Land Information Memorandum (LIM Report).

### Benefit Analysis:

Private benefit accrues to potential land owners through the provision of information relevant to a particular property on a LIM Report. The request for land information is made by identifiable individuals, and therefore meets the criteria of a private benefit. Private benefit is assessed at 100%.

**Private benefit 100%**

### Cost Allocation Analysis:

Cost allocation is 100% to private beneficiaries, in line with the benefit analysis.

**Private beneficiaries 100%**

### Funding Mechanism:

The 100% private cost allocation will be funded from fees and charges on LIM Reports. The fees and charges are set each year and included in Council's schedule of fees and charges.

**Fees and charges 100%**

### Note Regarding Fees and Charges:

Council sets its fees for this activity based on recovering actual and reasonable costs. The actual revenue from fees depends on demand. Council's aim is to have the fees as low as practicable, while recognising that any shortfall is funded by the district as a whole and that this should be avoided.

<b>2009/10 Funding Summary</b>	
Operating expenditure	96,512
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>96,512</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>96,512</b>
<b>Funded by:</b>	
Income	151,632
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>-55,120</b>
	<b>96,512</b>

## Public Health

### Description of Service:

Council has a statutory responsibility to undertake certain public health roles and to promote public health. This includes such things as water testing, land-fill testing and food monitoring and testing.

### Benefit Analysis:

Private benefit accrues through such activities as food licensing and other licenses. Private benefit is assessed at 20%.

Community-wide benefit accrues to the community as a whole from the assurance that issues potentially impacting on public health are being monitored and regulated effectively. Community-wide benefit is assessed at 80%.

**Private benefit 20%**  
**Community-wide benefit 80%**

### Cost Allocation Analysis:

Cost is allocated 20% to private beneficiaries and 80 to the community as a whole, in line with the benefit analysis.

**Private beneficiaries 20%**  
**Community as a whole 80%**

### Funding Mechanism:

The private cost allocation of 20% will be funded through user fees and charges.

The community-wide cost allocation of 80% will be funded through a uniform annual general charge.

A uniform annual general charge is considered appropriate because benefit accruing as a result of this activity is considered to be primarily people related.

**Fees and charges 20%**  
**Uniform annual charge 80%**

<b>2009/10 Funding Summary</b>	
Operating expenditure	392,311
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>392,311</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>392,311</b>
<b>Funded by:</b>	
Income	192,485
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>0</b>
<b>UAGC</b>	<b>199,826</b>
	<b>392,311</b>

## Inspections

### Description of Service:

Council undertakes a range of environmental inspections including; the testing of water supplies, including Council's own water supply schemes; monitoring of overgrown sections and overhanging vegetation, and inspections of relocated houses.

### Benefit Analysis:

Private benefit accrues to property owners on the basis of the "exacerbator pays" principle. Private benefit also accrues to users of water supplies and water schemes through knowing their water is safe to drink.

Community-wide benefit accrues through the environmental, health and bio-security benefits provided by this activity.

**Private benefit 90%**  
**Community-wide benefit 10%**

### Cost Allocation Analysis:

Cost allocation is 90% to the private beneficiaries and 10% to the community as a whole, in line with the benefit analysis.

**Private beneficiaries 90%**  
**Community as a whole 10%**

### Funding Mechanism:

Private cost allocation will be funded through fees and charges. Water supply testing is charged to the water supply concerned.

Community-wide cost allocation is funded through capital value general rate.

A capital value rating mechanism is considered the appropriate funding mechanism as residents gain a benefit proportional to their stake in the district and to reflect property related benefit.

**Fees and charges 90%**  
**CV General rate 10%**

### Note Regarding Fees and Charges:

Council sets its fees for this activity based on recovering actual and reasonable costs. The revenue from fees depends on demand for service. Any budgeted shortfall will come from general rates while any budgeted excess will go to offset general rates.

<b>2009/10 Funding Summary</b>	
Operating expenditure	199,797
Capital Expenditure	0
Transfer to reserves	0
Loan Repayment	0
<b>Total Expenditure</b>	<b>199,797</b>
Less loan funded	0
Less Transfer from reserves	0
Less funded from depreciation	0
<b>Total funding required</b>	<b>199,797</b>
<b>Funded by:</b>	
Income	214,486
Increase/Decrease in reserve	0
<b>General Rates</b>	<b>-14,689</b>
	<b>199,797</b>