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Revenue and Financing Policy

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INTRODUCTION

Waitakere City Council adopted its first Revenue and Financing Policy in June 2003 as part of the Long Term Council Community Plan 2003-2013, under the Local Government Act 2002. It was updated in 2004 to reflect the adoption of the Development Contributions and Financial Contributions Policy which became operative with effect from 1 July 2004.

The Revenue and Financing Policy explains the rationale for and the process of the selection of various funding methods to fund the operating and capital expenditures of the council activities. It is an important instrument of council's financial management because how the activities are funded can have a significant impact on the financial viability of council services as well as on the current and future social, economic, environmental and cultural wellbeing of the community.

With the preparation of the Long Term Council Community Plan 2006-2016 (LTCCP 2006-2016), it has become necessary to realign the Revenue and Financing Policy with the Council's strategic direction, community outcomes and council activities included in this plan. How the Council's activities primarily contribute to its nine strategic platforms and high level vision statements or strategic priorities is outlined in the plan. It also illustrates how the strategic platforms can contribute to achieving these community outcomes.

The Revenue and Financing Policy 2006 provides a framework for the determination of financing methods, as provided in the Local Government Act 2002.

1. LEGAL REQUIREMENTS

1.1 FINANCIAL MANAGEMENT

In terms of Local Government Act 2002 (LGA 2002), the Council is required to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (balanced budget).

Despite this requirement, under section 100 (2) of the LGA 2002, The Council is allowed to set projected operating revenues at a different level from that required to achieve a balanced budget if the local authority resolves that it is financially prudent to do so, having regard to –

- (a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long-term council community plan, including the estimated expenses associated with maintaining

the service capacity and integrity of assets throughout their useful life; and

- (b) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
- (c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
- (d) the funding and financial policies adopted under the Act.

The LGA 2002 also requires the Council to:

- manage its revenues, expenditure, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community; and
- make adequate and effective provision in its long-term council community plan and in its annual plan (where applicable) to meet the expenditure needs contained therein.

The Council is further required to adopt funding and financial policies in order to provide predictability and certainty about sources and levels of funding. These include:

- (a) A revenue and financing policy
- (b) A liability management policy
- (c) An investment policy
- (d) A policy on development contributions or financial contributions; and
- (e) A policy on partnerships between the local authority and the private sector
- (f) A policy on the remission and postponement of rates on Maori freehold land

These policies are presented in the LTCCP 2006-2016.

1.2 REVENUE AND FINANCING POLICY CONSIDERATIONS

In terms of Section 103 of the LGA 2002, the Revenue and Financing Policy adopted must state –

- “(a) the local authority’s policies in respect of the funding of the operating expenses from the sources list in sub-section (2); and
- (b) the local authority’s policies in respect of the funding of capital expenditure from the sources list in subsection (2).”

The policy must also “show how the local authority has, in relation to the sources of funding identified in the policy complied with section 101 (3)” which sets out the considerations that should be taken into account.

In determining the appropriate funding sources, the Council has taken into consideration, in relation to each activity, the following:

Community outcomes to which the activity primarily contributes

Community outcomes are the vision and priorities identified by the community during the 2005 consultation process. These are summarised in the LTCCP 2006-2016, which outlines how the council activities or groups of activities contribute to the Council’s strategic platforms, which among other goals, seek to progress the community outcomes.

Distribution of benefits between the community as a whole, any identifiable part of the community and individuals

For the purpose of allocation of costs of each Council activity among individuals, groups of individuals and the entire community, it is essential to identify the beneficiaries and the relevant cost of the service used. Economic theory provides three concepts that could be applied to share costs according to benefits derived. They are public goods, private goods and positive externalities.

Public Goods

Public goods constitute goods and services that have certain characteristics that make it impossible or extremely costly and difficult to impose a price or a levy on those who use the good or the service. The pure public goods have two defining characteristics called non-rivalry and non-excludability.

Non-rivalry means that consumption by one party does not reduce the amount of that good or service available to others. Therefore, there is no extra cost involved if the number of people who use such service increases. So the cost is not related to the number of users.

Non-excludability means that it is impossible or extremely costly and difficult to identify those who benefit from the service and exclude anyone who does not pay for the good or the service.

If a good or a service has both these two characteristics it is a pure public good; and it will not be possible to allocate the costs to the users of the good or the service. Because of this, the costs of such goods and services

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need to be borne by the public as a whole (through some form of tax). Parks are an example of a service that has the characteristics of a public good.

Private Goods

At the other extreme are the pure private goods that have the opposite characteristics – rivalry and excludability. If the service provided by the Council benefits identifiable parties and the costs related to the services used by them can be allocated directly to them, such services are called private goods. The costs of these services can be recovered from the consumers in the form of user charges or targeted rates.

Positive Externalities

The use of private goods and services can also result in benefits to third parties – people who don't directly use them. These "spill over effects" or "positive externalities" are called public or social benefits. If the public benefits exceed the private benefits such goods (or services) are called merit goods. These goods tend to be under provided by the market as the private suppliers do not take into account the wider social benefits of making them affordable to the wider community. This calls for sharing of costs between the private users and the community as a whole.

The differentiation of private and public goods and the identification of externalities are necessary for the strict apportionment of costs between private users and the community as a whole. Where it is possible to identify those who benefit from the services, the costs could be allocated to them through user pays. If those who benefit from the service are not identifiable because of the public good nature of the service, or if the public benefits exceed the private benefits, the costs need to be shared by the entire community through rates.

Sometimes such differentiation is not easy because, very few goods and services can be treated as pure private or public; most goods and services have some characteristics of both private and public goods (mixed goods). In such circumstances, a more flexible funding policy (e.g. a mix of funding methods) that allows the allocation of costs to both private users and the community is more appropriate.

The period in or over which the benefits are expected to occur

This is an important consideration to achieve intergenerational equity – the principle that costs of any expenditure should be recovered at the time that the benefits of that expenditure accrue. Generally, operating costs directly relate to the benefits of an activity performed during the year of expenditure. Therefore, operating expenditures are funded from current revenue

(e.g. sources such as rates, user charges, subsidies and other income). In contrast, capital expenditures relate to investments in assets that generate benefits over their useful lives which extend beyond the current year. Hence, the costs of these assets should be allocated to the users over time. This principle of intergenerational equity is sought by spreading the costs over time through funding mechanisms such as borrowings and development contributions.

The extent of the actions or inaction of individuals or a group contributing to the activity undertaken

Council may have to undertake certain activities to remedy the negative effects of actions (or inactions) of individuals or groups of individuals. The costs associated with such activities need to be recovered from those who cause such costs. This principle ("exacerbator" or "polluter" pays principle) is particularly relevant to Council's regulatory functions and other activities undertaken to mitigate the adverse effects on the environment and the public. It is important to note that the actions themselves may not be negative or "bad" but they may have negative effects on the whole community.

This principle is extended to developers who place demand on the city's infrastructure, including capital costs associated with growth effects. How the capital expenditures related to growth are recovered is set out in the Council's Development Contributions and Financial Contributions Policy.

The costs and benefits, including consequences of transparency and accountability, of funding the activity distinctly from other activities

The Council needs to consider the costs (e.g. transaction costs) and the benefits such as transparency of separate funding. Separate funding enables the users of services to assess whether they get value for money, and makes the Council accountable for the service provided. It can also encourage people to use the Council services more efficiently.

However, separate funding could involve collection of information, more frequent billing and collection of fees, all of which add costs to the Council. If the costs are equal or exceed the revenue collected, it is not a cost effective funding method.

This analysis takes into consideration transparency, accountability and some assessment of the cost efficiency and practicality of funding a particular activity separately – e.g. from user pays, general rates or targeted rates. This consideration is important in selecting an appropriate funding mechanism.

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Once the method of cost allocation for each activity is identified on the basis of the considerations stated above, the Council has also 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

The way in which costs are allocated and paid for can have a significant impact on the current and future social, economic, environmental and cultural wellbeing of the community. These wider impacts are likely to be different on different outcomes and, there can be trade offs among these outcomes (e.g. efficiency vs. equity). It is therefore necessary to strike a balance among them by selecting appropriate funding mix.

1.3 OTHER LEGAL REQUIREMENTS

While the Revenue and Financing Policy is governed by the Local Government Act 2002, there are a number of other pieces of legislation that are relevant for determining appropriate funding mechanisms. They include:

Local Government (Rating) Act 2002

This Act, which replaced the Rating Powers Act 1988, provides simplified procedures for changing the rates system and greater flexibility in setting targeted rates. The new Act came into effect for rating purposes for the year commencing 1 July 2003.

It sets out all the legal requirements for rating. It covers who is liable to pay rates, what land is rateable, what kind of rates may be set and how those rates are set, the valuation systems which may be used and the various rating mechanisms available (such as targeted rates). It also sets a number of limits on local government. For example, total uniform charges (excluding any UAC for water or wastewater) may not exceed 30% of total rates revenue.

Building Act, sale of liquor, etc

A number of Acts, such as the above, set out statutory fees for various types of regulatory services. These fees may not be exceeded. Where fee setting is up to the local authority, there is often a general legal requirement for this to be "fair and reasonable".

Resource Management Act, 1991

This Act sets out Council's responsibilities in terms of the environment. It also specifies the circumstances in which local authorities may require financial contributions from developers to meet the costs of their impact on

the environment including their impact on the demand for infrastructure. Alternatively, under the Local Government Act 2002, local authorities are allowed to seek development contributions or a combination of development and financial contributions under the respective Acts.

2 GENERAL POLICIES ON FUNDING AND SOURCES OF FUNDING

2.1 CAPITAL EXPENDITURE

Capital expenditure is the category of spending which creates a new asset, or extends the lifetime of an existing asset. In terms of section 103 (2) of the Local Government Act 2002, the following sources are available for Council to fund capital expenditure:

- (a) General rates, including choice of valuation system, differential rating and uniform annual general charge;
- (b) Targeted rates
- (c) Fees & charges
- (d) Interest & dividends from investments
- (e) Borrowings
- (f) Proceeds from asset sales
- (g) Development contributions
- (h) Financial Contributions under the Resource Management Act 1991
- (i) Grants & subsidies
- (j) Any other source

The Council policy is to adopt any one or a mix of funding sources stated above, depending on the nature of the capital expenditure. The funding methods currently applied are described in more detail below, including the situations in which the Council will use each method.

General Rates and Targeted Rates

The Council may opt to fund capital expenditure from general rates and targeted rates where this is in keeping with the principles of prudent financial management and the funding considerations set out in the LGA 2002.

Proceeds from rates collected for depreciation are initially applied to fund renewals with any surplus being used for repaying debt.

When applying funds received from rating for depreciation to renewals, it is necessary to determine exactly what comprises renewal capital expenditure. This is determined by the nature of the capital expenditure. Examples are:

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- Replacing existing parks assets such as structures and facilities
- Replacing existing reticulation and components for wastewater, storm water and water supply
- Replacing existing roading traffic facilities, road drainage systems and resealing roads

This funding is considered appropriate as depreciation reflects reduction in service potential and expenditure on renewals is to restore service potential.

New projects do not fall under this category but in some cases a project can have both renewal and additional service capacity. Where practical, the renewal component is separated so that the applicable funding mix can be applied.

Loans

To preserve “intergenerational equity”, it is the Council policy to spread the cost of capital expenditure over the useful life of the asset, by means of debt (except where development contributions are levied). The Council will maintain debt at a prudent level in accordance with the Liability Management and Investment Policy.

Asset Sales

The LTCCP 2006-2016 has no provision for asset sales. Should any asset sale occurs, the proceeds from it will go to repay debt, unless the Council specifically directs that the funds be put to another use.

Development Contributions and Financial Contributions

Under the provisions of LGA 2002, a local authority may levy development contributions to fund all or part of the capital expenditure incurred by the Council in providing for any additional network infrastructure and community infrastructure to accommodate growth.

The Council may require development contributions from developments where the effect, including the cumulative effect, of development is to require new or additional assets or assets of increased capacity, and as a consequence, the Council incurs capital expenditure. This includes capital expenditure the Council has already incurred in anticipation of growth.

The incurred capital expenditure itself must be to appropriately provide for community facilities required for the social, economic, environmental and cultural well-being of the community. Under the LGA 2002, ‘community facilities’ are defined as reserves, community infrastructure (e.g. libraries,

community halls and cemeteries, etc.) and network infrastructure (e.g. roads and other transport, water, wastewater and stormwater services).

The details of the policy, methodology and the extent of the contributions required to fund network infrastructure and community infrastructure are described in the Development Contributions and Financial Contributions Policy. The purpose of the policy is to enable the Council to ensure that development costs to the city are funded in a manner that is fair and equitable to both current and future residents. The Council may amend the Development Contributions and Financial Contributions Policy to change the methodology or the mix of funding sources to accommodate the future growth of the city.

The Development Contributions and Financial Contributions Policy does not supersede the requirements for developments to avoid, remedy, or mitigate localised adverse effects as provided for in the District Plan. The Council may continue to require financial contributions under the Resource Management Act 1991 for reserves. The Development Contributions and Financial Contributions Policy came into effect from 1 July 2004.

Grants and Subsidies

The Council receives subsidies from Land Transport NZ and other organisations to cover a proportion of the capital and maintenance costs of roads and other infrastructure.

Other Sources**Special Funds**

Special funds are funds which have either been received by the Council from a third party to be used in a specific way (Restricted Funds) or monies tagged by the Council to be applied for a specific purpose or area of benefit (Non-Restricted Funds).

Any Other Source

The Council may use funds received from any other source for the purpose of meeting capital expenditure or adopt alternative methods of producing or providing the services needed by the community in accordance with the Local Government Act 2002.

2.2 OPERATING EXPENDITURE

Where expenditure does not create a new asset for future use, or extend the lifetime or usefulness of an existing asset, it is classed as operating

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expenditure. Most of Council's day-to-day expenditure comes into this category. The Council policy is to generate sufficient cash inflow from revenue sources (including rates) to meet cash outflow requirements for operating expenditure.

Operating expenditure also includes the overhead costs, which represent all costs except direct costs that can be attributable to any of the activities identified. Generally, overhead costs are incurred to support all other activities. The overhead costs allocated to an activity or groups of activities are funded through the respective funding method applied to each activity or groups of activities. Unallocated overheads are funded from rates and external revenue where appropriate.

2.2.1 SOURCES OF FUNDING

In terms of section 103 (2) of the Local Government Act 2002, the following sources are available for the Council to fund operating expenditure:

- (k) General rates, including choice of valuation system, differential rating and uniform annual general charge;
- (l) Targeted rates;
- (m) Fees & charges;
- (n) Interest & dividends from investments;
- (o) Borrowings;
- (p) Proceeds from asset sales;
- (q) Development contributions;
- (r) Financial Contributions under the Resource Management Act 1991;
- (s) Grants & subsidies; and
- (t) Any other source.

How the Council uses these funding methods to fund the operating expenditure are briefly described below.

General Rates

The Council uses general rates as the main source of funding of activities where individual or group of beneficiaries (or "polluters") cannot be identified and the allocation of costs to them is not practicable or cost effective (i.e. public goods); or where public benefits exceed the private benefits (directly or indirectly as positive externalities). In its decision making on general rating policies, including differentials, the Council has considered the factors set out in the Local Government (Rating) Act 2002.

Choice of Rating System

For the purpose of setting general rates, the Local Government (Rating) Act 2002 allows the choice of the following bases:

- The annual value of the land

- The capital value of the land
- The land value of the property

At present, the Council uses the land value system to set general rates. That is, the total rate requirement arrived at through the Annual Plan process is allocated to properties on the basis of their land value. In determining which rating system is appropriate, the Council considered the following:

- Fairest for most people
- Easiest for people to understand
- Efficient for Council to administer
- Supported by the public

Rating Differentials

The Council has considered the level of benefit from all of Council's services and has attempted to identify any major differences in benefit between different categories of ratepayers.

This is a difficult exercise as each individual ratepayer uses, or benefits from, a slightly different mix of council services. Some people use libraries more than average, while others make greater use of the city's roads.

Also, every ratepayer is a stakeholder in the future of Waitakere City and will therefore benefit to some extent from the improvement of the level of services and the range of services which make urban life pleasant and sustainable.

To achieve a fair distribution of the general rates compared to services utilised within the various categories of rateable land, and to maintain relative equity in rating between individual properties, the general rates are levied at different rates in the dollar of rateable value for different categories of land as defined in the Local Government (Rating) Act 2002. However, this approach would change if there is a shift to a capital value based rating system. Currently, the Council applies the following differentials for the calculation of general rates:

Business sector differential.

On average, a business will make greater use of the City's wastewater, stormwater and roading services than residential ratepayers and will benefit more from work to improve town centres. This difference in benefit is calculated each year and is reflected in the business sector differential.

- **The multi-unit differential.** From a general rating perspective, a multi-unit property is a single rate account. Under the provisions of the Local Government (Rating) Act 2002, Council may charge each rating unit

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at least one Uniform Annual General Charge, and such a charge may be imposed on each separately used or inhabited part of the rating unit. When such a Uniform Annual General Charge is levied on each separately used or inhabited property under a land value based rating system, the Council will adjust the differential factors and bands of land value to which they apply

- **Stepped differential.** Council recognises that a disadvantage of the land value system is that it allocates very high rates to a few high value properties. This is particularly the case in Waitakere City where there is a very wide range of land values with few high value properties. To achieve a fairer allocation of rates and to ensure that rates on high value properties are at least comparable with those in other cities, Council applies a stepped differential which reduces rates on properties above the average land value relative to what they would be if rates were allocated based on land value alone under a land value based rating system
- **Special categories differential.** This differential is applied to some properties held for community purposes (such as reserves, halls, museums, crèches, etc) as long as there is no private profit involved.
- **Farmland differential.** This relates to the partial rates postponement in cases where the land value of farmland is affected by other potential uses (such as commercial or industrial). The guidelines relating to rates postponement are set out in the Rates Postponement Policy adopted in June 2004, under the Local Government (Rating) Act 2002.

Calculation of the Business Sector Differential

Council has a business sector differential, which is set each year by assessing the expenditure that relates to the business sector. If no differential were in place, business sector rates would reflect the total land value occupied by the sector.

In most cases, the assessment of benefits to the business sector has been based on an estimate of the costs of supplying a rates-funded service to the business sector and the expert knowledge of those working in the area.

Identifying the Business Sector

Three issues arise with respect to the classification of businesses for the purpose of applying the business sector differential.

- (a) Council has considered splitting the industrial sub-sector and the commercial sub-sector for the purpose of calculating differentials. However there are technical difficulties in distinguishing between the two sub-sectors and allocating costs across each sub-sector. Following con-

sultation, Council decided to retain the combined business sector differential.

- (b) Some commercial properties (such as some garages and dairies) are located in residential areas. The Council has considered the services provided to these businesses relative to businesses in working or community environments, and concluded that there is no justification for changing the differential.
- (c) Some residential properties have limited commercial uses located within them (home occupations). Where a commercial use meets standards set out in the District Plan for noise and other environmental effects, these properties are rated as residential properties. Council recognises this issue but will continue to rate these properties as residential on the ground that:
 - most significant home-based businesses do require resource consent to operate. In this case they will be charged commercial rates
 - it would be extremely difficult to identify home occupations where there is no requirement to apply for a resource consent
 - in addition to businesses in appropriate community and working environments, Council wishes to support home occupations as they reduce the need for people to travel to work and contribute to community diversity and strength

Allocating Costs between the Business and Residential Sectors

The business sector differential only applies to rates funded services; for use-pays services no adjustment is needed. The business sector differential is calculated annually after taking into account the benefits accruing to that sector from the development of infrastructure facilities in the urban areas (e.g. town centre revitalisation, raising city image, roads, storm water and waste water services).

In each of the cases above, the analysis shows that the proportion of benefits accruing to business sector is much higher than their share in the total value of the rateable properties in the City. For all other services, Council's view is that both sectors benefit equally, or that it is not practicable to obtain information that would enable an accurate allocation of costs. Most services in this category produce indirect "public benefits" which enhance the city as a place to work, live and visit (for example community facilities, public libraries, the aquatic centre, and parks and reserves).

In view of the changes that have taken place in the City over the years, the cost allocations to the business sector need to be reviewed. The Council may review this differential on an annual basis.

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Uniform Annual General Charge (UAGC)

The Council levies a Uniform Annual General Charge as a fixed amount per rating unit on all rateable properties and multi-unit properties and other properties with separately used parts.

Council sets the level of UAGC, as part of its Annual Plan process, within the legal limit that the proceeds from the UAGC and other Uniform Annual Charges (excluding any wastewater Uniform Annual Charge) do not exceed 30% of the total rates and water revenue.

Targeted Rates

The Local Government (Rating) Act 2002 has replaced the term “separate rates” with “targeted rates”, and provided wider powers and greater flexibility in targeting these rates to specific types of property.

Targeted rates could be levied on lands defined on the basis of use to which land is put, area of land, location of land, the value of land and the provision or availability of Council services. Targeted rates may be imposed as a uniform annual charge or differentially for different types of property uses. Council may also apply targeted rates to fund any part of the cost of activities which benefit identifiable groups of beneficiaries in the city.

Section 16 of the Act provides the criteria for setting of targeted rates:

“A local authority may set rate for one or more activities or groups of activities if those activities or groups of activities are identified in its funding impact statement as the activities or groups of activities for which targeted rate is to be set.”

The non-rateable properties are liable for targeted rates set solely for the water supply, wastewater disposal or waste collection if any of these services is provided to that land. Council has identified water supply, wastewater, solid waste and rural sewerage management as functions that may be funded from targeted rates if Council desires to do so.

Fees and Charges

Council impose fees and charges to recover either the full or a part of the cost of a variety of services provided. These include, for example, the regulatory services such as issuance of building consents and the provision of utilities such as water supply.

Interest and Dividends

Council receives interest and dividends from investments, and interest from special funds separately invested and sinking funds. Interest and dividends from investments is regarded as general revenue. Interest on special funds is credited back to the special funds and reinvested while interest on sinking funds accumulates in the fund and is eventually used to repay debt. Sinking funds are being phased out and will cease to exist after 2007.

Grants and Subsidies

Council receives grants and subsidies from several sources to cover a part of the operating cost of certain services such as roading, roadside vegetation control and litter and street cleaning.

Borrowing

Where Council makes a grant to any organisation for an asset being constructed by that organisation, Council may, at its discretion fund this grant from borrowing if the asset concerned would make a contribution to the realisation of community outcomes identified.

Any other source

Council may use funds received from any source not mentioned here for the purpose of meeting operating expenditure

The details of funding methods of Council activities or groups of activities are presented in the ensuing section.

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Revenue and Financing Policy *(continued)*

SUMMARY OF FUNDING SOURCES BY KEY ACTIVITY GROUPS

Key Activity Groups	General Rates	Targeted Rates	Fees & Charges	Reserves & special funds	Loans	Vested Assets	Development/ Financial Contributions	Grants & Subsidies	Any Other Source
Democratic & Corporate Services									
Capital Expenditure	√√			√√	√√			√	√
Operating Expenditure									
City Promotion	√√		√						√
Democracy & Governance	√√		√						√
Emergency Management	√√		√					√	√
Parks, Community Facilities & Services									
Capital Expenditure	√√			√	√√	√√	√√		√
Operating Expenditure									
West Wave Aquatic Centre	√√		√√						√
Arts & Culture	√√		√	√				√	√
Cemetery	√√		√√	√				√	√
Leisure	√√		√	√				√	√
Libraries	√√		√						√
Parks	√√		√					√	√
Property (HFOA)	√		√√						√
City Heritage	√√		√						√
Regulatory									
Capital Expenditure				√	√√				√
Operating Expenditure									
Animal Welfare	√√		√√						√
Consents, Compliance & Enforcement	√√		√√						√
Vehicle Testing Station	√		√√						√
Transport									
Capital Expenditure	√√			√	√√	√√	√√	√√	√
Operating Expenditure									
Transport Strategy	√√							√	√
Transport and Roads	√√		√					√√	√
Car Parking	√√		√√						√
Water & Waste Management									
Capital Expenditure	√√			√	√√	√√	√√	√√	√
Operating Expenditure									
Solid Waste	√	√√	√√						√
Stormwater	√√		√						√
Waste Water		√√	√						√
Water Supply			√√						√

Notes: Current major source √√; current minor source √

Capital expenditure funded by rates relates to renewals capital expenditures, and the amounts so funded represent the proceeds of rating for depreciation

REVENUE AND FINANCING POLICY BY MAJOR ACTIVITIES
OPERATING EXPENDITURE

3. DEMOCRATIC AND CORPORATE SERVICES

3.1 CITY PROMOTION

Council is responsible for providing timely and quality information to the public and other stakeholders. City promotion includes external and internal communication and civic and community events.

External & internal communication

These activities provide support to all units across the Council. They include media liaison, public inquiries, targeted communication (letters, newsletters, brochures and flyers) sponsorship, branding, city marketing as well as internal communications and education programmes.

The Council undertakes this function because the provision of internal and external communications educates and informs people about what the Council is doing, and ways in which they can influence the Council's decision making.

Civic and Community Events

Council is engaged in the provision of a significant community, arts and cultural events programme for residents of the city and others. In addition, a range of youth and children targeted events are also undertaken.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Strong Innovative Economy:** Waitakere is a place of innovative economic activities, providing local, quality work and development options for its people. Environmentally responsible businesses are supported and flourishing.

Distribution of benefits among different groups

Specifically targeted civic and community events and marketing activities benefit the targeted groups such as children, young people and businesses. The enhancement of City image and attraction of visitors to the City could benefit business growth. Entire community benefits from the promotion of the City as a quality location.

Distribution of benefits over time

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread beyond the current period.

Whether the activity is needed to mitigate negative effects

These activities are not undertaken to mitigate any negative effects of actions (or inactions) of individuals or groups of individuals.

Costs and benefits of separate funding

The transaction costs involved may not justify separate funding and it may have a negative impact on the distribution of benefits across the larger section of the community. Funding of this activity group from rates is important to ensure that the cost of services that largely benefit the entire city is shared by all rate payers, and minimise the funding impact on the vulnerable groups.

Funding sources

Because of the wider benefits to the community, city promotion activities are funded mainly by rates. External funding makes up a major portion of the events funding through sponsorships and contributions in kind.

3.2 DEMOCRACY AND GOVERNANCE

The Democracy and Governance functions assist the Council in fulfilling its governance role in respect of the organisation, and the community. This is a legal requirement under the Local Government Act 2002, as is the requirement to have both an Annual Plan and a Long Term Council Community Plan.

Under the Local Government Act 2002, the Council is to provide services for the administration of the Council's decision making processes through publicly notified and open public meetings. Elections are mandated for by the Local Electoral Act 2001. Information flows are required in terms of the Local Government Official Information and Meetings Act 1987 and hearings are conducted under the provisions of the Resource Management Act 1991.

Democratic functions

These activities support democratic functions including Council Committees, Community Boards, elections and mayoral and civic functions, including the Sister Cities relationship, as well as responding to requests for official information related to the democracy functions of Council. In addition, they maintain partnerships with iwi and the wider Maori community and support the Te Taumata Runanga, a Standing Committee of the Council. These functions also include dissemination of knowledge on the role of the Council, through the civic education in schools programme and through the citizenship ceremonies.

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How this group of activities contribute to community outcomes

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platforms:

- **Active Democracy:** People feel that they can make a difference. There are high levels of community participation and respect for each other's views.
- **Strong Communities:** People are active, informed, healthy and content. They feel safe and there is a strong sense of community. Our City is a great place for children. We enjoy our diversity of lifestyles and people.

Distribution of benefits among different groups

Provision of democratic and consultative processes through which communities are represented by Councillors and Community Board members is a public good that benefits the entire community. These activities enable the community to participate in the decision making process and influence decisions on a continuing basis. Transparency of decision making reinforces public confidence and the trust in the democratic process. It strengthens the community.

The information provided by the Council is essentially a private good with public benefits. Council receives a wide range of information requests from a variety individuals and organisations. The benefits resulting from the provision of information depends on the purpose to which the information is used. If the information is used for educational purposes, or to enable community participation in the political process, there is a significant public benefit component. If the information is used for commercial purposes, it is largely a private benefit.

Distribution of benefits over time

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread beyond the current period.

Whether the activity is needed to mitigate negative effects

These activities are not undertaken to mitigate any negative effects of actions (or inactions) of individuals or groups of individuals

Costs and benefits of separate funding

The democracy and governance activities are largely public goods which benefit the entire community; and it is difficult to isolate those who benefit individually. Separate funding of these activities is not practicable or cost effective. Nor is it desirable. Funding of the democratic process through rates is important to promote the community's full participation in community life and the political process at all levels, regardless of their ability to pay. It

will contribute to the realisation of the community outcomes identified and have a favourable overall impact on the wellbeing of the community.

If user charges were applied, it could create a disincentive to request information. This consideration does not apply to information used for commercial purposes because information may be considered as a resource for business activity and therefore a legitimate expense. The adoption of user charges on a selective basis on requests for large amounts of information or a large number of copies of reports could be justified as the costs are borne by those who benefit from the service.

Funding sources

Because of the public benefits generated costs associated with the democratic process are funded from general rates on an annual basis. Council may however apply user charges for the provision of information, under special circumstances.

When information requests involve identifiable costs related to locating and providing the information, such costs may, at the discretion of management, be allocated to the individual or group requesting the information as provided in the Official Information Act 1982.

3.3 EMERGENCY MANAGEMENT

The Civil Defence Emergency Management Act 2002 requires the Council to plan and provide for civil defence emergency management within our district and ensure that essential services are able to operate during an emergency. The focus of this activity is the provision of and effective civil defence emergency management and rural fire readiness response organisation on a 24 hour basis for any incident or emergency that could occur within Waitakere City.

Emergency Management is a joint initiative between the Council, Fire Services, Police and the District Health Boards. The Council also has a Memorandum of Understanding (MOU) with the Rodney District and North Shore City Councils for mutual support within what is known as the North West Emergency Management Zone. This sits within the wider Civil Defence Emergency Management framework provided for at a regional level.

Emergency Management includes: maintaining Waitakere city's civil defence preparedness, rural fire management, raising community awareness on civil defence issues and emergency management and search and rescue operations.

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Managing impacts of council activities

In terms of the Local Government Act 2002, there are no significant negative effects on the social, cultural, economic, environmental or cultural well-being of the local community as a result of emergency management's activities. However maintaining a state of readiness and training of staff are costs associated with this service.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platforms:

- **Strong Communities:** People are active, informed, healthy and content. They feel safe and there is a strong sense of community. Our City is a great place for children. We enjoy our diversity of lifestyles and people
- **Green Network:** The Waitakere Ranges will be permanently protected. There will be a network of bush and trees, (the Green Network) from the Ranges, through town centres and suburbs, to the coasts, bringing the natural world into people's everyday lives and filling the streams and forests with life

Distribution of benefits among different groups

Emergency services provide a contingency plan to deal with emergency situations. Although emergency services may benefit those individuals or groups who receive help in an emergency, it is not possible to identify them in advance. Also the control of the spill over effects of natural disasters, rural fire, and management of emergency situations benefits the entire community.

An exception relates to expenditure incurred in providing assistance to businesses in developing their civil defence plans, as they need to comply with Section 43 of the Civil Defence Act. All businesses are required to develop plans to evacuate staff and customers in an emergency. These courses primarily benefit the firms involved in terms of meeting their legal obligations.

The whole community benefits from the amenity and environmental values protected by the prevention of fires in rural areas. There are also positive wider effects associated with preventing and fighting fires. A fire put out on one property will not spread and damage other properties.

The issue of permits to light fires (for example for controlled burn-offs) involves site inspection visits, providing advice, and where necessary, monitoring. This activity provides a private benefit.

Distribution of benefits over time

Benefits tend to be both short and long term. While the management of emergencies when they occur produce mostly short term benefits, the readiness to manage a disaster provides an ongoing assurance to the community

Whether the activity is needed to mitigate negative effects

Civil Defence Emergency Management is a responsibility of Council under the Civil Defence Emergency Management Act 2002. Council performs a range of regulatory functions to address the negative effects of actions or inactions of specific individuals or groups of individuals. For example, rural fire could be caused by people deliberately or by accident.

Costs and benefits of separate funding

Some fires are caused by carelessness or arson and fighting these fires involve cost to Council. In situations where the exacerbator can be identified, the cost of fire fighting should be recovered from them, but this involves costly legal proceedings.

It does not seem cost effective or desirable to have separate funding for other activities under emergency management as it is going to be costly to identify extent of damage by an unpredictable natural disaster.

Funding sources

The civil defence activities are funded from rates because of the wider benefits to the community. Fines are applied to cover the costs of fire-fighting when arson or negligence is involved. Other costs of the functions are funded from general rates.

Emergency management also provides public benefits distributed at regional and national level. Therefore funding is also available from external sources such as the Ministry of Civil Defence & Emergency Management and National Rural Fire Authority.

4. PARKS AND COMMUNITY SERVICES

The Council is involved in providing parks, community facilities and services for the enjoyment and well being of their residents and to provide a healthy city.

4.1 WEST WAVE AQUATIC CENTRE

Council own and manage an integrated aquatic and fitness centre and a recreation centre located in Henderson town centre. This complex, known as the 'West Wave', is also a venue for large annual events

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Council's Leisure Strategy emphasises the need to maximise opportunities for the community to participate in leisure and recreation. The West Wave centre is considered a total family fitness and leisure facility and is being used by a wide sector of the community.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Strong Communities:** People are active, informed, healthy and content. They feel safe and there is a strong sense of community. Our City is a great place for children. We enjoy our diversity of lifestyles and people.

Distribution of benefits among different groups

Aquatic and recreational facilities are private goods and the users benefit directly. This contributes to a healthy and active community which is a wider social benefit. In particular, these include:

- These increase leisure opportunities available in the city and help create a healthier community
- Many of the users of these facilities are the city's youth. The community as a whole benefits from youth involvement in sports. The more the city's youth are involved in organised activities such as sport, the less likely they are to become involved in crime and other 'antisocial' behaviour

Public benefits accrue also because the facility was built to international standards, providing the community with a facility that attracts visitors to sporting events.

The indoor and outdoor stadium developments will provide significant benefits, primarily to user groups and individual users.

Holiday and recreation programmes. For recreation programmes run by Council, the main public benefits arise from providing opportunities for people to participate in activities that improve mental and physical wellbeing. Again the people who participate in these programmes also benefit. The public benefits are similar to those provided by the aquatic centre.

For after school and holiday programmes, the main public benefits include enhancing the opportunities for parents (particularly women) to take part in the workforce. There are significant private benefits to be children taking part in the programmes and to their parents. The mix of public and private benefits is similar to those identified for recreation programmes.

Distribution of benefits over time

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread beyond the current period.

Whether the activity is needed to mitigate negative effects

These activities are not undertaken to mitigate any negative effects of actions (or inactions) of individuals or groups of individuals

Costs and benefits of separate funding

Since the users of these facilities could be identified, it is possible to adopt separate funding methods. However, funding the full cost of the services through user pays will be a disincentive to use the services provided and this will reduce the social benefits expected. The Council is committed to promote wider participation by providing equality of access to these facilities. Council's Leisure Strategy emphasises the need to maximise opportunities to participate in leisure and recreation as a key goal. Council takes into account the fact that many users of the Aquatic Centre are youth and may be constrained by ability to pay.

Funding sources

Distribution of benefits analysis suggests that the operating costs of the aquatic centre should be allocated between the users and the community. Accordingly, user charges are applied with the net operating costs are fund from rates, in order to make the facilities affordable to all sectors of the community.

4.2 ARTS AND CULTURE

The Council believes that the support of the arts is an important component of making a vibrant and attractive city, as well as providing a means for the community to express a sense of self and place. Arts and culture attracts talent and visitors; promote cultural diversity; bonds community; provide opportunities for creativity; and raises city image. The Council provides a range of arts and cultural services which reflect the diverse communities of the City. They are:

- **Public Art Collaboration in Community Facility Development** - A major part of the work in this area involves the input of artists into Council facility development projects such as community buildings, bridges and parks.
- **Provision of Arts and Cultural Infrastructure** - This service involves the administration of contracts and funding to deliver key arts services. Contracts and funding arrangements exist for Lopdell House Society,

Colin McCahon House, Pacific Island Arts Centre and the Corban Estate Art Centre.

- **Civic Art Collection Management** - Waitakere City Council has a small but important collection of civic art, much of which has been donated to the City over the years.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Strong Communities:** People are active, informed, healthy and content. They feel safe and there is a strong sense of community. Our City is a great place for children. We enjoy our diversity of lifestyles and people.

Distribution of benefits among different groups

Arts and culture produce both private and public benefits. There are direct benefits to those who actively participate in the arts and cultural activities (e.g. artists, cultural groups, audience).

Arts and culture also contribute to society by enhancing social cohesion, education and building a sense of community identity. The indirect effects of arts and culture contribute to enhance the quality of life by bringing life, prosperity and vitality to the city. Strong, creative communities attract business and industry, generating employment opportunities and additional wealth to the community. These are public benefits.

Distribution of benefits over time

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread beyond the current period.

Whether the activity is needed to mitigate negative effects

These activities are not undertaken to mitigate any negative effects of actions (or inactions) of individuals or groups of individuals

Costs and benefits of separate funding

Those who directly benefit from these activities could be identified and costs could be allocated accordingly. However, the allocation of all costs to direct beneficiaries could make Arts and Cultural activities less accessible to economically disadvantaged individuals and groups. This may reduce the social benefits.

Funding sources

The allocation of costs relating to arts and events is best met by a com-

bination of user charges and rates with user charges set at a level that supports Council's objectives for that particular event. In addition, some funding is available from external sources such as Creative Communities Fund and Auckland Regional Services Trust Fund. Council will proactively seek sponsorship for its events to minimise the impact on rates.

4.3 CEMETERY

According to the Local Government Act 2002, each local authority is charged with making provision for burial of the dead. Cemetery provides facilities for the disposal of human dead bodies in a dignified and respectful manner. Although the Act does not specify how provision must be made, Waitakere City Council has provided burial service and sites at Waikumete Cemetery and the smaller Swanson Cemetery.

In addition to managing the burials and cremations, Waikumete Cemetery is also managed to implement the Waikumete Cemetery Conservation and Reserve Management Plan. This includes grounds maintenance, weed removal and restoration of both the natural and cultural heritage values present within the cemetery. Many of the buildings are maintained by the Property Services section of the Council, as part of its portfolio of heritage properties.

The services the Council provides at the cemetery can be summarised as:

- Burials
- Cremations
- Ash Internments
- Chapel facilities
- Genealogy enquiries
- Provision of a park facility
- Conservation of a significant cultural and natural heritage site

How this group of activities contribute to community outcomes

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Urban and Rural Villages:** Town Centres are thriving places, providing exciting options for people to live, work and play. Public facilities, places and spaces teem with people; the streets are alive and busy.

Distribution of benefits among different groups

The burial and crematoria services generate private benefits to individuals and the bereaved families as they provide easy access to the burial and ashes interment sites of loved ones.

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The community as a whole benefit from these services as they contribute to health and the appearance of the City. The maintenance of heritage buildings and the park is also a public benefit.

Distribution of benefits over time

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread over the long term.

Whether the activity is needed to mitigate negative effects

Council is obliged to provide cemetery services under the Burial and Cremations Act 1964, and also to meet the Community's expectations.

Costs and benefits of separate funding

It is possible to identify those who use the facility and charge accordingly. The funding of operating expenditures related to burial and crematorium services distinctly from the heritage and parks aspects is cost effective and beneficial to the community because such costs are allocated to the private beneficiaries. However, such charges should be affordable to all users.

It is not cost effective or practicable to allocate the costs related to heritage and park aspects of this activity.

Funding sources

The cost of burials, cremations and interments are paid by the family of the deceased within a framework of providing an affordable service for the Waitakere community. The heritage and parks aspect of the cemeteries are funded from rates and special funds. Rates funding is also provided for the Returned Serviceman's areas which is partly funded by the Department of Internal Affairs.

4.4 LEISURE

Leisure Services assist in the development and management of purpose built leisure facilities which include community and leisure centres, community houses and community halls and other community leisure facilities. Their work also involves the facilitation of leisure activities and events for Waitakere City as well as assisting community groups obtain funding for leisure activities. The services delivered by the Leisure Services area can be summarised as:

- Community and leisure facility operations
- Community and leisure facility planning and development
- Community and leisure programmes and activities
- Community assistance and funding
- Community development

How this group of activities contribute to community outcomes

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platforms:

- **Strong Communities:** People are active, informed, healthy and content. They feel safe and there is a strong sense of community. Our city is a great place for children. We enjoy our diversity of lifestyles and people
- **Urban and Rural Villages:** Town Centres are thriving places, providing exciting options for people to live, work and play. Public facilities, places and spaces teem with people; the streets are alive and busy

Distribution of benefits among different groups

The availability of a choice of recreational and leisure facilities benefits the individuals and groups who use the facilities. This in turn contributes to a healthy and active community. They provide opportunities for social interaction that strengthens social cohesion and social wellbeing. All these constitute to public benefits arising from the private use of the leisure facilities.

Distribution of benefits over time

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread over the long term.

Whether the activity is needed to mitigate negative effects

These activities are not undertaken to mitigate any negative effects of actions (or inactions) of individuals or groups of individuals

Costs and benefits of separate funding

The users of leisure facilities could be identified and charges could be levied to recover the costs. However, the recovery costs through separate funding could deny access to low income individuals and families and the elderly. The availability of equal access to leisure facilities is critical for promoting a healthy, active and strong community.

Funding sources

Leisure services are funded by a combination of rates, user pays, special funds and subsidies from central government.

A combination of rates and user charges is applied to fund the community buildings. The level of user charges should vary according to the nature of the group using the facility, with private groups paying more than community groups, and social service groups paying only a small contribution towards costs.

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The funding for the Creative Communities is provided by central government; but the cost of administering those funds is met by the Council through rates.

Grants made to community organisations for capital expenditure are funded from loans.

4.5 LIBRARIES

Library Service is responsible for the operation of libraries and learning centres and the management of the contracts for the operation of the Citizens Advice Bureaux. Council no longer has a legal requirement to provide libraries or library services. Nevertheless, there is a strong tradition stretching back centuries supporting the provision of library facilities in any sizable community and there is public support for it.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platforms:

- **Strong Communities:** People are active, informed, healthy and content. They feel safe and there is a strong sense of community. Our City is a great place for children. We enjoy our diversity of lifestyles and people.
- **Urban and Rural Villages:** Town Centres are thriving places, providing exciting options for people to live, work and play. Public facilities, places and spaces teem with people; the streets are alive and busy.

Distribution of benefits among different groups

Libraries. Although libraries benefit primarily the users of library facilities, the entire community benefits from the provision of easy access to knowledge and information. People who use library services benefit directly as libraries fulfil important leisure, recreation and education roles. Library services also provide a range of reference sources for business decision making which benefits the users of this service.

The community as a whole also benefits considerably from the services provided by library in the following ways:

- The use of libraries as a positive recreational pursuit which may help reduce social problems in the community.
- Libraries help promote life-long learning and a more educated and skilled population.
- Library services provide opportunities for people to engage in democratic and political processes.

Council information. This service benefits principally those who seek Council information.

Distribution of benefits over time

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread over the long term.

Whether the activity is needed to mitigate negative effects

These activities are not undertaken to mitigate any negative effects of actions (or inactions) of individuals or groups of individuals

Costs and benefits of separate funding

It is possible to identify those who use the library facilities and charge them accordingly. However, under Section, 142 of the LGA 2002, if a local authority or a council-controlled organisation provides a library, the residents in the local area are entitled to join the library free of charge. Furthermore, separate funding will limit the accessibility only to those who can afford, and reduce the social benefits expected from this activity. The provision of equal access to merit goods such as knowledge and information will have wider benefits to the community and hence separate funding may not be justified.

However, some services that produce primarily private benefits with relatively small proportion of social benefits can be funded from user charges without affecting the overall social benefits generated by libraries. The activities that produce little public benefits and cause costs are:

- Items not returned on time impose a cost on libraries as they affect the efficient turnover of stock
- Council information primarily used for private benefit
- Services relating to business decision-making, CDs, videos, tapes, Internet facilities, CD-ROM, best seller collection, inter-loans and data-searches. Separate charges can be levied for these with minimal transaction costs

Funding sources

Council provides free membership to libraries. New Zealand is a signatory to UNESCO declarations supporting universal access to libraries and library material at local and regional levels. Council believe that there are fairness and equity considerations that warrant allocating a much larger share of the costs to the community as a whole to ensure that those who have no alternative access or who cannot afford to use other sources have access to information. Rates funding of access to libraries and Citizens Advice Bureaux contributes to the achievement of the community outcomes sought from this activity.

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The costs of some library services can be allocated both to the direct users of library services and to the community as a whole – with the actual allocation depending on the characteristics of the particular service being provided. For example, costs of information related services aimed at facilitating the democratic process could be allocated to the community as a whole, while the cost of services for business decision-making should be allocated to the user.

The cost associated with the provision of Council information is allocated to the direct users of the service.

4.6 PARKS

Council is involved in providing parks for the enjoyment and well being of residents and to provide a healthy city. In managing parks, the Council is bound by the statutory requirements set out in the Reserves Act, the Resource Management Act, and the Local Government Act and in some instances the Historic Places Act

The activities under parks include park assets maintenance and parks planning. Park assets include: active sports fields and courts, toilets, pedestrian ways, walking tracks, car parks, foot bridges, natural areas including beaches, plantings, trees and grassed areas on park land and on streetscapes especially town centres. The activities under parks also include management of the citywide graffiti removal programme, legal and environmental weed programme, roadside weed control and the cemetery landscape maintenance.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platforms:

- **Green Network:** The Waitakere Ranges will be permanently protected. There will be a network of bush and trees, (the Green Network) from the Ranges, through town centres and suburbs, to the coasts, bringing the natural world into people's everyday lives and filling the streams and forests with life
- **Urban and Rural Villages:** Town Centres are thriving places, providing exciting options for people to live, work and play. Public facilities, places and spaces teem with people; the streets are alive and busy

Distribution of benefits among different groups

Parks play an important part in the image of the city and in the quality of life. They are an essential amenity and recreation facility for community

wellbeing and for a sustainable City. Local parks generate a wide range of benefits to the community as a whole as well as to the individuals who use them. In general, the community overall benefits from the ecological role that parks perform and from the enhanced attractiveness provided to the city. Parks also play an important role as a natural filter in storm water management, which benefits the community as a whole.

Private individuals benefit from the use of parks for leisure and recreational purposes, which in turn, produces benefit to the community as a whole. Sometimes parks are also used for commercial purposes that generate private benefits.

Parks also includes sports fields that provide significant private benefits to the associations and clubs using those fields. Sports fields also have the characteristics of private goods (i.e. they are rival in that one club's use will affect another club's use, and excludable because it is possible to prevent clubs and associations from using sports fields for organised sport).

Sports fields also, however, have a range of public benefits: benefits to the community as a whole. These include:

- Sports fields form an important part of public open space and generally improve the amenity of the city
- When sports fields are not used by organised groups, the public use them on a casual basis for walking, jogging, and casual sport. This help create a healthy community
- Many of the users of these facilities are the city's youth. The community as a whole benefits from youth involvement in sports. The more the city's youth are involved in organised activities such as sport, the less likely they are to become involved in crime and other 'antisocial' behaviour

Because of these reasons, the public benefits are believed to be higher than the private benefits of parks.

Distribution of benefits over time

The benefits of operation and maintenance of parks are ongoing and spread over a long term.

Whether the activity is needed to mitigate negative effects

These activities are not undertaken to mitigate any negative effects of actions (or inactions) of individuals or groups of individuals

Costs and benefits of separate funding

Parks provide a private benefit and it is possible to identify those who

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directly benefit from the use of parks. However, it would not be desirable or cost effective to have separate funding for this activity, except in instances where parks are used exclusively for commercial purposes. Charging for the community use of parks will fence off parks and it conflicts with the strategic objective of promoting community wellbeing.

Sports fields. It is also possible to charge for the use of sports fields by sports groups who directly benefit from the facilities. In general, the more fields are used, the higher will be the maintenance costs. And with the increase in the number of users, more facilities need to be provided.

However, Council's Leisure Strategy emphasises the need to maximise opportunities to participate in leisure and recreation as a key goal. Because many users of sports fields are youth and low-income members who may be constrained by "ability to pay", separate funding of this activity is not desirable.

But as the facilities are available for the wider public it is difficult to determine the costs of parks operations in relation to the number of people who use them. Generally a large number of people benefit from parks as the benefits are distributed across the entire community. Separate funding for this activity neither practicable nor desirable.

Funding sources

The considerations stated above could best be met by funding operational costs associated with local parks mainly from rates. However, where parks are used for commercial activities, a suitable fee may be charged. This reflects the private benefits derived with little public benefit.

The funding of sports fields from rates addresses the equity considerations and the low or no charges applied elsewhere in the Auckland region. This ensures that the services provided will contribute to the community outcomes identified (people are active, healthy and content). Encouragement of intensive use of local sports fields may also generate wider social, economic, environmental and cultural benefits to the community.

4.7 HOUSING FOR OLDER ADULTS

The Council is committed to the provision of housing for older adults. It provides housing for older adults in 12 villages across the city consisting of 335 units. The provision of this service is to assist older adults that demonstrate a genuine housing need.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Strong Communities:** People are active, informed, healthy and content. They feel safe and there is a strong sense of community. Our City is a great place for children. We enjoy our diversity of lifestyles and people.

Distribution of benefits among different groups

This activity directly benefits older adults who occupy Council owned housing. The availability of affordable and suitable housing in convenient locations for the older adults improves the overall socio-economic conditions in the city and its image as a place which cares for the elderly. This positive image is a wider community benefit.

Distribution of benefits over time

This is an ongoing benefit which spreads over a longer period.

Whether the activity is needed to mitigate negative effects

These activities are not undertaken to mitigate any negative effects of actions (or inactions) of individuals or groups of individuals

Costs and benefits of separate funding

Those who benefit from this activity can be identified and the costs can be recovered from them. Separate funding of this activity is cost effective, efficient and transparent.

Funding sources

Council policy is to provide Housing for Older Adults as a self-funding operation on a cost recovery basis i.e. not for profit. The term "cost recovery" is defined as financing of operating costs plus payment of interest plus depreciation. Rentals are adjusted in accordance with changes to Superannuation and benefits. Any shortfalls in rent revenue are met from general rates.

4.8 CITY HERITAGE

Historic heritage is identified as a matter of national importance under the Resource Management Act and the Council has responsibility for its man-

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agement in terms of its regulatory role under that Act. Waitakere City's heritage involves those aspects of both the natural and built environment that have been inherited from the past, define the present and will be handed on to future generations. The District Plan provides protection for approximately 209 heritage buildings and structures, 115 heritage trees and 28 listed archaeological sites (although this figure does not include waahi tapu). Many of Council's heritage properties are being leased or rented out to commercial tenants, arts groups or community groups

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Urban and Rural Villages:** Town Centres are thriving places, providing exciting options for people to live, work and play. Public facilities, places and spaces teem with people; the streets are alive and busy.

Distribution of benefits among different groups

The maintenance and conservation of heritage assets is a public good which benefit the current and future community. Heritage properties retain connections with the City's recent past and contributing to City identity and sense of place. Some heritage properties such as buildings generate private benefits to those who use them.

Distribution of benefits over time

Benefits of the maintenance of heritage properties are ongoing and spread over a longer period.

Whether the activity is needed to mitigate negative effects

These activities are not undertaken to mitigate any negative effects of actions (or inactions) of individuals or groups of individuals

Costs and benefits of separate funding

Funding of the costs from a mix of separate funding and rates would encourage more efficient use of the facilities and at the same time making them affordable to those who use them. A fair charge from those occupying a heritage building to reflect their immediate benefit is appropriate as it reduces the cost burden to the community.

Funding sources

The considerations stated above suggest a combination of user charges (e.g. rentals charged from users) on Council-owned heritage buildings and rates.

5. REGULATORY SERVICES

5.1 ANIMAL WELFARE

Council is legally obliged to ensure facilities are provided in Waitakere City to enforce the dog control and stock impoundment legislation. This facility is also recognised as an animal welfare facility and as such, must comply with the requirements protecting animals in general which are complementary with dog control requirements.

Dog Control enforcement services are provided in both Waitakere and North Shore cities under a 'shared services' contract which enables efficiencies resulting in financial savings

This is a regulatory activity undertaken primarily to respond to and resolve complaints related animal control and animal welfare.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Strong Communities:** People are active, informed, healthy and content. They feel safe and there is a strong sense of community. Our City is a great place for children. We enjoy our diversity of lifestyles and people.

Distribution of benefits among different groups

This activity provides a direct benefit to those who own animals. Entire community benefits from animal control by improving the safety and cleanliness in public areas and environmental quality.

Distribution of benefits over time

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread over the long term.

Whether the activity is needed to mitigate negative effects

This activity has become necessary largely due to the negative effects of raising animals (e.g. neglect) and the legislations such as Dog Control Act 1996 and amendments, the Animal Welfare Act 1999 and the (stock) Impounding Act 1955.

Costs and benefits of separate funding

It is possible to identify the animal owners who benefit directly from the Council service and allocate cost to them. However, the recovery of the

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full cost of this activity from such groups does not seem fair because some benefits accrue to the whole community. This suggests the recovery of part of the costs through fines, penalties and rates. Any attempt to recover the full cost could act as disincentive for dog registration and the enforcement costs likely to increase.

Funding sources

Revenue from dog registrations can only be used for the activities that are legislated by the Dog Control Act – i.e. dog control enforcement. Rates funding is used to supplement both dog control enforcement and the animal welfare components.

The costs of impounding and complaints are recovered from the animal owner through impounding fees and fines. When those costs cannot be fully recovered from the animal owner, they will be funded by a combination of rates and dog registration fees.

5.2 CONSENTS, COMPLIANCE AND ENFORCEMENT

The Council has a number of regulatory requirements that are set by legislation. These include Resource Management Act (RMA), the Local Government Act, the Building Act, and the various food and environmental health Acts. The Council is required to observe the provisions of the relevant Act and be an impartial decision maker weighing the evidence placed before it by the parties.

In addition, Council has the requirements of our own District Plan to follow, which relate to land use in the City. The Council will also create bylaws to better administer these Acts. A review of our bylaws is currently being undertaken.

Consents Services

The primary business of delivering consents and licences is driven by statute. Three core businesses exist to undertake this: Resource Consents and District Plan administration and advice; Building consents including construction review and advice; Licences and Land Information Memorandum (LIMS).

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platforms:

- **Urban and Rural Villages:** Town Centres are thriving places, providing exciting options for people to live, work and play. Public facilities, places and spaces teem with people; the streets are alive and busy.

- **Strong Communities:** People are active, informed, healthy and content. They feel safe and there is a strong sense of community. Our City is a great place for children. We enjoy our diversity of lifestyles and people.
- **Green Network:** The Waitakere Ranges will be permanently protected. There will be a network of bush and trees, (the Green Network) from the Ranges, through town centres and suburbs, to the coasts, bringing the natural world into people's everyday lives and filling the streams and forests with life.
- **Three Waters:** Waitakere takes an innovative approach to managing drinking water supply, wastewater and stormwater together, under the heading of The Three Waters.

Distribution of benefits among different groups

Regulation and enforcement ensures a safe, secure and sustainable built and natural environment. These activities produce a mix of private and social benefits

Resource Management, District Plan and Resource Consents. The District Plan is prepared for the protection of the environment. The Amenity and Heritage aspects of the District Plan benefit the community as a whole. The resource consents that relate to heritage matters and to trees generate significant public benefits.

The processing resource consents – for both human and natural environments – are primarily for the benefit of the applicant. Similar principles apply to building consent planning clearance and to certificates of compliance.

Subdivisions are created mainly for private benefit. Work carried out by Council associated with processing subdivision engineering plans and scheme plans is of direct benefit to the developers.

Structure Plans. Structure plans benefit the community currently living in the area covered by the structure plan, developers, and future residents. There is also a benefit to the community as a whole in terms of managing the effects of growth and achieving attractive urban environments.

Advice and information. Advice and information primarily benefits the person seeking advice, but the provision of information and advice also offer considerable opportunities for promoting Council's wider goals which produce benefits to the wider community.

Enforcement. Council has an obligation, under the Resource Management Act 1991, to monitor, and where necessary enforce compliance

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with the provisions of the District Plan and the Act. This is generally for the benefit of the community because non-compliance by applicants can impose social and environmental costs, which could be avoided by enforcement.

Community projects: Assistance to private landowners. Council recognises that its own actions are only part of the picture when it comes to environmental protection. Much of the work done to benefit local ecosystems and the local environment is undertaken on a voluntary basis by individuals and community groups. Council supports these efforts through advice and information, provision of direct assistance to some community groups and also through assistance with covenanting and the provision of rates relief to some properties. Council's activities in this area are for the benefit of the community as a whole.

Distribution of benefits over time

Benefits are ongoing and spread over a longer time span

Whether the activity is needed to mitigate negative effects

The regulatory process is undertaken as a legal requirement to ensure that the actions of individuals and groups do not cause negative effects that would endanger public welfare and the environment.

Costs and benefits of separate funding

Since it is possible to identify those who cause potential negative effects by undertaking activities such as sub-divisions and buildings, separate funding of these activities is possible. User charges and fines encourage compliance with the regulations, which are intended to benefit the community. It is also possible to identify those who benefit from the regulatory and advisory services provided by Council and charge them the cost of such services.

Resource management is critical for achieving sustainable development for the City. The allocation of costs to those who benefit from the services, or those who cause such costs, is beneficial to the community because the community does not have to bear such costs. It is also a transparent method of funding the services provided.

There are costs involved in separate funding, but the benefits of separate funding are likely to exceed such costs. However where it is not efficient to have separate funding, Council needs to use other sources of funding.

However, user pays method is not practicable and cost effective for some services such as verbal advice. In addition, there is considerable scope

for promoting Council's wider goals through the information and advice function. Hence funding these services from a mix of sources is likely to generate more net benefits.

Funding sources

The considerations stated above can be best met by a mix of user charges, fines and rates funding. Activities which directly benefit the individual property owners are funded from user pays (e.g. subdivision consents, land use consents, buildings consents, and structure plans) and provision of land information etc.). The provision of hard copy information is also funded by user charges unless there is a clear 'public good' element. Field service operations are funded from rates and external revenues, such as parking fines.

Resource consents relating to listed heritage items and general tree clearance are rates funded. Resource management services are also funded from rates included Council initiated Plan Changes.

There are practical problems in charging for giving verbal advice; so for this reason verbal advice will be rates funded – shifting a small proportion of the cost of this function from users of the service onto the community as a whole.

Community projects: assistance to private landowners. Council's role in assisting community groups and private landowners is funded from rates.

5.3 VEHICLE TESTING STATION

The core business of the testing station is the provision of vehicle safety inspections (Warrant of fitness (WOF)). Other services include:

- Emissions testing for petrol and diesel vehicles
- Motor Registrations/Licensing
- Change of ownership processing
- All Registration plate transactions
- Road User Charges (RUC) processing
- Driver licensing testing

Although not mandated by statute to provide the service, ensuring safety of vehicles and drivers on the road and developing opportunities for emissions testing are good reasons for the Council to be involved. This activity is a source of revenue to Council.

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How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Sustainable Energy and Clean Air:** Waitakere City's energy and emissions to air management demonstrates ongoing progress towards a sustainable society.

Distribution of benefits among different groups

This is a private good and those who use the services benefit directly. The emissions testing can contribute to minimise excessive emissions from vehicles. Entire community benefits from a clean air and having sustainable energy promoted through vehicle emission testing service

Distribution of benefits over time

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread over the long term.

Whether the activity is needed to mitigate negative effects

Vehicle testing service is available from the private providers as well. However, emission testing is a special service undertaken to minimise air pollution caused by excessive level of emissions from vehicles

Costs and benefits of separate funding

The adoption user pays for vehicle testing services is appropriate as these services produce private benefits. However, user charges approach to fund emission testing may not be appropriate as it could discourage emission testing, thus reducing the level of wider public benefits expected.

Funding sources

Since the testing station operates as a commercial enterprise, its operations need to be funded from user charges. Emission testing which generates wider public benefits is funded from rates.

6. TRANSPORT

Road network infrastructure represents a major investment for the community. This group of activities have two components: transport strategy and transport assets. The Local Government Act requires councils to manage assets prudently for the local community.

Transport Strategy section

Strategic planning and decision making is a legislative requirement of the Local Government Act 2002. Transport Strategy section works with or-

ganisations such as ARTA (Auckland Regional Transport Authority) ARC (Auckland Regional Council) and Transit NZ to ensure that Waitakere City participates in national and regional policy and strategy programmes. It is also involved in land use development and area planning to ensure the integration of transport and land use.

Transport and Roads

This section manages the budget and oversees the implementation of transport programmes and projects. Transport Assets work with the Project Services team in planning for maintenance and renewal programmes together with the establishment of associated contracts and processes.

In addition, this section works in partnership with Land Transport NZ and the Auckland Regional Transport Authority who provide funding in the form of subsidies, and with the New Zealand Police and the Land Transport Safety Authority regarding the safe design and safe use of roads, and community safety.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Integrated Transport and Communication:** Public transport and communication systems provide fast, effective services to the whole City. Transport systems are integrated, innovative and environmentally responsible.

6.1 TRANSPORT STRATEGY

Distribution of benefits

Strategic planning of transport is a public good that benefits the community as a whole. An integrated transport strategy improves the efficiency and convenience of moving around in the City. Regional plans to improve the level of passenger transport available in the Auckland Region will benefit the community as a whole, including road users and businesses, through reduced congestion. Public transport also generates public benefits by reducing the negative environmental effects caused by private motor vehicle use. It is extremely difficult to identify the people who benefit from this activity individually.

The period in or over which benefits are expected to occur

The benefits of transport strategy are ongoing and spread over the long term.

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The effects of the actions or inaction of individuals or a group contribution to this activity

This activity arises because of the negative effects of vehicle traffic. Travel is a significant user of energy and a large contributor to pollution (air, noise and water). It also involves costs in terms of time and money to the community, in particular businesses. These activities are undertaken to minimise these negative effects.

The costs and benefits of funding the activity distinctly from other activities

Funding these costs from the beneficiaries or exacerbators is a transparent and effective method of funding, but there are no cost effective, practicable and legal means available to adopt direct user charges for these services.

Funding sources

Distribution of benefits and the negative external effects of car use suggest that the costs of planning for passenger transport, including involvement in regional initiatives, should be allocated to road users, businesses and to the community as a whole. Council's policy is that, in principle, road users should fund a higher proportion of the costs of passenger transport planning, than the community as a whole. Council has no legal means of recovering costs directly from road users.

Many of the activities in this group represent Council's particular contribution to regional and/or national projects, which tap into a wide range of funding sources. The subsidy available from Land Transport NZ, which is funded from fuel excise tax, and motor vehicle charges and fees provide partial funding for these activities. The direct cost to Council represents a very small proportion of the cost of the projects as a whole, and they are funded through rates.

Council's strategic direction is to integrate land use with transport. In the long term this policy is expected to benefit residents, through improved access to local jobs and a reduction in environmental pollution. For this policy reason, the costs of passenger transport planning are shared between the business sector and the community through the business sector differential applied in the rating system.

6.2 TRANSPORT AND ROADS

Transport and Roads include road network, footpaths & cycle ways, bus shelters, traffic services (e.g. crossings, road markings and signs & signals) and street lights, and the Council adopts a mix of sources to fund these activities.

6.2.1 ROAD NETWORK

Distribution of benefits

The benefits of roads are quite complex and depend both on the type of road concerned (such as State Highway, arterial road, or local road) and the type of work or service performed. Access is a fundamental right in the Bill of Rights. It is not practicable or cost effective to exclude pedestrians or cyclists from using most roads. Thus, such roads have some characteristics of public goods. While road network benefits road users, a well designed road network and other transport facilities benefit the wider community by improving mobility and accessibility and facilitating social interactions and economic activities.

Road systems provide vital networks for our cities depending on where they are located. The provision of fire, police, ambulance and school bus services depend upon the existence of the road network. They structure city form and facilitate social and economic transactions. Communities depend on roads for the transportation of vital goods and access to essential services. In addition, roads are part of the city's public urban space and part of the urban amenity of the city. This is particularly true of neighbourhood roads, which in some circumstances can be a valuable community asset.

All these uses can be seen as forms of private goods – but, with the exception of vehicles travelling on roads, it is not usually practicable and cost effective to identify those who benefit (or exclude them for receiving benefits). In addition to transport, road reserves are used for locating water, power and telecommunication infrastructure. These are private benefits accruing to the utility providers.

Distribution of benefits of kerb and channel upgrades is slightly different. The outcomes of this work are improved stormwater control that benefits local residents as well as the community as a whole. They also provide safety, which is a benefit to road users.

The period in or over which benefits are expected to occur

The benefits of road facilities are ongoing and spread over the long term.

The effects of the actions or inaction of individuals or a group contribution to this activity

The need to maintain the road network is caused by the negative effects of vehicular traffic. There are negative environmental effects arising from the use of roads, such as air and stormwater pollution, noise pollution, erosion of the road surface, and loss of amenity. These also have negative impacts on the community. Heavy vehicles account for most of the wear and tear, and increase the road renewal and maintenance costs.

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The costs and benefits of funding the activity distinctly from other activities

Separate funding of these services by allocating the costs to the road users (exacerbators) could produce wider benefits such as mitigation of the negative environmental effects of road usage. However there are no legal and cost effective methods to apply user pays for all road users.

Road network also generates spin off benefits to the community and the business sector. Therefore, a part of the costs of maintaining roads could be shared between the community and the business sector through the rating system. The proportion of costs that should be allocated to each group depends on the type of road, the type of vehicle and the nature of the benefit.

However, it is not possible to allocate costs of maintenance and upgrading to road users beyond the amount that can be recovered from Land Transport NZ. The transfer of costs that cannot be recovered from road users to the rest of the community tends to reduce the environmental benefits anticipated from user charges.

Funding sources

The allocation of costs entirely on the basis of beneficiary pays or polluter pays principles cannot be carried out by legally available funding mechanisms. Council has no legal means of charging road users directly. The Land Transport NZ subsidy, which covers a part of the cost, and the transfers from petrol tax collection are indirect ways of allocating costs to road users. Council will continue to use the maximum level of Land Transport NZ subsidy and petrol tax transfers, and fund the residual costs from rates.

When work is carried out because of a specific request of a group of rate-payers or when it is carried out in advance of the priorities specified in Council's asset management plans, then costs can be allocated to the ratepayers requesting the work through direct payment or by using a targeted rate.

6.2.2 FOOTPATHS AND CYCLEWAYS

Distribution of benefits

Footpaths and cycleways have the characteristics of mixed goods, and they benefit the individual property owners as well as the public in general. Once footpaths and cycleways have been constructed, they become part of the city's network and people have the legal right to travel on foot over public areas.

Footpaths and cycleways are alternative modes of transport that contribute to reducing congestion which in an indirect benefit to motor vehicle users. Good footpaths add to the general quality of the urban environment. These are benefits to the wider community.

The period in or over which benefits are expected to occur

The benefits of footpaths are ongoing and spread over the long term.

The effects of the actions or inaction of individuals or a group contribution to this activity

This activity is not undertaken to mitigate any negative effects arising from the action or inactions of individual or groups of individuals.

The costs and benefits of funding the activity distinctly from other activities

Walking and cycling are the most basic land transport modes available to all. The provision of footpaths and cycleways caters to those who are transport disadvantaged in a car-oriented society or those who choose healthier and less environmentally damaging transport modes. Footpaths and cycleways are a limited manner through which Council can ensure equal levels of access to facilities and services for all residents.

Separate funding of this activity according to Distribution of benefits is not practicable or desirable.

Funding sources

These considerations suggest that the operating costs footpaths and cycle ways be funded from general rates.

6.2.3 BUS SHELTERS AND PARK AND RIDE FACILITIES

Distribution of benefits

The majority of Council's current costs in this area relate to bus shelters, although significant future expenditure is planned for park and ride. Council also undertakes some projects aimed at encouraging the use of rail transport.

Although the provision of passenger transport facilities benefits primarily the people who use passenger transport, there are positive external benefits accruing to the community as a whole. It contributes to reduce road congestion, benefiting all road users and the negative environmental effects of motor vehicles.

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The period in or over which benefits are expected to occur

The benefits of providing passenger transport facilities are ongoing and will spread over a long time period.

The effects of the actions or inaction of individuals or a group contribution to this activity

This activity is needed in part to reduce the negative environmental effects of private motor vehicle use and, in part, to meet the demand created by the growth of the city.

The costs and benefits of funding the activity distinctly from other activities

Funding the costs attributable to direct beneficiaries from user charges is a transparent method of funding, but charging for some services such as bus shelters is not practicable, cost effective or desirable; it would reduce the overall effectiveness of this activity and the overall social, economic and environmental benefits expected. However, a part of the costs need to be allocated to vehicle users who indirectly benefit from reduced road congestion.

Funding sources

Council has a commitment to promoting adequate access to passenger transport, reducing the number or car-based trips and reducing the length of trips. Facilities that support passenger transport are important in achieving this aim.

Council's decision that people who use passenger transport should not bear any of the cost of bus shelter and park and ride facilities is based on the consideration of the overall impact on the social and environmental wellbeing of the community.

Often people who use passenger transport are economically and/or physically disadvantaged compared with car drivers. For equity reasons Council believes that passenger transport should be made affordable. These considerations warrant allocation of costs to both the community as a whole through rates and to private motor vehicle users through the subsidy from the Land Transport NZ.

6.2.4. CAR PARKS**Distribution of benefits**

Car parks are provided mostly in commercial areas for the benefit of vehicle users. Although it is a private good that generates private benefits, there are positive spin-off effects. The availability of parking facilities contributes

to safe and orderly traffic movement in the city and attracting communities to the urban centres to promote vibrant and economically active urban centres. The benefits of car parking facilities therefore accrue directly to the users of the facility, and indirectly to local businesses and the rest of the community. Other car parks are provided for users of community facilities including parks and community buildings. In addition on street road side parking is allowed subject to certain conditions.

The period in or over which the benefits are expected to occur

The benefits of car parking facilities are ongoing and spread over the long term.

The effects of the actions or inaction of individuals or a group contribution to this activity

This activity does not arise because of negative effects of actions or inactions of specific individuals or groups of individuals. However, motor vehicle users are exacerbators as road use contributes to environmental pollution. The funding policy on car parks may have an indirect effect on the environment through the influence on the choice of mode, frequency and destination of travel.

The cost and benefits of funding the activity distinctly from other activities

Car parking service is a private good, and the users of this facility could be identified and charged. The adoption of user pays method to fund car parks will encourage more efficient use of land in urban areas and private motor vehicles. It will encourage higher turn over in the use of parking spaces. It will also encourage people to use alternative modes of transport as the cost of using private motor vehicles increases.

However, charging for car parking may discourage visit to shopping areas where charge parking is enforced, and this could affect business activities in urban centres. There are also transaction costs involved in adopting user pays system and it is important to weigh these costs against the long term social, economic and environmental benefits.

Funding sources

Generally, operating costs of car parks are funded from rates, except where it is appropriate to charge users. Car park buildings are always funded from user charges because of the operating costs involved. Enforcement of parking regulations is an unbudgeted source of funding. In 2004 Council commenced a charge parking trial at three off-street car parks in Henderson. Costs relating to rates funded car parks are allocated between the business sector and the rest of the community through the business sector differential.

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The application of the business sector differential is intended to reflect cost allocation according to Distribution of benefits. Rates funding may also have beneficial effects on disadvantaged groups in the community.

However, rates funding of car parking does not take into account the scarcity of land in the urban centres, the effect on urban design and the environmental cost of encouraging private motorcar use within the City. In view of the need to use land in business areas of the city more efficiently, the increasing demand for car parking and the environmental implications of encouraging private motor vehicle use, there is a case for considering user pays for funding of car parks in appropriate locations.

Council introduced charge parking as a pilot project in Henderson in July 2004. The pilot project will provide a basis for Council to fully evaluate the impact of charge parking and determine suitable funding methods for off-street parking in the city as appropriate.

6.2.5. STREETLIGHTS

Distribution of benefits

All road users benefit from new streetlights due to accident reduction and improved safety and security. The extent to which each type of user benefits partly depends on the quality of streetlight and the location.

The period in or over which benefits are expected to occur

The benefits of providing streetlights are ongoing.

The effects of the actions or inaction of individuals or a group contribution to this activity

This activity does not arise because of negative effects or actions or inactions of specific individuals or groups of individuals. However, Council needs to undertake this activity in part to meet the demand created by the growth of the city.

The costs and benefits of funding the activity distinctly from other activities

Street lights provide a public good. It is not practicable or cost effective to allocate costs directly to individual beneficiaries of streetlights.

Funding sources

Good street lighting helps people to feel safe in and around their homes, and when travelling around the city on alternative modes of transport such as walking and cycling. The sharing of the costs between motor vehicle

users and the rest of the community would be a practical way of recovering costs according to the benefits derived by vehicle users and others. This can be done by funding the maintenance of streetlights from the Land Transport NZ subsidy and rates; it should be noted that the cost allocated to car users may not be fully recovered because the Land Transport NZ subsidy covers only a part of the costs.

6.2.6 ROAD SAFETY SERVICES AND TRAFFIC MANAGEMENT

Distribution of benefits

Road safety services. Council's approach to road safety aims to combine safe road design with driver education and targeted campaigns aimed at children and others at risk. Road users benefit from traffic services which are designed to improve road safety. Road users also create the need for campaigns aimed at general road safety.

Traffic management. Traffic management services, including road markings and road signage, are provided to improve the flow of traffic and to meet the needs of road users.

Both road safety services and traffic management will have wider benefits to the community, but it is not easy to quantify them.

The period in or over which benefits are expected to occur

The benefits of road safety services and traffic management are ongoing and more likely to accrue in the short term to medium term.

The effects of the actions or inaction of individuals or a group contribution to this activity

These activities arise because of the negative effects of actions or inactions of road users.

The costs and benefits of funding the activity distinctly from other activities

The funding of this activity directly from the road users would be an efficient way of allocating resources, as it would reflect the cost of using roads. However, Council does not have the legal powers and practicable ways to do so.

Funding the costs by Land Transport NZ is an indirect way of allocating the costs to road users and the cost of doing so is minimal to Council. However, as Land Transport NZ finances only a portion of the costs, the shortfall needs to be recovered from rates, as it is the only option open.

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Funding sources

Road safety services. The proportion of costs that can be recovered through Land Transport NZ varies across a wide range of services in this area. The Land Transport Safety Authority also funds local road safety programmes. Where costs cannot be recovered from Land Transport NZ, the Land Transport Safety Authority or other sources (such as grants and sponsorship), they will be funded from rates.

Traffic management. It is possible to recover only a part of the costs from road users through Land Transport NZ subsidies. The remaining costs therefore need to be allocated to the community and recovered through rates.

Funding of this activity by road users is consistent with Council's approach to road safety and traffic management. Although only a part of the cost imposed by road users is recovered from them, road safety and traffic management will have much wider benefits to the community as a whole. Therefore, the adoption of a mix of funding methods will have a favourable overall impact on the current and future social, economic, environmental and cultural wellbeing of the community.

7. WATER AND WASTE MANAGEMENT

7.1 WASTE MANAGEMENT

Council's waste management strategy is concerned with facilitating the five 'R' principles: Reduce, Reuse, Recycle, Recover and Residual disposal. The primary aim of this approach is to minimise the volume of waste generated and deposited in landfills. A key focus in waste management is to change business and individual's perspective towards sustainability. Unlike most council's in the Auckland region, Waitakere City Council has decided to continue to own and operate a major waste handling facility.

The waste management is conducted through three groups of activities: the solid waste management through the operation of the refuse transfer station, after care services and providing advice on cleaner production.

How these activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Zero Waste:** Waitakere's Zero Waste strategy will produce a clean and attractive City that increasingly turns its waste into resources.

Solid Waste Management

This group of activities is responsible for the operation of Council's refuse transfer station facility offering a drop-off centre that assists in the handling, separating and disposal of all waste types; kerbside waste collection and disposal; and the enforcement of bylaws, litter collection and assistance to community. The funding methods of these activities are presented below

7.1.1. KERBSIDE RECYCLING SERVICES

Distribution of benefits

Kerbside recycling service is a private good that generates a benefit to the properties that use this service and costs are related to the number of users of the service. These private benefits are derived from having a convenient way of disposing of unwanted materials and items. The reduction of waste to landfills and extension of their life span are wider public benefits.

The period in or over which benefits are expected to occur

The benefits of this activity are ongoing and spread over a long period.

The effects of the actions or inaction of individuals or a group contribution to this activity

This activity has arisen due to the negative effects of the production of solid waste by residents.

The costs and benefits of funding the activity distinctly from other activities

Council incurs costs in attempting to minimise the amount of waste that is generated and deposited in landfills. According to the "polluter pays" principle, the cost of this service needs to be allocated to those who generate waste. However, the full recovery of these costs through separate funding may reduce incentives to recycle. Funding of kerbside recycling service through a rates regime encourages recycling and contributes to reduce the volume of waste going to landfill, which is a public benefit.

Funding sources

The costs of kerbside recycling (net of recoveries) are allocated to the community as a whole is through general rates. Council is reviewing the options available to transfer the cost of this activity to those who generate the waste, without undermining the objective of encouraging recycling.

7.1.2. KERBSIDE WASTE COLLECTION AND DISPOSAL SERVICE

Distribution of benefits

The collection, separation and disposal of waste collectively represent a

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private good that produce private benefits to the users of the services. The private use in turn produces benefits to the wider community. The individual benefits arise from the convenience of disposal. Benefits to the community include safeguarding public health, discouraging illegal dumping, reducing the volume of waste going to landfill and creating a clean environment.

The period in or over which benefits are expected to occur

The benefits of this activity are ongoing.

The effects of the actions or inaction of individuals or a group contribution to this activity

These activities have arisen due to the negative effects of the production of solid waste by the residents.

The costs and benefits of funding the activity distinctly from other activities

Council has a policy to reduce the amount of waste generated and disposed of to landfill. Council incurs costs in attempting to minimise the amount of waste that is produced and deposited in landfills and operating the transfer station. User charge is a cost effective and transparent funding method, which will encourage a reduction of the amount of waste generated and deposited in landfills. These benefits outweigh the transaction costs.

Council also recognises that on fairness and equity grounds, ability to pay should be taken into account in imposing user charges especially for large, low-income families. However, the Council has no access to information about household size and income to consider the ability to pay aspect. On balance, the environmental benefits of user pays on waste collection seem to outweigh the social costs associated with the issues of ability to pay.

Funding sources

The cost of collection and disposal of domestic solid waste is primarily met from user charges via rubbish bag sales, and any residual costs are funded from a targeted rate. The costs of the inorganic collection are currently funded from rates, and the Council is reviewing other funding options that are practicable, efficient, effective and consistent with the Council's strategic goals.

7.1.3. OPERATION OF THE REFUSE TRANSFER STATION AND COMPOSTING INITIATIVES

Distribution of benefits

The transfer station offers a drop-off facility and a composting service for green waste. Both these services benefit the users of this service. This in

turn will benefit the community as a whole through reduced volumes of waste going into landfill.

The disposal of weeds delivered to the Transfer Station benefits the individual, but it is also of significant benefit to the community as it safely disposes of a noxious weed.

The period in or over which benefits are expected to occur

The benefits of this activity are ongoing and spread over a long period.

The effects of the actions or inaction of individuals or a group contribution to this activity

This activity has arisen due to the negative effects of the production of solid waste by the residents.

The costs and benefits of funding the activity distinctly from other activities

The funding of the cost of operation of the transfer station from user pays benefits the community because there is no financial burden to the community in providing a service that is used mainly for private benefit. It is also an effective way of encouraging waste minimisation, which is a public benefit.

However, the application of user charges to recover the full cost could be a disincentive for safe disposal of noxious weeds.

Funding sources

Disposal of garden waste is funded from user charges (gate fees). The disposal of ginger roots delivered to the transfer station is funded from rates as user charges are likely to be a disincentive for the eradication of such weeds. The funding options available for providing composting service for food waste are being explored.

External funding in the future may come through joint operations with key partners or as subsidies from government agencies.

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7.1.4. ENFORCEMENT OF BYLAWS, LITTER COLLECTION AND ASSISTANCE TO COMMUNITY

Distribution of benefits

The enforcement of bylaws and the collection of litter in public areas ensure a clean and safe city for the benefit of the community as a whole.

The provision of litterbins in public areas benefits the community as a whole and the business sector. Most litterbins are located close to shops and a high proportion of litter collected in these bins originates from nearby businesses.

Disposal of abandoned vehicles benefits the owner of the vehicle.

The period in or over which benefits are expected to occur

Benefits accrue predominantly during the year in which the expenses are incurred, but some benefits may spread over the long term.

The effects of the actions or inaction of individuals or a group contribution to this activity

The enforcement of bylaws and the collection of litter are made necessary by the negative effects of the actions of a few. If these people could be identified and made to pay, then this would be the fairest allocation of costs.

The costs and benefits of funding the activity distinctly from other activities

Funding of costs of enforcement of bylaws, including the disposal of abandoned vehicles through fines benefits the community because the community does not have to bear the cost of the negative effects of the actions of individuals or groups of individuals.

If the cost of identifying and prosecuting the offenders exceeds the revenue from fines, there is no direct financial benefit of adopting this funding technique, but it could send a strong signal to potential offenders and discourage illegal dumping.

Funding sources

Where possible, the costs of enforcement of bylaws, including the disposal of abandoned vehicles, will be recovered from fines. Where this is not possible they will be funded from rates. In the case of abandoned vehicles, Council will lobby for alternatives to rates funding of vehicles disposal.

All other activities will be funded from rates. For City Image services in town centres, a part of the cost is allocated to the business sector through business sector differential.

7.1.5. EDUCATION, CLEANER PRODUCTION AND BUSINESS PARTNERSHIP PROGRAMMES

Cleaner Production

The Cleaner Production activity has a long-term focus in environmental sustainability assisting Council to lead by example in areas such as energy saving, fleet management, waste minimisation and recycling; and encouraging and assisting the local community (business, residential and schools) to adopt more sustainable practices.

These activities have a long-term focus in environmental sustainability assisting Council to lead by example in areas such as energy saving, fleet management, waste minimisation and recycling; and encouraging and assisting the local community (business, residential and schools) to adopt more sustainable practices. Council has a policy to reduce the amount of waste disposed of to landfill. There is also a legal responsibility under the Local Government Act for all Councils to plan to minimise waste.

Distribution of benefits

These services help Council meet its legislative requirements and Council's own objectives and are for the benefit of the community as a whole. The support provided to adopt environmentally responsible business practices is a private benefit accruing to the businesses with positive external effects on the environment.

The period in or over which benefits are expected to occur

The benefits of this activity are ongoing and over the long term.

The effects of the actions or inaction of individuals or a group contribution to this activity

These activities have arisen due to the negative effects of the production methods that contribute to environmental pollution.

The costs and benefits of funding the activity distinctly from other activities

Imposition of user pays could be a disincentive to use the services provided, reducing the overall benefit to the community. There is no net benefit of funding this activity distinctly from other activities.

Funding sources

These activities are funded mainly from rates. Where the benefits are distributed beyond the Waitakere City community, a part of the costs is funded by external sources (including businesses, the Regional Council and the Ministry for the Environment).

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Aftercare

Aftercare services ensure that Council fulfils its legal requirements and responsibilities to manage any environmental effects of the 64 former waste disposal sites within Waitakere City. It also has responsibility to restore the sites in preparation for future use including erosion protection, re-vegetation and weed control.

The funding of this activity has arisen due to the negative effects arising from the former waste disposal sites that need to be identified and managed in a safe and environmentally acceptable manner. The generators of waste (polluters) are primarily responsible for creating the need for this activity.

Aftercare is necessary to ensure that former waste sites are clearly identified and managed in a safe and environmentally sustainable manner so that community health and safety and environmental quality are protected. Debt funding of this activity contributes to distribute the costs over a longer period, thus maintaining inter-generational equity. Aftercare contributes to the current and future social, economic and environmental wellbeing of the community.

Funding sources

The costs associated with aftercare are not treated as operating expenditure. Hence the costs of aftercare are funded from borrowings in accordance with the policy outlined in Section 3.2.

7.2 WATER MANAGEMENT

7.2.1 WATER SUPPLY

Under the Local Government Act 2002, Councils must retain the ownership of public water supply assets. Water is purchased in bulk from Watercare Services Limited, with the Council unit, Ecowater, managing the water distribution network for the City.

Most of Waitakere City is provided with a water supply service (97.5% of population), except for some properties in the rural areas. Water is supplied to all customers through water meters installed at the property boundary. Waitakere City Council works in partnership with the region in implementing the Auckland Water Management Plan.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Three Waters:** Waitakere takes an innovative approach to managing drinking water supply, wastewater and stormwater together, under the heading of The Three Waters.

Distribution of benefits

Reticulated water supply is a private good that directly benefits those who are connected to the network. This suggests the adoption of a funding source that enables Council to charge in relation to the benefits derived from the service. Water service also benefits the community as a whole through the maintenance of public health standards and the safety standards for the fire-fighting service.

The period in or over which benefits are expected to occur

The benefits of water supply network are ongoing and spread over the long term.

The effects of the actions or inaction of individuals or a group contribution to this activity

Water service does not arise because of the negative effects the actions or inactions of the individuals. However, the discharge of a part of the water used causes environmental pollution affecting public health and sanitation. This creates a necessity to provide wastewater service.

The costs and benefits of funding the activity distinctly from other activities

Adoption of user pays approach to fund the operating cost of water service is efficient, transparent and effective in managing the demand for water supply. It also directly influences the behaviour of consumers and thereby promotes the goals of the Water Cycle Strategy – current and future environmental wellbeing. The efficient use of water will generate wider environmental and economic benefits to the community in the long term. It also prevents the transfer of costs from private beneficiaries to the community. These benefits outweigh the transaction costs involved in adopting user pays.

However, the adoption of full user pays approach does not address issues concerning affordability – ability to pay. An assessment of the funding options available has revealed that whatever the funding approach adopted there is likely to be potential conflicts between the environmental, economic and cultural objectives on the one hand and the social objectives on the other.

Funding sources

The considerations stated above suggest that the most appropriate funding method for water supply is user pays charging. The Council charges

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according to the volume of water supplied, in the form of a targeted rate subject to minimum charge, under the provisions of the Local Government (Rating) Act 2002.

The Assessment of Water and Sanitary Services adopted by the Council in June 2005 aims at reducing the domestic water use per person by 25% by 2025. The user pays charging method could play a critical role in achieving this target.

Charging for water according to the volume of water use ensures that the costs of water supply infrastructure and maintenance are allocated according to the degree of benefit derived by private consumers.

7.2.2 WASTEWATER

Waitakere City Council is required to provide a wastewater service for properties in the urban area as a statutory requirement under the Auckland Metropolitan Drainage Act 1961. The Council provides wastewater service to 90 percent of properties in the city. Wastewater from the network is delivered to the Mangere Wastewater Treatment Plant of the Watercare Services Ltd for treatment and disposal.

Those remaining properties in the rural areas rely on on-site treatment and disposal systems. Waitakere City Council provides a three yearly pump out service for these systems (excluding “high tech” tanks), but ownership and maintenance remain with the property owner.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council’s strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Three Waters:** Waitakere takes an innovative approach to managing drinking water supply, wastewater and stormwater together, under the heading of The Three Waters.

Distribution of benefits

Inner area drainage services. Under the Building Act 1991, a new building must connect to the sewerage infrastructure when it is in close proximity. Properties that are connected to the system derive a benefit because all wastewater generated by the property’s occupants can be disposed of through the network. Wastewater service is a private good in that the users can be identified and charged for the use of the service, provided certain legal requirements are met.

Wastewater service minimises the negative effects of the discharge of wastewater on the community as a whole. The collection, treatment and disposal of wastewater protect public health and the environment from the potential negative effects of unhygienic disposal of wastewater.

Outer area septic tanks. As the sewerage infrastructure does not extend to the outlying parts of the City, residents and businesses in these parts of the City do not have the option of using the wastewater network service. While there is no alternative infrastructure in the outer area, there are a few alternative methods of wastewater treatment available. These options include on-site systems (septic tanks or high tech systems), composting and electric toilets.

Most residents in the outer area have chosen the option of on-site systems. The majority of residents who have septic tanks derive significant private benefits from the septic tank clean out service offered by the Council through a private contractor.

There are also public benefits in the provision of such service because it prevents or minimises the negative effects of the actions or inactions of property owners. These include the occurrence of drainage and leaks that tend to pollute groundwater, streams, and coastal waters, and nuisances to the adjoining properties.

Council also incurs costs in dealing with complaints from the public about the functioning of septic tanks. This service benefits the outer area community as a whole because proper functioning of septic tanks is very important for maintaining public health and protecting the environment.

The period in or over which benefits are expected to occur

The benefits of wastewater service are ongoing and spread over the long term.

The effects of the actions or inaction of individuals or a group contribution to this activity

These activities have arisen due to the negative effects of actions or inactions of residents.

Wastewater generation (waste production) is a negative effect of using water. Generally, high water users tend to place a higher than average demand on the system capacity. Individuals and organisations can take steps to decrease the use of wastewater services. This suggests that the operating costs should be allocated to people producing wastewater, based on the exacerbator pays principle.

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The Council's septic tank pump out service in outer area minimises the risk of failure of proper functioning of septic tanks.

The costs and benefits of funding the activity distinctly from other activities

These considerations discussed before leads to the conclusion that separate funding is the most beneficial approach to the allocation of wastewater service costs. It is transparent, and could encourage the users of the service to reduce the demand on the system. The allocation of costs to polluters would benefit the wider community because it:

- Keeps the burden of these negative effects on those who produce the discharges in line with the exacerbators-pays principle
- Ensures that the costs of the reticulated network maintenance and construction are carried by those who use wastewater services the most
- Directly influences the behaviour of individuals and organisations and thereby promote recycling and reuse
- Gives people the opportunity to reduce the costs they incur by varying the demands they place on the system

However, there are some practical difficulties and legal issues involved in separate funding.

Inner area drainage services. The most effective method of allocating costs according to the polluter pays principle would be to introduce charges based on the actual outflow of wastewater (volumetric charge system). However, the installation of separate meters for measuring wastewater outflow from households is not cost effective at present due to technological limitations. An alternative approach would be to apply a proportion of water used as a proxy for the volume of wastewater discharged from a property.

However, a volumetric charging system on wastewater is not a funding method that is legally available to the Council unless it forms a company to run its wastewater services, and Council has already resolved not to do this. The other legally available separate funding mechanisms include, for example:

- separate sewerage rate
- uniform annual charge
- pan charge

These mechanisms can be applied to design targeted rates under the Local Government (Rating) Act 2002. However, these methods also cannot precisely match the wastewater operating costs to the volume of wastewater discharged to the system.

Outer area septic tanks. The most effective way of achieving the allocation of costs on the basis of polluter pays principle would be to bill septic tank owners separately for pump-out costs and to recover other costs that cannot be allocated to users through rates. The benefits of separate billing could exceed the administrative costs involved.

Generally, the adoption of full user pays approach does not address issues concerning affordability – ability to pay. An assessment of the funding options available for water services has revealed that whatever the funding approach adopted there is likely to be potential conflicts between the environmental, economic and cultural objectives on the one hand and the social objectives on the other. This observation appears to be equally applicable to wastewater services as well.

Funding sources

Inner area drainage services; Given the legal, technical and institutional constraints explained before, the wastewater is currently funded through the rating system. From 1 July 2006 wastewater costs will be recovered using a uniform annual change for residential type properties combined with a targeted rate, calculated on land value. Business Sector and non rateable properties will pay a targeted rate calculated on land value.

Council intends to reduce wastewater overflows in the inner drainage area by 50% by 2025. In adopting the Assessment of Water and Sanitary Services, the Council confirmed the proposal to consider targeted rates or wastewater charges based on 80% of water use.

Outer area septic tank: The costs of the activities related to the disposal of sewerage are recovered as a targeted rate set at a fixed rate on all properties in the parts of the City where there is no sewer reticulation under the provisions of the Local Government (Rating) Act 2002.

A targeted rate described as the Rural Sewerage Charge is set as a fixed charge on all rating units in the Non-Drainage Area of the City as defined in the Description of the Differential Rating System where there are septic tanks, long drops or grease traps that are scheduled to be inspected and/or pumped out by the Council within the three-yearly cycle, to recover the costs of implementation of the On-site Waste Systems Management Plan. The fixed charge will be levied in respect of each septic tank, long drop or grease trap utilised in conjunction with the particular rating unit.

Environment Monitoring

A targeted rate described as the Environment Monitoring Charge is set as a fixed charge on all rating units in the Non-Drainage Area as defined

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in the Description of the Differential Rating System, including vacant land and properties with high tech septic tanks or on-site treatment systems which are not scheduled to be inspected and/or pumped out by the Council within the three yearly cycle and where those on-site treatment systems are evidenced as being currently maintained to recover the costs of monitoring and addressing pollution of watercourses.

7.2.3 STORMWATER

The Local Government Act 2002 requires local authorities to maintain their capabilities to provide water services, which include stormwater. Unlike the water and wastewater services, which operate in conjunction with Watercare Services Limited, the Council's stormwater system is operated independently of regional network utility operations.

The effective management of stormwater runoff is necessary to protect the health and safety of the community, minimise property damage and protect the natural environment. While some of the City's urban areas are provided with a fully piped stormwater service, in many areas the system is a combination of pipe systems and open watercourses. Only one third of properties have a piped stormwater connection.

The Council focuses on sustainable solutions to stormwater management problems. Identification and maintenance of overland flow paths and restoration of stream banks (such as that carried out under Project Twin Streams) constitute more sustainable solutions adopted in mitigating the flood hazards.

How this group of activities contribute to community outcomes.

This group of activities primarily seeks to further the Council's strategic direction and the achievement of the community outcomes through the following strategic platform:

- **Three Waters:** Waitakere takes an innovative approach to managing drinking water supply, wastewater and stormwater together, under the heading of The Three Waters.

Distribution of benefits among different groups

The benefits of storm water service accrue to both individuals and the wider community. There are specific benefits to those properties which are more prone to the effects of storm water flows.

Distribution of benefits over time

The benefits accrue over a long period, and hence costs need to be appropriately allocated between the current and future users.

Whether the activity is needed to mitigate negative effects

These activities have arisen due to the negative effects of actions or inactions of residents. In part, they are required to cope with the effects of the City's growth.

Flood Prevention: The need for flood prevention is brought about by urbanisation, which alters the natural flow of water. The construction of impermeable surfaces (roofs, parking areas, roads) generates more run-off than the natural rate.

Private individuals cause the need for (and receive the benefit of) drainage systems when they build impermeable surfaces. The higher the ratio of impermeable to permeable surface area, the greater will be the amount of run-off. This suggests that the maintenance costs of flood prevention that can be attributed to the private property owners.

Commercial and industrial properties generate on average three times as much run-off as residential properties because commercial properties, on average, cover more of the site in impermeable surfaces such as roofs, driveways and car parks.

Some of the costs associated with flood prevention are as a result of run-off from community facilities and assets such as bridges, roads and utility services. These costs can be allocated to the community as a whole.

Pollution control: Approximately 60% of the expenditure associated with pollution control is required because of pollution caused by motor vehicles. The remainder is more general urban pollution from plastic litter, pet and livestock faeces and septic tanks in the rural areas.

This suggests that 60% of the costs associated with pollution control should be allocated to motor vehicle users while the remaining 40% should be allocated to the community in general as it is impossible to identify individuals responsible for causing pollution.

Costs and benefits of separate funding

The adoption of polluter pays approach to fund the cost of negative effects stated above can reduce the burden on ratepayers. However, there are several major practical and legal problems in sharing costs according to this principle.

Funding sources

It is not possible, at this point in time, to allocate any costs to motor vehicle users or to private properties on the basis of impact. The only mechanism

currently available for levying motor vehicle users would be through increasing the petrol tax or road user charges – however Council has no control over this as central government sets the petrol tax and charges.

For these reasons, apart from the share of capital costs allocated to developers, all operating costs will continue to be allocated to the community as a whole through rates, with the business sector paying a higher proportion of costs than would be allocated on land value alone.

Because of the practical limitations involved in cost sharing on the basis of polluter pays principle, the community as a whole will pay more through rates than would otherwise be the case.

The development of GIS systems has allowed some overseas cities to shift from a rates-funded situation to one based on the impact principle. That is the property, which generates the run-off, pays more towards the costs of maintaining the system. The possibilities of adopting this approach under the provisions of the Local Government (Rating) Act 2002 need to be explored.

8. 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

The allocation of revenue needs to those who directly benefit from the services or those who are responsible for causing the costs to Council is considered to be an efficient and effective method of funding the services which have the characteristics of private goods. User pays methods generally contribute to the current and future environmental and economic wellbeing of the community through efficient use of scarce resources.

The costs of services which are public goods in character or generating positive externalities to the whole community are funded from rates as it is a fair and equitable to share the costs by the entire community. The Council also applies targeted rates where such separate funding is needed because of specific circumstances. Funding of such activities from general rates or targeted rates can contribute to the current and future social environmental, economic and cultural wellbeing of the community.

When there are potential conflicts among the four elements of wellbeing, the Council adopts a mix of funding sources to achieve some balance in the outcomes. Council attempts to reduce the financial burden on groups, who in the opinion of the Council need to be supported, by providing part funding through general rates. Council also attempts to reduce the burden of funding on the entire community by facilitating partnerships with government agencies and other territorial local authorities and regional authorities.

The adoption of a mix of financing methods stated above enables the Council to achieve a balance in the overall impact on the current and future social, economic, environmental and cultural wellbeing of the community.

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