## 7.2 REVENUE AND FINANCING POLICY REVIEW 2027-37: FUNDING NEEDS ANALYSIS AND PROPOSED POLICY DIRECTION

**File Number:**

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### PURPOSE

This report seeks Council's direction on the review of the Revenue and Financing Policy, being reviewed as part of the 2027-37 Long-Term Plan process, before a draft policy is prepared for Council's adoption for consultation.

### EXECUTIVE SUMMARY

The Local Government Act 2002 (LGA) requires Councils to have a Revenue and Financing Policy, which forms part of the Council's financial management framework.

Officers have reviewed the 2024 Revenue and Financing Policy, and the supporting section 101(3) LGA funding needs analysis as part of the 2027-37 Long-Term Plan process. The review has considered legislative requirements, current good practice, recent Council decisions and the implications arising from the transition of water services to Waitī Waters.

Elected Members have discussed the proposed policy direction and key updates at workshops in June, July and August.

A thorough review of the Policy was undertaken as part of the 2024 Long-Term Plan process. This review has found that the majority of the current funding Policy framework remains appropriate.

The primary focus has therefore been on responding to changes resulting from the three waters transition and improving the transparency, consistency and robustness of the section 101(3) analysis. This review has identified a small number of proposed changes to funding allocations and rating mechanisms.

The key proposed changes relate to:

- updating the urban and rural population allocation to reflect current population data (78.3 percent urban, 21.7 percent rural);
- changing the Roading- Storm Damage Fund activity to a population-based split rather than allocating the majority of costs to rural rates;
- moving Rural Solid Waste activity costs from a Targeted Uniform Charge to a Capital Value-based rate;
- moving the rural share of Parks, Reserves and Cemeteries activities to Capital Value-based rates; and
- allocating the rates-funded component of Animal Control activity costs to 90 percent urban and 10 percent rural from a Targeted Uniform Charge (79 percent urban, 21 percent rural).

This report seeks Council's direction on the proposed changes to inform the draft Revenue and Financing Policy.

## RECOMMENDATIONS

That Council:

1. **receives** the report;
2. **notes** the funding needs analysis and overall impact assessment (as required by section 101(3) of the Local Government Act 2002), is attached as Attachment 1;
3. **notes** that the proposed Revenue and Financing Policy does not consider or propose changes to service levels, levels of investment, asset standards, or the scope of services provided by the Council;
4. **notes** that water services activities will be removed from the proposed Revenue and Financing Policy due to these services transferring to Waitī Waters;
5. **agrees** that officers prepare a draft Revenue and Financing Policy on the basis of the following:
    a. revise the urban/rural population split from 79 percent urban and 21 percent rural to 78.3 percent urban, 21.7 percent rural in alignment with the latest population data;
    b. allocate funding for the Roading - Storm Damage funding activity from 70 per cent rural and 30 per cent urban to align with the proposed urban/rural population allocation above of 78.3 percent urban and 21.7 percent rural;
    c. change the rates-funded component of Rural Solid Waste activity from a Targeted Uniform Charge to a Capital Value-based rate;
    d. change the rural share of Parks, Reserves and Cemeteries activities from a Targeted Uniform Charge to a Capital Value-based rate;
    e. change the urban/rural allocation of the rates-funded component of Animal Control activity costs from population data of 79 percent urban properties and 21 percent rural properties to 90 percent urban properties and 10 percent rural properties;
6. **agrees** to an additional Council meeting on 7 October 2026 for officers to report to Council with the draft Revenue and Financing Policy, proposed consultation material and recommended consultation approach for approval prior to consultation commencing.

## CONTEXT

The Local Government Act 2002 (LGA) requires councils to adopt a Revenue and Financing Policy (the Policy) that sets out how the Council will fund its operating and capital expenditure. The Policy is a key component of Council's financial management framework and directs how Council will source, fund and deliver Council services and activities.

Funding sources available to Council include rates, fees and charges, borrowing, subsidies, grants, development contributions and other revenue sources. The Policy sets out:

- the funding tools available to Council;
- the factors Council considers when selecting funding sources;
- Council's approach to funding operating and capital expenditure; and
- how the costs of individual activities are allocated between different sectors of the community.

In developing and reviewing the Policy, Council is required to apply the two-step process set out in section 101(3) of the LGA[1]. This requires Council to firstly assess the funding requirements of each activity and then to consider the overall impact of funding decisions on the current and future interests of the community.

As part of preparation for the 2027-37 Long-Term Plan, officers have undertaken a review of the current Policy, including the supporting section 101(3) analysis. The review has focused on responding to the transition of three water activities to Waitī Waters whilst also ensuring the Policy remains fit for purpose, reflects current service delivery arrangements, incorporates recent Council decisions, aligns with community outcomes, and clearly demonstrates compliance with legislative requirements.

The draft section 101(3) funding needs analysis, prepared as part of this review, is included as Attachment 1. The analysis records Council's consideration of section 101(3) funding principles for each activity and provides the rationale that supports the proposed funding approach.

Across all the options proposed in this report there is the impact of the Head Start process and potential amalgamation. This could mean we are reviewing the Policy again quite soon after this review. The Council still needs to review the Policy to comply with the LGA and Rating Act regardless of potential future decisions or direction.

**Out of Scope**

This review focuses on how Council activities are funded and how funding responsibilities are allocated across the community.

It does not consider or propose changes to service levels, levels of investment, asset standards, or the scope of services provided by the Council. Any future decisions relating to levels of service will be considered through the development of the 2027-37 Long-Term Plan and associated Asset Management Plans, or specific project and service reviews as appropriate.

*Funding of Roading Costs*

The current policy includes a Roading Rate and Roading Charge with a differential between urban and rural created by allocation of a larger share of roading costs to rural properties, reflecting that an average of 70% of subsidised roading expenditure is spent on rural roads. All rural property types, including farms, forestry, lifestyle, horticultural and coastal properties, currently contribute on the same basis (30% via a targeted charge and 70% via a rate per dollar of land value). The roading network is an asset which benefits all properties that have access to it, facilitating the property use and resulting economic benefit, whatever the land use.

As part of the 2024 Revenue and Financing Policy review, the Council considered whether forestry should pay a greater share of rural roading costs due to that land use activity having a higher impact on road wear at harvest. Officers investigated this issue and assessed available modelling and local data (see report to Council on 18 February 2026). Officers have also been proactive in challenging valuation methodology that discounts forestry-use land values. The Valuer General is currently reviewing those valuation rules, but it will not result in changes in time for the 2026 rating revaluations.

While forestry is recognised as a significant contributor to wear on some rural roads, the Council concluded that the evidence and data available were not robust enough to support a forestry-

[1] https://www.legislation.govt.nz/act/public/2002/84/en/latest/#DLM170873

specific rating approach. The Council also found that much of the activity contributing to road wear could not be reliably identified and therefore targeted through the rating system. As a result, the Council decided not to pursue a forestry-specific differential at that time.

In August 2026 the Council has received a Morrison Low Advisory (MLA) report focused on identifying the impact of heavy vehicle activity on Wairarapa roads and linking those vehicle movements to different land uses. The MDC section of the report remains subject to clarification. The report has yet to be analysed and the logic tested and staff have yet to meet with authors of the report to understand the roading costs they have used, the allocations they have made and where conclusions can be drawn. Their report (relating to MDC) remains in draft so will not be circulated yet.

The Council's current policy of allocating 70% of the rates required for subsidised roading to rural properties is already partially targeting the impact of heavy vehicle usage.

Currently forestry-use land makes up 4% of the district's LV and is paying 5% of the rates applied to subsidised roading. One of the biggest data gaps Councils have is the forested area on pastoral farms. If forestry was to be targeted with a differential, greater specificity will be needed from Quotable Value to apply apportionments for forestry use.

At this stage of the Revenue and Financing Policy review, there has not been the time to consider introducing new differentials to target forestry or other land uses. The MLA report provides one methodology to assess what traffic movements impact road deterioration, but the wider community benefits of the roading network need to be given consideration as well.

As a result, no changes are proposed based on this latest analysis, and it is recommended the current approach to funding rural roading should remain in place. Further analysis and possible refinement of the MLA methodology is needed before proposing defendable change. The option to implement such a change can be left open to consult on in the future and potentially implement in 2028/29.

## Local Government (Rating) Act 2002 Considerations

When reviewing the Policy, Council must also consider the provisions of the Local Government (Rating) Act 2002 (the Rating Act). This requires an assessment of the available rating mechanisms, and the impact of any proposed changes to the rating base, such as the impact of changes in population and property values.

*Impact of Water Services Transition on Uniform Charges*

With responsibility for water services transferring to Waitī Waters from 1 July 2027, the Policy will no longer determine funding allocations for water supply, wastewater and stormwater activities. This has implications for the Policy as there is a limit on the proportion of total rates revenue that may be collected through certain rating mechanisms, including through Targeted Uniform Charges (TUCs)[2]**.** Only 30 percent of rates can be obtained via TUC. Other options available to the Council include rating based on Capital Values (CV) and Land Values (LV).

The removal of water services from Council's rating activities results in a higher percentage of rates coming from TUC (32.2 percent), putting the Council above the statutory limit of 30 percent.

[2] The same dollar amount is charged for each type of property e.g. all urban properties are charged the same Targeted Uniform Charges.

To bring the TUC level within the compliant range, officers have reviewed the funding and rating approach for all Council activities and propose changes that ensure the policy continues to:

- reflect Council's funding intentions;
- remain consistent with the outcomes of the section 101(3) analysis;
- comply with the requirements of the Rating Act; and
- maintain an appropriate balance between uniform and value-based rating mechanisms.

*Rating Base*

Proposed changes to the rating base are attached to this report as Attachment 2.

Population split is one of the inputs used when determining the allocation of costs between urban and rural areas and is used to allocate costs for a number of district-wide activities. It acts as a proxy for estimating access to, and use of, Council services that primarily benefit people rather than property.

Population-based allocations are generally used where the benefits of an activity are shared across parts of the community, and where property values do not provide a reasonable indicator of benefit. Examples include libraries, archives, community facilities and several regulatory and governance activities.

In 2024 the estimated resident population data (population data) from Statistics New Zealand (Stats NZ) was adjusted. This resulted in a reduction in the estimated population.

Officers propose using the revised population data for the rating base assumptions in the Policy. This results in a modest increase in the proportion of the population residing in rural areas. As a result, where funding allocations are based on population, the rural share of costs increases slightly for the 2026 policy review.

The revised population split is:

- Urban: 78.28 percent (previously 79 percent)
- Rural: 21.72 percent (previously 21 percent)

*Revaluations*

The imminent rating revaluation will result in changes to both Capital Value (CV) and Land Values (LV) for properties across the district. These changes may affect the distribution of rates for activities funded using value-based rating mechanisms, and given that, further sense checking of the impacts of the revaluation will be done in December / January.

**Work undertaken**

Officers have undertaken a comprehensive review of the Policy and the supporting section 101(3) of the LGA funding needs analysis. This included consideration of recent Taituarā guidance and a review of current activities and funding mechanisms available to the Council.

Workshops were held with elected members on 10 June, 15 July and 12 August 2026 as well as a supporting elected member survey. Through these mechanisms elected members provided direction on the overall approach to the review, the application of funding principles, and a number of potential changes to funding allocations and rating mechanisms.

## ANALYSIS AND ADVICE

### Section 101(3) Analysis

The analysis attached at Attachment 1 records Council's consideration of the matters set out in section 101(3) of the LGA. The assessment for each activity considers:

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | What Long-Term Plan outcomes the activity contributes to |
| **Distribution of benefits** | Public benefit and private benefit |
| **Period of benefit** | Current generation, future generations, or both |
| **Exacerbator pays** | Whether costs can be attributed to those creating demand or costs |
| **Costs and benefits of funding methods** | Why rates, fees, charges, grants or loans are appropriate |
| **Operating funding mix** | Funding sources and approximate proportions |
| **Capital funding approach** | How renewals, growth and upgrades are funded (if applicable) |
| **Rating basis (if applicable)** | Capital Value, Land Value, Targeted Uniform Charge, Targeted Service Charge, Population (urban/rural) |

Officers also considered the overall impact of the resulting funding allocations on the current and future social, economic, environmental and cultural wellbeing of the community (as required by section 101(3)(b) of the LGA, which is also summarised in Attachment 1).

This included consideration of affordability, fairness, the distribution of costs between urban and rural ratepayers, intergenerational equity, community wellbeing outcomes, resilience and the long-term sustainability of funding arrangements.

Overall, officers consider that the existing funding framework remains appropriate and continues to achieve a reasonable balance between user-pays principles, community benefit and affordability. The review has found that the majority of existing funding allocations also remain appropriate.

The primary focus of the review has therefore been to improve the transparency, consistency and robustness of the supporting analysis, while identifying a small number of areas where changes to funding allocations or rating mechanisms may better reflect the distribution of benefits and Council's desired funding approach.

### Key Proposed Changes

Officers recommend Council consider the following changes:

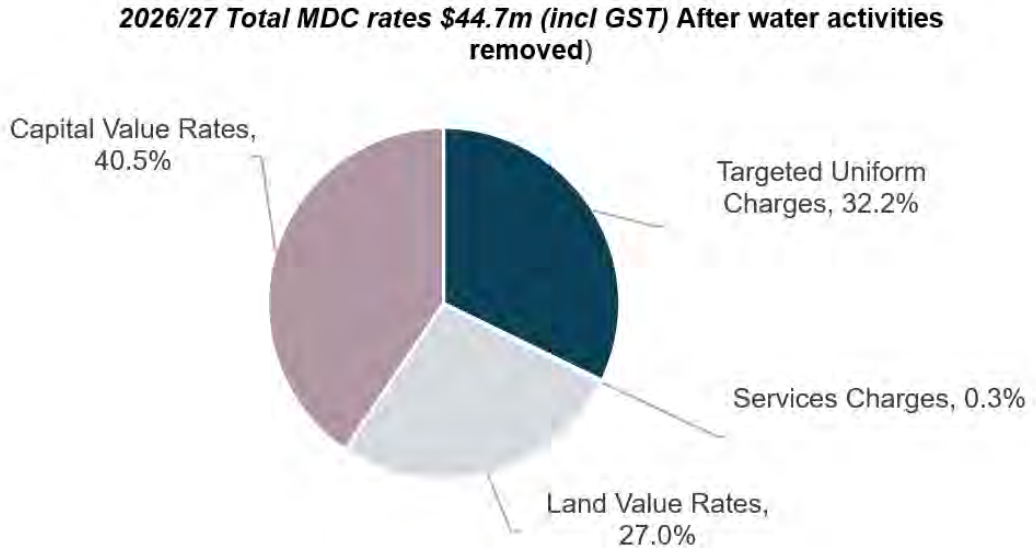
| Proposed change | Current Policy | Rationale |
|---|---|---|
| Update and Use the 2026 Urban/Rural Population Split for Allocations | The population split previously was:<br>• Urban 79 percent<br>• Rural 21 percent | Since the previous review, the proportion of the district's population residing in rural areas has increased slightly. Officers therefore recommend updating the population allocation used throughout the Policy to urban: 78.28 percent and rural: 21.72 percent. This reflects and aligns with the latest population estimates. |

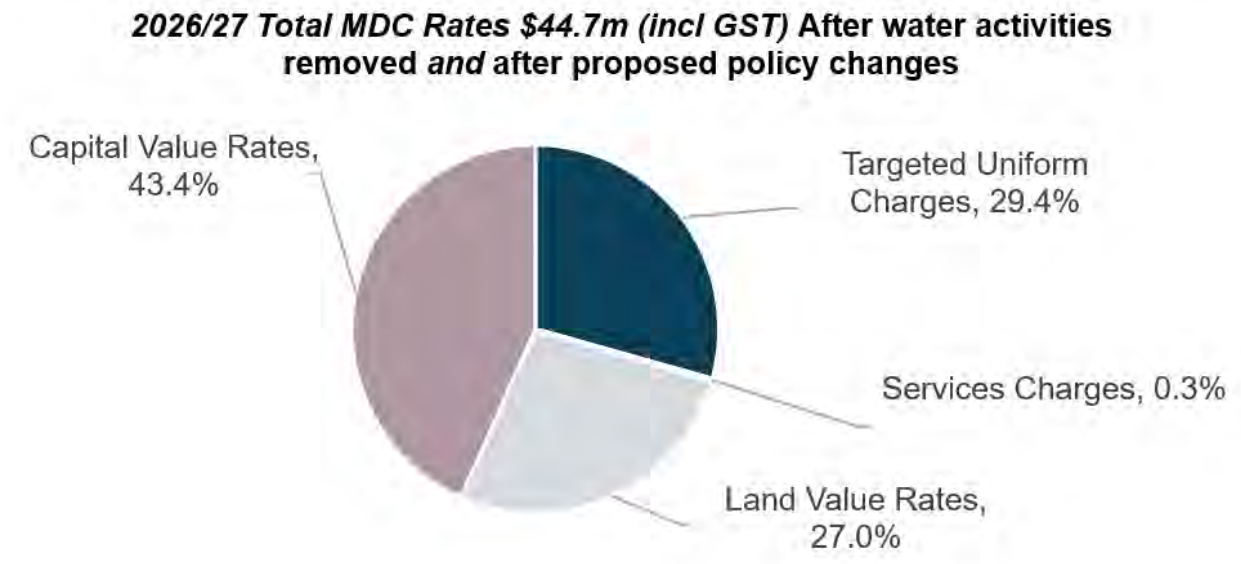
| Proposed change | Current Policy | Rationale |
|---|---|---|
| Allocate Roading - Storm Damage Funding on a Population basis.<br><br>*Council currently rates $500,000 plus GST per annum to restore the Storm and Flood Damage Fund, which is used following severe weather events that impact the roading network.* | These costs are currently allocated 70 percent to rural properties and 30 percent to urban properties. This reflects the historical view that the majority of expenditure on storm related damage occurs on rural roads and reflected the expenditure of the roading budget in rural areas. | Officers consider the current approach does not adequately reflect the distribution of benefits arising from storm damage recovery and resilience funding.<br><br>The benefits of maintaining a resilient and connected transport network are shared across the district through continued access to homes, businesses, schools, health services, emergency response and freight routes. The increasing frequency and severity of severe weather events mean that impacts may occur across the wider (rural or urban) transport network and infrastructure.<br><br>Officers therefore recommend allocating storm damage costs using the revised urban/rural population allocation. This approach better reflects the district-wide benefits of resilience and recovery funding and provides a more equitable allocation of costs between urban and rural communities. |
| Allocate Rural Solid Waste costs through a Capital Value rate. | The rates-funded component of rural solid waste is funded through the rural targeted uniform charge. Costs are allocated after the separate targeted charge set for beach (coastal community) collections. | Officers recommend moving the rates-funded component of Rural Solid Waste to a Capital Value-based rate. This does not change the underlying assessment of benefits but changes the method by which the rates-funded component is allocated. The change would improve consistency with the urban funding approach and reduce Council's reliance on uniform charges. |
| Allocate the rural share of Parks, Reserves and Cemeteries costs through a Capital Value rate | Council currently funds the rural share of Parks & Reserves and Cemeteries through a TUC. | Officers recommend moving the rural share of these activities to a Capital Value-based rate.<br><br>This does not change the underlying assessment of benefits but changes the method by which the rates-funded component is allocated. The proposal improves consistency between urban and rural funding approaches and contributes to reducing overall reliance on uniform charges. |
| Animal Control Costs Allocated 90 percent Urban and 10 percent Rural | Council currently allocates Animal Control costs between urban and rural areas based on population | Officers recommend allocating the rates-funded component of Animal Control 90 percent to urban properties and 10 percent to rural properties. This reflects the assessment that the majority of demand for the service, complaints, |

| Proposed change | Current Policy | Rationale |
|---|---|---|
| | using a TUC. | education and enforcement activity occurs within urban areas while recognising that the activity provides public safety benefits across the district. |

The financial and rating impacts of these proposed changes are outlined in Attachment 3. The Rating Funding Impact Statement for 2027/28 will reflect the changes to the mix of CV rates and targeted charges as described above[3].

Below are graphs of the overall proportions of rates before and after the proposed policy changes.




[3] To achieve this we will eliminate the urban-only Civic Amenities (CV) Rate and convert the Sundry Facilities (CV) Rate to a rate called the Facilities & Amenities (CV) Rate.

## OPTIONS CONSIDERED

A summary of the options considered is included in the table below.

| Option | | Advantages | Disadvantages |
|---|---|---|---|
| 1 | Consult on the proposed changes identified through the review and seek community feedback. | Reflects current Council direction and workshop discussions.<br>Improves compliance with section 101(3) requirements.<br>Improves transparency and consistency of the policy.<br>Better aligns funding allocations with assessed benefits and service demand.<br>Reduces TUCs to within the statutory limit following the removal of water services from the rating base.<br>Enables community feedback on proposed funding allocation changes before final decisions are made. | Results in some redistribution of rates between urban and rural areas that may not be considered equitable by all. |
| 2 | Undertake a broader review of all activity funding allocations and rating mechanisms. | Enables a comprehensive reassessment of Council's funding framework.<br>Provides an opportunity to reconsider all funding assumptions and rating mechanisms. | Risks reopening funding decisions that are not considered problematic.<br>May create uncertainty ahead of the Long-Term Plan process.<br>Significantly increases the scope, time and complexity of the review.<br>Would likely delay completion of the Policy review.<br>May result in further changes as amalgamation proposals progress. |

## RECOMMENDED OPTION

Option one is recommended. This option reflects the outcomes of the review undertaken to date, responds to direction provided by elected members through the June, July and August workshops and an elected member survey. This option also improves the transparency and robustness of the

Council's section 101(3) LGA analysis. Consulting with our community will help us understand the impacts of any proposed changes before any decisions are made.

**Other option considered**

*Do not change current funding allocations or rating mechanisms*

If the Council resolves not to make changes to the policy, the proportion of rates would exceed the 30 percent limit on Targeted Uniform Charges (TUC) prescribed by the Rating Act. This option does not incorporate recent analysis and does not consider updated rating base assumptions (e.g. population and land values). This is not a reasonably practicable option because it is contrary to law.

**SUMMARY OF CONSIDERATIONS**

**Strategic, Policy and Legislative Implications**

The Policy is a statutory policy required under sections 101, 102 and 103 of the LGA. The primary focus for this review is the removal of three waters activities. The current review has been undertaken to reflect the shift of water activities to Waitī Waters and ensure the Policy continues to provide an appropriate framework for funding Council activities, reflects recent Council decisions, and complies with the requirements of the LGA and Rating Act. These matters are discussed in more detail in the body of this report.

**Significance, Engagement and Consultation**

Officers have assessed the proposed changes against Council's Significance and Engagement Policy. The proposed amendments are considered to be of medium significance. The review does not propose changes to levels of service, strategic assets, Council's strategic direction or the overall level of rates revenue required. Instead, the proposals primarily affect the allocation of costs between parts of the community and the rating mechanisms used to recover those costs.

While the overall significance of the review is considered medium, several proposals may be of particular interest to urban and rural ratepayers as they result in changes to the proportion of rates they pay for activities. Officers therefore consider that community consultation in accordance with section 82 and 83 of the LGA is appropriate and consistent with the Council's Significance and Engagement Policy.

**Financial Considerations**

As noted, the Policy outlines how Council will fund its activities and services; and which parts of our community will contribute and how. Overall, the combined effect of the proposed changes is articulated in examples provided in Attachment 3.

**Implications for Māori**

Council policy must support the principles set in the preamble to the Te Ture Whenua Māori Act 1993. Council supports these principles through considering how the status of Māori freehold land affects the LGA’s 101(3) funding principles. There are very few properties in the district that identify as Māori Freehold Land.

In particular, the distribution of benefits can be different for Māori Freehold land compared to land in general ownership e.g. increased land values can be realised through the sale of general land but not Māori Freehold Land. As every block of Māori Freehold Land is different and requires specific consideration, the Council's approach is to support the principles of the Te Ture Whenua Māori Act 1993 through its policies on Rates Remission and Postponement on Māori Freehold Land to provide for the most appropriate support for the particular circumstances of the block of land, its ownership structure and the aspirations of the owners.

The Rates Remission and Postponement on Māori Freehold Land Policy is being reviewed as part of the 2027 Long-Term Plan process.

**Communications/Engagement Plan**

Subject to Council's agreement with the proposed policy direction and changes, officers will develop consultation material consistent with Council's Significance and Engagement Policy and the requirements of section 82 and 83 of the LGA.

The consultation material (Statement of Proposal) will:

- explain the purpose of the Policy review;
- identify the proposed funding and rating changes;
- outline the rationale for the proposed changes;
- provide information on the likely impacts of the proposals on different groups of ratepayers;
- make the draft Policy and supporting section 101(3) analysis publicly available; and
- provide opportunities for interested and affected persons to present their views.

The detailed section 101(3) activity assessments will be available as supporting information. Consultation will focus primarily on those proposals that alter the incidence of rates or change funding responsibilities between groups of ratepayers.

Officers propose that community feedback be sought through a combination of:

- an online submission form;
- hard copy submission forms;
- a community information session; and
- a hearing.

The timing, scope and format of consultation will be reported to Council as part of the next stage of the review, together with the draft Revenue and Financing Policy, supporting consultation material and a proposed consultation timetable.

### Environmental/Climate Change Impact and Considerations

There are no specific environmental/climate change implications associated with adopting the Policy consultation document. The consultation approach is primarily online, which better aligns with environmental objectives.

## NEXT STEPS

Subject to Council's direction, officers will prepare a draft Policy incorporating the agreed policy changes and finalise the supporting section 101(3) of the LGA funding needs analysis.

Officers will then develop the consultation material, including information on the proposed funding changes and their impacts on different groups of ratepayers and report to Council on 7 October 2026.

Consultation is proposed between 12 October to 12 November 2026 (one month).

Following consultation, feedback will be analysed and reported back to Council to inform final deliberations and adoption of the Policy as part of the broader 2027-37 Long-Term Plan process.

## ATTACHMENTS

1. **Attachment 1: Funding needs analysis and overall impact: Consideration of Appropriate Funding Sources** ⇩
2. **Attachment 2: Rating Base Assumptions** ⇩
3. **Attachment 3: Rates Impacts** ⇩

**Attachment 1: Funding needs analysis and overall impact: Consideration of Appropriate Funding Sources**

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## Assessment Framework

The assessments below summarise Council's consideration of the matters set out in section 101(3) of the Local Government Act 2002 when determining the appropriate funding sources for each activity. The assessments are intended to provide a high-level record of the factors considered and should be read alongside the Revenue and Financing Policy and Funding Impact Statement.

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | What outcomes (aligning with the Long-Term Plan) this activity contributes to. |
| **Distribution of benefits** | Public benefit and private benefit. |
| **Period of benefit** | Current generation, future generations, or both. |
| **Exacerbator pays** | Whether costs can be attributed to those creating demand or costs. |
| **Costs and benefits of funding methods** | Why rates, fees, charges, grants, or loans are appropriate. |
| **Operating funding mix** | Funding sources and approximate proportions. |
| **Capital funding approach** | How renewals, growth and upgrades are funded. |
| **Rating basis (if applicable)** | Capital Value, Land Value, Targeted Uniform Charge, Targeted Service Charge, Population (urban/ rural) |

## Airport

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Thriving and Resilient Economy by providing strategic transport infrastructure that supports business activity, investment, tourism and regional connectivity. The activity also supports Efficient, Safe and Effective Infrastructure through the provision of a regionally significant transport asset and contributes to community resilience through emergency and medical transport services. |
| **Distribution of benefits** | Public benefits arise through economic development, regional connectivity, recreational opportunities and Life Flight operations serving the Wairarapa region. Private benefits accrue to airport users, commercial operators, lessees, recreational users and event organisers. Public benefit is assessed at approximately 40% of operating costs. |
| **Period of benefit** | Operating expenditure primarily benefits current users and residents. Airport infrastructure, including the runway and lighting assets, provides benefits over a long period and across multiple generations. |
| **Exacerbator pays** | Airport users contribute through landing charges, ground leases and event charges, ensuring identifiable users contribute directly to the costs of the activity. |
| **Costs and benefits of funding methods** | Users can be readily identified and charged through leases, landing fees and event charges. Rates funding recognises the wider economic, strategic and emergency management benefits that accrue to the district as a whole and cannot be fully attributed to individual users. |
| **Operating funding mix** | User charges, lease income and event revenue are targeted to recover approximately 60% of operating costs. The remaining 40% is funded from rates. |
| **Capital funding approach** | Renewals are funded from depreciation reserves. Development and growth projects are funded through a combination of loans, capital contributions, lease-generated revenue and external grants. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Animal Control (Including Dog Control)

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by promoting responsible animal ownership, public safety and community wellbeing. The activity contributes to safe, healthy and welcoming neighbourhoods through education, regulation and enforcement. |
| **Distribution of benefits** | Public benefits arise through improved community safety, reduced nuisance from dogs, and protection of public health. Private benefits accrue to dog owners through registration services, education and access to animal control services. Council assesses the public benefit component at approximately 30% of activity costs. The majority of service demand arises within urban areas. |
| **Period of benefit** | Benefits are primarily realised by the current community through ongoing regulatory, education and enforcement activities. |
| **Exacerbator pays** | Dog owners contribute through registration fees and service charges. Owners who fail to comply with legislative requirements contribute through infringement fines and shelter fees. |
| **Costs and benefits of funding methods** | Dog owners can be readily identified and charged for a significant proportion of the costs. Rates funding recognises the wider community benefits arising from responsible dog ownership, public safety and reduced nuisance. |
| **Operating funding mix** | Registration fees, pound fees and infringement fines are targeted to recover approximately 70% of costs. The remaining 30% is funded from rates. |
| **Capital funding approach** | Capital expenditure relating to animal control facilities and infrastructure is funded in accordance with Council's capital funding policies, including borrowing, reserves and rates where appropriate. |
| **Rating basis** | Rates funding is recovered through a Targeted Uniform Charge. Costs are allocated 90% to urban properties and 10% to rural properties, reflecting the distribution of service demand. |

## Archive

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Pride in our Identity and Heritage by preserving, protecting and making accessible the district's historical records and collective memory. The activity also supports An Engaged and Empowered Community through education, research and public access to local history. |
| **Distribution of benefits** | Benefits are predominantly community-wide. The Archive preserves historical records for current and future generations, supports education and research, and contributes to community identity and understanding of the district's history. Direct benefits accrue to individuals undertaking research, accessing records, photographs and other historical resources. |
| **Period of benefit** | Benefits are strongly intergenerational. The Archive preserves records and historical information for future communities while also providing immediate benefits to researchers, schools, community groups and residents. |
| **Exacerbator pays** | Not applicable. There is no identifiable individual or group whose actions create the need for expenditure on this activity. |
| **Costs and benefits of funding methods** | Council considers the preservation of local history and heritage to be an important community service. While individual users receive direct benefits through research access and staff assistance, significant user charges could discourage access and conflict with the objective of preserving and sharing the district's heritage. Limited charges may be applied where users require specific research assistance, copying or reproduction services. Rates funding recognises the substantial community and intergenerational benefits of maintaining the Archive collection. |
| **Operating funding mix** | User charges recover approximately 5% of activity costs. The remaining costs are funded from rates. |
| **Capital funding approach** | Capital expenditure relating to archival facilities, preservation systems and collection management is funded through Council's capital funding policies, including reserves, depreciation funding, grants and borrowing where appropriate. |
| **Rating basis** | Rates funding is recovered through the Targeted Uniform Charge. Costs are allocated between urban and rural areas using population allocation. |

## Arts & Culture

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Pride in our Identity and Heritage by enabling access to arts, culture, history and creative experiences that celebrate and reflect the district's unique identity. The activity also supports An Engaged and Empowered Community through participation, learning, creativity and cultural expression. |
| **Distribution of benefits** | Public benefits include a more informed, educated and connected community, enhanced quality of life, and broader cultural enrichment. Private benefits accrue to individuals who attend exhibitions, events and programmes. |
| **Period of benefit** | Operating expenditure provides immediate benefits to current residents and visitors. Cultural institutions and community identity also provide longer-term benefits to future generations. |
| **Exacerbator pays** | Not applicable. There is no identifiable group whose actions create the need for this activity. |
| **Costs and benefits of funding methods** | User charging would create barriers to participation and may reduce access to cultural experiences. As the majority of benefits accrue across the wider community, rates funding is considered appropriate. External funding is also sought to supplement Council funding. |
| **Operating funding mix** | Predominantly rates funded. Council's funding arrangements require the Wairarapa Cultural Trust/Aratoi to achieve at least 20% of funding from sources other than Council. |
| **Capital funding approach** | Renewals and capital improvements are funded through Council's capital funding policies, including reserves, grants, borrowing and depreciation funding where appropriate. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Building Services

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Efficient, Safe and Effective Infrastructure by ensuring the district's built environment is safe, resilient and compliant with statutory standards. The activity also supports an Engaged and Empowered Community by protecting the health and safety of residents and building users. |
| **Distribution of benefits** | Public benefits arise through the consistent application of building standards, protecting public safety and community wellbeing. Private benefits accrue to property owners, developers and occupiers through the approval and inspection of building work and protection of asset values. Council assesses the public benefit component at up to 20% of activity costs. |
| **Period of benefit** | Benefits are realised both immediately through regulatory oversight and over the life of buildings through improved safety, quality and durability. |
| **Exacerbator pays** | Applicants undertaking building work contribute through building consent and inspection fees, recognising the demand they place on the service. |
| **Costs and benefits of funding methods** | A significant proportion of the activity can be funded by identifiable users through consent fees. However, rates funding is appropriate to recognise the wider public benefit associated with maintaining safe and compliant buildings across the district. |
| **Operating funding mix** | Building consent and related fees recover a significant proportion of costs. The balance is funded from rates, with the proportion varying according to levels of building activity. |
| **Capital funding approach** | Primarily an operating activity. Any capital expenditure associated with service delivery systems or facilities is funded through Council's capital funding policies, including reserves, borrowing and rates where appropriate. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Cemeteries

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Pride in our Identity and Heritage by preserving places of historic, cultural and community significance and providing for the respectful remembrance of past generations. The activity also supports an Engaged and Empowered Community through the provision of an essential community service. |
| **Distribution of benefits** | Public benefits arise through the availability of cemetery services, heritage preservation, community amenity and open space values. Private benefits accrue to the families and loved ones of those interred. The private benefit component is assessed at approximately 65% of activity costs. The remaining 35% reflects wider community, heritage and amenity benefits. |
| **Period of benefit** | Benefits extend over a long period. Burial services provide immediate benefits to families, while maintained cemeteries provide community, heritage and memorial benefits for future generations. |
| **Exacerbator pays** | Users contribute through burial fees and plot purchase charges, reflecting the direct benefit received from cemetery services. |
| **Costs and benefits of funding methods** | Burial and plot fees provide a practical means of recovering costs from identifiable users. Rates funding is appropriate for the ongoing maintenance of historic and existing cemetery areas and for the wider public amenity and heritage benefits. |
| **Operating funding mix** | Burial fees and plot sales contribute toward operating costs and long-term maintenance obligations. The community benefit component is funded from rates. |
| **Capital funding approach** | Cemetery extensions are funded from the lawn cemetery reserve fund. Service level improvements may be funded through a combination of reserves, rates and borrowing. Renewals are supported through depreciation funding. |
| **Rating basis** | The rates-funded component is recovered through Capital Value-based rates in both urban and rural areas. Costs are allocated between urban and rural areas using the population allocation.<br>While the benefits of cemetery services are shared across the community, Council considers a Capital Value-based rate provides a fairer distribution of costs and improves consistency |

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| | with the funding approach adopted for Parks & Reserves and other district-wide amenity activities. |

## Community Development

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by strengthening community capacity, encouraging participation, supporting local initiatives and fostering social connection. The activity also contributes to Pride in our Identity and Heritage where programmes promote local identity, culture and community connection. |
| **Distribution of benefits** | Benefits are predominantly community-wide, with programmes and initiatives intended to improve social, cultural and economic wellbeing across the district. While specific groups or organisations may receive direct support, the wider community benefits from stronger and more resilient communities. |
| **Period of benefit** | Benefits are realised both in the short term through programme delivery and over the longer term through stronger community capacity, participation and wellbeing. |
| **Exacerbator pays** | Not applicable. There is no identifiable group whose actions create the need for the activity or who can reasonably be charged for the benefits received. |
| **Costs and benefits of funding methods** | User charges are not considered practical as the benefits are largely collective and community-wide. Rates funding enables equitable access to community development initiatives and supports Council's broader wellbeing objectives. Council also seeks external funding where available to supplement ratepayer funding. |
| **Operating funding mix** | External funding and grants are used where available. At least 85% of activity costs are expected to be funded from rates. |
| **Capital funding approach** | As the activity is primarily operational in nature, capital expenditure is limited. One-off projects or community grants may be supported through reserves where appropriate. |
| **Rating basis** | Costs are recovered through a Targeted Uniform Charge, reflecting the district-wide benefits of the activity and the view that all properties benefit broadly equally from a strong and |

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| | connected community. Costs are allocated between urban and rural using the population allocation. |

## District Buildings

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Efficient, Safe and Effective Infrastructure through the provision and stewardship of Council-owned facilities that support service delivery and community access. The activity also supports an Engaged and Empowered Community by providing office accommodation for Council staff (Waiata House) and public-facing customer services spaces and meeting rooms (161 Queen Street). A future Town hall will be included under this activity. |
| **Distribution of benefits** | Private benefits accrue to organisations and individuals using Council facilities and office accommodation. Public benefits arise because Council-owned buildings enable the delivery of local government services and provide accommodation for activities that support the wider community. |
| **Period of benefit** | Operational benefits are realised immediately through the accommodation of Council services and facility users. Building assets provide benefits over multiple generations and require long-term stewardship and investment. |
| **Exacerbator pays** | Users contribute through venue hire fees where applicable and Council activities are charged an internal market rental to recognise their use of office accommodation. |
| **Costs and benefits of funding methods** | Internal rental charges allocate costs to the activities occupying Council-owned office space, including accommodation such as Waiata House and the Queen Street building. Some external lease income is earned from the Queen Street building. Rates funding recognises that a portion of costs relate to the provision of facilities that support the delivery of services for the wider community. A new Town hall will require a funding policy to target the recover of costs from hirers. |
| **Operating funding mix** | Internal rental recoveries currently fund approximately 55% of costs, with Council seeking to increase this to around 65%. The remaining costs are funded from rates. Venue hire revenue currently contributes a minimal proportion of total costs. |

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| **Capital funding approach** | Renewals are funded from depreciation reserves. Upgrades and improvements to public facilities and office accommodation are funded through borrowing. Significant redevelopment projects, including replacement civic facilities, may also be funded through loans. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Economic Development and Promotion (including CBD Amenities)

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Thriving and Resilient Economy by encouraging business growth, investment, innovation, tourism and employment opportunities. The activity also contributes to an Engaged and Empowered Community by supporting a vibrant district centre and community events. |
| **Distribution of benefits** | Public benefits arise through a stronger local economy, increased employment opportunities, enhanced district attractiveness and community prosperity. Private benefits accrue to businesses, tourism operators, event organisers and property owners that benefit from increased economic activity and visitor spending. CBD amenities also provide community safety and amenity benefits through services such as CCTV and lighting. |
| **Period of benefit** | Benefits are realised both immediately and over the long term through sustained economic growth, investment and district development. |
| **Exacerbator pays** | Not generally applicable. While businesses and property owners may receive proportionately greater benefits, the activity is intended to support district-wide economic outcomes rather than address costs generated by specific groups. |
| **Costs and benefits of funding methods** | Individual beneficiaries cannot readily be identified or charged in proportion to the benefits received. Rates funding is therefore considered the most practical funding method. A |

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| | commercial differential is applied to recognise the additional indirect benefits that accrue to business properties. |
| **Operating funding mix** | Predominantly rates funded, supplemented by external contributions and partnerships where available. |
| **Capital funding approach** | Renewals are funded from depreciation reserves. Asset extensions and improvements may be funded through a combination of reserves, external funding and borrowing where appropriate. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Civil Defence & Emergency Management

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community and Efficient, Safe and Effective Infrastructure by enhancing preparedness, response and recovery capability for natural hazards and emergency events, helping build a resilient and safe district. |
| **Distribution of benefits** | Benefits accrue to the entire community through risk reduction, readiness planning, emergency response capability and recovery coordination. While some groups may face higher levels of vulnerability, the activity provides district-wide public benefits. |
| **Period of benefit** | Benefits are both immediate and long term. Preparedness activities reduce future risks while response and recovery capabilities protect current and future communities. |
| **Exacerbator pays** | Not applicable. The need for emergency management services arises from community-wide exposure to natural and other hazards rather than the actions of identifiable individuals or groups. |
| **Costs and benefits of funding methods** | User charging is not practical because the benefits are widespread and emergency response capability must be available to all residents. Rates funding is considered the most equitable and efficient means of funding the activity. Cost sharing with neighbouring councils offsets a portion of costs. |

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| **Operating funding mix** | Shared service income contributes approximately 28% of activity costs, with the balance funded from rates. |
| **Capital funding approach** | Emergency management facilities, technology and equipment are funded through Council's capital funding policies, including reserves, borrowing and rates where appropriate. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Environmental Services (including Alcohol Licensing and Bylaw Enforcement)

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Sustainable and Healthy Environment through environmental health, food safety, licensing and regulatory services that protect people and the environment. The activity also supports an Engaged and Empowered Community through the maintenance of public health, safety and amenity standards. |
| **Distribution of benefits** | Public benefits arise through food safety monitoring, liquor licensing, bylaw enforcement, noise control, nuisance management and protection of public health and safety. Private benefits accrue to regulated businesses, property owners and individuals who benefit from compliance services or enforcement action affecting neighbouring properties. |
| **Period of benefit** | Benefits are primarily current, arising through ongoing monitoring, compliance and enforcement activities. Some benefits extend into the future through improved public health and environmental outcomes. |
| **Exacerbator pays** | Where practical, individuals responsible for non-compliance contribute to costs through infringement fees, recovery of remediation costs and other enforcement mechanisms. Examples include abandoned vehicles and nuisance-related enforcement actions. |
| **Costs and benefits of funding methods** | User charges and licence fees are applied where identifiable beneficiaries or regulated parties can be charged. However, many activities provide broader public health and safety |

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| | benefits that cannot reasonably be attributed to individual users, making rates funding appropriate. |
| **Operating funding mix** | Regulatory fees, licensing charges, internal recoveries and enforcement-related income contribute toward costs. Council's target is for approximately 50% of costs to be funded from rates, recognising the significant public benefit component. |
| **Capital funding approach** | Primarily an operational activity. Capital expenditure related to regulatory systems, equipment or facilities is funded through Council's capital funding policies where required. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Environmental Initiatives

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Sustainable and Healthy Environment by promoting environmental stewardship, resource conservation, climate resilience and sustainable practices that contribute to the long-term environmental resilience of the district. |
| **Distribution of benefits** | Benefits are predominantly community-wide and include improved environmental quality, water conservation, air quality improvements, environmental education and climate change initiatives. While some individuals or organisations may benefit directly from specific programmes, the primary benefits accrue to the district as a whole. |
| **Period of benefit** | Benefits are realised both now and into the future. Many initiatives are intended to improve long-term environmental outcomes and resilience for future generations. |
| **Exacerbator pays** | Not generally applicable. The activity focuses on promoting positive environmental outcomes rather than addressing costs attributable to identifiable individuals or groups. |
| **Costs and benefits of funding methods** | User charges are not practical as benefits are broadly shared across the community and often accrue over the long term. Rates funding is considered the most equitable means of supporting environmental outcomes that benefit all residents. |

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| **Operating funding mix** | Funded primarily from rates. |
| **Capital funding approach** | Capital projects associated with environmental initiatives are funded through Council's capital funding policies, including grants, reserves, borrowing and rates where appropriate. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation to reflect district-wide benefits. |

## Forestry

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Thriving and Resilient Economy through the sustainable management of forestry assets and the generation of returns that contribute to community outcomes. The activity also supports a Sustainable and Healthy Environment through the responsible stewardship of Council-owned land resources. |
| **Distribution of benefits** | Public benefits arise through the generation of income that can reduce the net cost of Council activities and contribute to community assets. There are limited direct private benefits beyond those associated with forestry operations and contracting services. |
| **Period of benefit** | Forestry activities provide long-term benefits over multiple harvest cycles. Revenue from forestry can support both current and future ratepayers. |
| **Exacerbator pays** | Not generally applicable. Costs associated with roadside forestry management are allocated directly to the rural roading activity where those costs arise. |
| **Costs and benefits of funding methods** | Forestry revenue is used to offset activity costs where available. Residual costs are funded through rates, recognising that the benefits of financial returns accrue across the district. |
| **Operating funding mix** | Forestry income contributes directly toward activity costs. Any residual costs are funded from rates. |

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| **Capital funding approach** | Net proceeds from forestry harvests are transferred to reserve funds to support future forestry activities and other long-term community purposes. |
| **Rating basis** | Residual costs are recovered through the Targeted Uniform Charge. Costs are allocated between urban and rural areas using the population allocation. |

## Housing for the Elderly

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by providing affordable housing options that enable older residents to remain independent, connected and supported within the community. The activity contributes to social wellbeing and helps meet the housing needs of some of the district's more vulnerable residents. |
| **Distribution of benefits** | Direct benefits accrue to tenants who receive affordable accommodation. Wider community benefits arise through improved social outcomes and housing support for older residents with limited assets and income. |
| **Period of benefit** | Benefits are realised immediately through the provision of housing and continue over the long term through the availability of affordable accommodation for future residents. |
| **Exacerbator pays** | Not applicable. There is no identifiable group creating the need for expenditure. The activity is provided primarily to achieve social wellbeing outcomes. |
| **Costs and benefits of funding methods** | Rental income provides a practical means of recovering costs from identifiable beneficiaries. However, Council recognises a wider community benefit from supporting affordable housing for older residents and has therefore determined that a limited rates contribution is appropriate to support social wellbeing outcomes and housing affordability. Historically, rents have been maintained at affordable levels, resulting in some costs not being fully recovered through user charges alone. |
| **Operating funding mix** | Rental income is the primary funding source. Council has determined that up to 10% of operating costs may be funded from rates to recognise the public benefit component. |

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| **Capital funding approach** | Capital renewals and major refurbishment are funded from depreciation reserves. If significant redevelopment or replacement is undertaken, funding would likely be sourced from a combination of borrowing and government subsidies. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Library

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by providing access to information, learning opportunities, community spaces and digital resources that promote literacy, lifelong learning and social inclusion. The activity also supports Pride in our Identity and Heritage through local history collections and the preservation and sharing of community knowledge. |
| **Distribution of benefits** | Direct benefits accrue to library users through access to books, digital resources, information services, programmes and community spaces. Wider public benefits arise through improved literacy, education, digital inclusion, access to information and lifelong learning opportunities. Libraries also function as community hubs that support social connection, inclusion and community wellbeing. The presence of library services contributes to the attractiveness and vitality of the district and enhances quality of life for residents, including those who may not regularly use the service but value its availability. |
| **Period of benefit** | Benefits are realised both immediately and over the long term through improved literacy, educational achievement, social outcomes and community resilience. Library facilities, collections and community knowledge resources provide enduring benefits across generations. |
| **Exacerbator pays** | Not applicable. There is no identifiable group whose actions create the need for expenditure on library services. |
| **Costs and benefits of funding methods** | While users can be identified, Council considers that significant user charges for core library services would create barriers to access and may discourage participation, |

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| | particularly for lower-income households and those who may benefit most from library services. The community receives substantial social, educational and cultural benefits from widespread access to library services. User charges are therefore generally limited to optional or supplementary services and do not form the primary funding source. |
| **Operating funding mix** | User charges, grants and other recoveries contribute approximately 5% of operating costs. The remaining 95% is funded from rates. |
| **Capital funding approach** | Asset renewals and improvements are funded through Council's capital funding policies, including depreciation funding, borrowing and grants where appropriate. |
| **Rating basis** | Rates funding is recovered through the Targeted Uniform Charge. Costs are allocated between urban and rural areas using the population allocation, reflecting district-wide access and benefit. |

## Mawley Park (Holiday Park)

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Thriving and Resilient Economy by providing visitor accommodation that supports tourism, events and economic activity within the district. The activity also supports an Engaged and Empowered Community by providing accommodation for participants and visitors attending community, sporting and cultural events. |
| **Distribution of benefits** | The primary benefit accrues to visitors, campers and accommodation users through access to holiday park facilities. Wider community benefits arise through increased visitor spending, support for regional events, enhanced tourism capability and the contribution the facility makes to Masterton's recreation precinct and visitor experience. |
| **Period of benefit** | Benefits are realised immediately through accommodation services and over the longer term through the contribution the facility makes to tourism, event hosting capability and district attractiveness. |

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| **Exacerbator pays** | Users contribute directly through accommodation charges, site fees and facility charges. The costs of providing the service are largely borne by those using the facility. |
| **Costs and benefits of funding methods** | Users can be readily identified and charged for the services provided, making user charges the preferred funding mechanism. Rates funding may be appropriate where Council seeks to retain the facility for broader community, economic development or tourism objectives, or where capital investment is required to maintain strategic visitor infrastructure. |
| **Operating funding mix** | Accommodation charges, camping fees and other user revenue are expected to recover the majority of operating costs. Any residual costs may be funded through rates where Council determines there is a wider public benefit. |
| **Capital funding approach** | Renewals are funded from depreciation and operating surpluses where available. Major upgrades, redevelopment or strategic investments may be funded through reserves, borrowing, grants or rates funding where a wider community benefit is identified. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Other Property

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Efficient, Safe and Effective Infrastructure through the stewardship and management of Council-owned property assets that support service delivery and strategic objectives. The activity also supports a Thriving and Resilient Economy through prudent asset management and the generation of rental income where appropriate. |
| **Distribution of benefits** | Direct benefits accrue to tenants and users of Council-owned properties. Wider community benefits arise where properties support Council services, strategic objectives, community facilities or economic development outcomes. |

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| **Period of benefit** | Benefits are realised both currently through occupation and service delivery, and over the longer term through the strategic value and ongoing use of Council-owned assets. |
| **Exacerbator pays** | Not generally applicable. Costs are primarily recovered from users through rental income where practical. |
| **Costs and benefits of funding methods** | Council seeks to achieve market rental returns wherever practicable. Rental income provides a direct means of charging identifiable beneficiaries. Rates funding may be required where rental income does not fully recover ownership costs or where wider community benefits justify retention of the asset. |
| **Operating funding mix** | Rental income currently recovers approximately 65% of activity costs. The balance is funded from rates. |
| **Capital funding approach** | Asset purchases are funded from general capital reserves. Asset renewals, improvements and replacement are funded through reserves, depreciation funding, borrowing and other capital funding sources as appropriate. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. |

## Parking

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Thriving and Resilient Economy by facilitating access to businesses, services and commercial areas. The activity also supports Efficient, Safe and Effective Infrastructure through the management of parking resources, safety, accessibility and transport network efficiency. |
| **Distribution of benefits** | Public benefits arise through efficient turnover of parking spaces, improved accessibility, safety, convenience and support for economic activity. Private benefits accrue to motorists, retailers, businesses and visitors who utilise parking facilities. |
| **Period of benefit** | Benefits are primarily current and relate to the ongoing operation of the parking network and town centre accessibility. |

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| **Exacerbator pays** | Users contribute through parking charges. Those who fail to comply with parking restrictions contribute through infringement fees, recognising the costs associated with parking enforcement. |
| **Costs and benefits of funding methods** | Parking users and offenders can be readily identified and charged. User charges and infringements are therefore the preferred funding mechanisms. Any rates funding recognises the wider community and economic benefits arising from effective parking management. |
| **Operating funding mix** | Parking meter fees and infringement revenue are expected to recover the majority of activity costs. Rates funding is only required where revenue is insufficient to meet costs. |
| **Capital funding approach** | Parking infrastructure renewals and improvements are funded through Council's capital funding policies, including depreciation funding, reserves and borrowing where appropriate. |
| **Rating basis** | This activity is funded 100% by user pays. No rating component is part of this activity. |

## Parks & Reserves

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by providing open spaces, recreational opportunities and places for community connection. The activity also supports A Sustainable and Healthy Environment through the protection and enhancement of green spaces and environmental amenity and contributes to Pride in our Identity and Heritage through the stewardship of valued public places and landscapes. |
| **Distribution of benefits** | Benefits are predominantly community-wide. Parks and reserves provide residents and visitors with access to open space for recreation, leisure and community activities, contributing to physical and mental wellbeing. They enhance environmental amenity, provide focal points for communities, strengthen community identity and pride, and contribute to the attractiveness of the district as a place to live and visit. Direct benefits accrue to users and to organisations that lease |

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| | or occupy park facilities, however the primary benefits are shared broadly across the community. |
| **Period of benefit** | Parks and reserves provide both immediate and intergenerational benefits. The recreational, environmental, cultural and amenity values created by these assets are expected to benefit current and future residents, supporting Council's long-term commitment to maintaining and enhancing these spaces. |
| **Exacerbator pays** | Not generally applicable. Users cannot readily be identified or excluded from most parks and reserves. However, organisations receiving exclusive use of facilities through leases or occupancy arrangements contribute through lease payments and charges where appropriate. |
| **Costs and benefits of funding methods** | Council considers rates funding to be the most practical and equitable funding method because the benefits are widely shared across the community and unrestricted public access is a key objective. While some facilities are used by identifiable groups, excessive user charges could discourage participation in recreation and community activities. Limited lease and occupancy income is therefore collected from exclusive users, with the majority of costs funded through rates to recognise the broader public benefits. |
| **Operating funding mix** | Approximately 95% of activity costs are funded from rates, with a small proportion recovered through lease and other income. |
| **Capital funding approach** | Renewals and new assets are funded through a combination of developer contributions, depreciation reserves and borrowing. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. Council considers a Capital Value-based rate provides a fairer distribution of costs and improves consistency with the funding approach adopted for other district-wide amenity activities. |

## Sports Fields

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by providing opportunities for recreation, physical activity, community participation and organised sport. The activity also contributes to community wellbeing, social connection and healthy lifestyles. |
| **Distribution of benefits** | Benefits are predominantly community-wide. Sports fields provide opportunities for active recreation, physical wellbeing and community engagement. Direct benefits accrue to sports clubs, participants and sporting organisations that use the facilities for organised activities. The wider community benefits through improved health outcomes, social cohesion and opportunities for participation in sport and recreation. |
| **Period of benefit** | Sports fields provide both immediate and intergenerational benefits. Ongoing access to quality sporting facilities contributes to long-term community wellbeing and supports future generations to participate in recreation and organised sport. |
| **Exacerbator pays** | Not generally applicable. However, sports clubs and organised user groups contribute through hire charges that reflect a portion of the additional maintenance costs associated with their use of the facilities. |
| **Costs and benefits of funding methods** | While identifiable user groups receive a direct benefit, the wider community also benefits from increased participation in sport and recreation. Council seeks contributions from sports clubs where practical, while recognising that excessive charges may discourage participation and undermine community wellbeing objectives. Rates funding recognises the substantial public benefit generated by the activity. |
| **Operating funding mix** | User charges currently recover approximately 5% of operating costs. The balance is funded from rates. Council's policy is generally to recover approximately 50% of the marginal maintenance costs attributable to a particular sporting code where practical. |
| **Capital funding approach** | Renewals and upgrades are funded through Council's capital funding policies, including depreciation funding, reserves, developer contributions and borrowing where appropriate. |

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| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation. Council considers a Capital Value-based rate provides a fairer distribution of costs and improves consistency with the funding approach adopted for Parks & Reserves and other district-wide amenity activities. |

## Public Conveniences

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by providing essential public facilities that contribute to health, accessibility, comfort and community wellbeing. The activity also supports A Thriving and Resilient Economy by providing facilities that enhance the experience of residents, visitors and tourists throughout the district. |
| **Distribution of benefits** | Benefits are predominantly community-wide. Public conveniences support public health, hygiene, accessibility and amenity. They provide benefits to residents, visitors, shoppers, facility users and businesses, particularly in commercial areas and visitor destinations. |
| **Period of benefit** | Benefits are primarily current through daily use of the facilities, while the assets themselves continue to provide long-term community benefits over many years. |
| **Exacerbator pays** | Not applicable. While individual users can be identified in theory, practical mechanisms for charging users are not considered efficient or cost-effective. |
| **Costs and benefits of funding methods** | User charging is not considered practical due to collection costs, access considerations and the public health objectives of the activity. Rates funding is therefore considered the most efficient and equitable funding mechanism given the broad community and visitor benefits provided. |
| **Operating funding mix** | Operating costs are funded entirely from rates. |
| **Capital funding approach** | Renewals are funded from depreciation reserves. New facilities and significant upgrades are funded through borrowing and other capital funding sources where appropriate. |

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| **Rating basis** | Rates funding is recovered through a Capital Value rate. Costs are allocated between urban and rural areas using the population allocation. The commercial differential recognises that businesses receive additional indirect benefits from the provision of public conveniences. |

## Recreation Centre

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by providing accessible recreation, aquatic and fitness facilities that encourage active lifestyles, social participation and community wellbeing. The activity also contributes to A Thriving and Resilient Economy by enhancing the attractiveness of the district as a place to live, work and visit. |
| **Distribution of benefits** | Direct benefits accrue to facility users, sports participants, spectators, clubs, schools and event organisers. Wider community benefits arise through improved health outcomes, water safety education, youth engagement, social wellbeing and the availability of high-quality recreation facilities. Although user benefits are assessed as significant, Council also recognises substantial community-wide benefits. |
| **Period of benefit** | Benefits are realised both currently through day-to-day use of the facility and over the long term through improvements in community health, wellbeing and recreation infrastructure. |
| **Exacerbator pays** | Not generally applicable. Users contribute through admission charges, memberships and programme fees. |
| **Costs and benefits of funding methods** | While users can be readily identified and charged, Council has determined that recovering the full cost of the facility from users would create affordability barriers and reduce participation, particularly for lower-income households, children and young people. Although direct user benefits are assessed as significant, Council has intentionally adopted a lower level of cost recovery in recognition of the wider community benefits arising from participation in recreation, aquatic activities, learn-to-swim programmes, health promotion and community wellbeing. Rates funding therefore recognises both the public benefits generated by the facility and Council's objective of ensuring broad community access. |

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| **Operating funding mix** | User charges and other recoveries are targeted to recover approximately 30% of operating costs, with the balance funded from rates. |
| **Capital funding approach** | Asset renewals and minor capital works are funded from depreciation reserves. Future replacement and major upgrades are expected to be funded through a combination of borrowing, grants, reserves and external funding. |
| **Rating basis** | Rates funding is recovered through the Targeted Uniform Charge. Costs are allocated between urban and rural areas using the population allocation reflecting the district-wide availability and benefit of the facility. |

## Waste Minimisation (Recycling and Composting)

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Sustainable and Healthy Environment by promoting waste reduction, recycling, resource recovery and sustainable behaviours that reduce pressure on landfill and improve environmental outcomes for current and future generations. |
| **Distribution of benefits** | Community-wide benefits arise through reduced waste to landfill, reduced consumption of natural resources and improved environmental outcomes. Direct benefits accrue to individuals and businesses that use recycling and composting facilities to dispose of unwanted materials. |
| **Period of benefit** | Benefits are realised both immediately through waste diversion and over the long term through improved environmental outcomes and resource conservation. |
| **Exacerbator pays** | Users generating compostable waste contribute through greenwaste charges. Those generating waste are encouraged to contribute toward the costs of managing and processing that material. |
| **Costs and benefits of funding methods** | While identifiable users receive direct benefits, Council considers there is a significant public benefit from reducing waste to landfill and encouraging recycling. Charges are applied to greenwaste processing, but pricing is intentionally set at levels that encourage positive waste behaviours and support waste minimisation objectives. Rates funding |

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| | recognises the broader environmental benefits delivered across the district. |
| **Operating funding mix** | Greenwaste charges are targeted to recover approximately 80% of contracted processing costs. The balance of activity costs, largely associated with recycling services, is funded through rates. |
| **Capital funding approach** | Expansion of waste minimisation and processing facilities may be funded through borrowing and external subsidies, including funding from the Waste Levy. |
| **Rating basis** | Rates funding is recovered through a Capital Value rate. Costs are allocated between urban and rural areas using the population allocation. |

## Recycling Kerbside Collection

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Sustainable and Healthy Environment by providing convenient recycling services that reduce waste to landfill, conserve resources and enable residents to actively participate in sustainable waste management practices. |
| **Distribution of benefits** | Direct benefits accrue to households and properties receiving the collection service through convenient recycling collection. Wider community benefits arise from waste diversion, reduced landfill demand and environmental improvements. |
| **Period of benefit** | Benefits are both current and long term, with immediate convenience for service users and enduring environmental benefits arising from reduced waste disposal. |
| **Exacerbator pays** | Those located within the serviced area contribute through the targeted charge applied to properties that have access to the collection service. |
| **Costs and benefits of funding methods** | Service recipients can be readily identified, making a targeted rate an effective and equitable funding mechanism. A targeted charge ensures the costs of collection are borne by those who have access to and benefit from the service while continuing to support Council's waste minimisation objectives. |

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| **Operating funding mix** | Costs are substantially recovered through a targeted uniform rate applied within serviced areas. |
| **Capital funding approach** | Collection infrastructure and service improvements are funded through targeted charges, reserves, borrowing and external funding where available. |
| **Rating basis** | Funded through a Targeted Uniform Charge charged to every separately used or inhabited part of a rating unit within the collection service area (urban area only). |

## Refuse Collection

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Sustainable and Healthy Environment by contributing to a clean, healthy and safe district through the collection and disposal of household waste. The activity supports public health, environmental protection and responsible waste management practices. |
| **Distribution of benefits** | Direct benefits accrue to households and property owners who use the collection service. Wider community benefits arise through improved public health, environmental outcomes and reduced litter within the district. |
| **Period of benefit** | Benefits are primarily current, reflecting the ongoing collection and disposal of household refuse. Long-term benefits also arise through the maintenance of community health and environmental quality. |
| **Exacerbator pays** | Those generating refuse contribute through the purchase of official Council rubbish bags, ensuring that those creating waste contribute toward the costs of collection and disposal. |
| **Costs and benefits of funding methods** | Council considers user pays to be the preferred funding mechanism because the volume of waste generated is influenced by individual behaviour. Pricing through rubbish bags encourages waste minimisation and recycling while allowing those generating waste to contribute directly toward service costs. A limited rates contribution recognises the wider community benefits associated with maintaining a clean and healthy environment. |

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| **Operating funding mix** | Revenue from the sale of official Council rubbish bags is intended to recover as much of the service cost as practicable. Any remaining costs are recovered through rates. |
| **Capital funding approach** | Capital expenditure associated with refuse collection infrastructure and waste management facilities is funded through Council's capital funding policies, including borrowing, reserves and external funding where appropriate. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate within the urban area only, reflecting the location of service delivery and benefit. |

## Urban Transfer Station (Refuse Disposal)

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Sustainable and Healthy Environment by providing safe and responsible waste disposal services that protect public health and reduce inappropriate waste disposal. The activity also contributes to an Engaged and Empowered Community by ensuring residents and businesses have access to essential waste management infrastructure. |
| **Distribution of benefits** | Direct benefits accrue to individuals, households, businesses and organisations that use the transfer station to dispose of waste. Wider community benefits arise through the availability of safe waste disposal services, protection of public health, environmental outcomes and the reduction of illegal dumping or unmanaged waste. |
| **Period of benefit** | Benefits are realised both currently through ongoing disposal services and over the long term through environmental protection and responsible waste management practices. |
| **Exacerbator pays** | Waste generators contribute directly through gate fees based on the type and quantity of waste disposed of, reflecting the costs associated with managing and disposing of that waste. |
| **Costs and benefits of funding methods** | Users can be readily identified and charged through the weighbridge and gate fee system. Council's policy is to target full cost recovery through user charges where practicable. However, rates funding may be required to recognise the wider public health and environmental benefits of providing |

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| | convenient waste disposal services and to avoid gate charges becoming a disincentive to lawful disposal. |
| **Operating funding mix** | Gate fees are targeted to recover 100% of operating costs where possible. Any residual costs are funded from rates. |
| **Capital funding approach** | New infrastructure and major improvements may be funded through user charges, waste levy grants, reserves and borrowing. |
| **Rating basis** | Any rates-funded component is recovered through Capital Value-based rates. Costs are allocated between urban and rural areas using the population allocation, recognising the wider community benefit associated with maintaining accessible waste disposal infrastructure. |

## Resource Management and Planning

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Sustainable and Healthy Environment through the sustainable management of land use and natural resources. The activity also supports a Thriving and Resilient Economy by enabling appropriate development and investment and contributes to an Engaged and Empowered Community through planning processes that provide opportunities for participation in district development. |
| **Distribution of benefits** | Public benefits arise through the development and administration of a consistent planning framework that manages environmental effects, protects community amenity and supports sustainable development. Direct benefits accrue to landowners, developers and applicants who receive planning advice or resource consents. |
| **Period of benefit** | Benefits are strongly intergenerational. Planning decisions influence land use, environmental quality, infrastructure requirements and community outcomes for many years into the future. |
| **Exacerbator pays** | Applicants contribute through resource consent fees and other planning-related charges, recognising the additional costs generated by development proposals and planning processes. |

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|---|---|
| **Costs and benefits of funding methods** | While applicants receive direct benefits and can be charged for specific services, many planning functions provide wider public benefits that cannot reasonably be attributed to individual users. Rates funding recognises the community-wide benefits of effective planning, environmental management and sustainable development. |
| **Operating funding mix** | Resource consent fees are targeted to recover approximately 30% of activity costs. The remaining costs are funded from rates. |
| **Capital funding approach** | This is primarily an operating activity. Financial contributions collected under planning instruments are transferred to reserves and used for their intended long-term purposes. |
| **Rating basis** | Rates funding is recovered through a Capital Value rate. Costs are allocated between urban and rural areas using the population allocation. |

## Subsidised Roading

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Efficient, Safe and Effective Infrastructure by providing and maintaining a safe, reliable and connected transport network. The activity also supports a Thriving and Resilient Economy by enabling the movement of people, goods and services and contributes to An Engaged and Empowered Community through access to employment, education, recreation and essential services. |
| **Distribution of benefits** | Benefits accrue across the district to residents, businesses, visitors, transport operators and property owners. The roading network enables economic activity, community connectivity and access to services. Direct benefits accrue to road users, while broader social and economic benefits are shared throughout the community. |
| **Period of benefit** | Benefits are both current and intergenerational. Roading assets have long useful lives and support economic and community outcomes over multiple generations. |
| **Exacerbator pays** | Road users contribute indirectly through fuel excise duties, road user charges and vehicle registration fees, which support Waka Kotahi funding of local roads. Heavy vehicle impacts |

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| | and forestry-related effects on the network are recognised as important considerations in the allocation of roading costs. |
| **Costs and benefits of funding methods** | The benefits of the roading network are shared widely and over long periods, making a combination of national transport funding and local rates an appropriate funding approach. Land Value-based rates recognise the relationship between land use, economic activity and the benefit derived from network access, while targeted charges recognise the broad public benefit of the roading network. |
| **Operating funding mix** | Costs are funded through a combination of Waka Kotahi subsidies and local rates. Council allocates roading costs between urban and rural areas based on relative expenditure levels and applies a mix of targeted charges and Land Value-based rates. |
| **Capital funding approach** | Renewals are funded through a combination of Waka Kotahi subsidies and rates. Improvements and new assets may be funded through subsidies, borrowing, rates and direct beneficiary contributions where appropriate. |
| **Rating basis** | Costs are allocated between urban and rural areas and funded through a combination of Targeted Uniform Charge and differential Land Value-based roading rates. Land Value is considered the most appropriate means of recognising the benefit derived from access to the transport network and the productive use of land. |

## Roading – Storm Damage

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Efficient, Safe and Effective Infrastructure by restoring and protecting transport infrastructure following severe weather events. The activity also supports a Thriving and Resilient Economy by maintaining access for businesses, freight movements and rural production, and contributes to An Engaged and Empowered Community through the restoration of safe and reliable access to homes, services and community facilities. |
| **Distribution of benefits** | Benefits accrue across the district. While storm damage often occurs in specific locations, the restoration of transport links and critical infrastructure benefits residents, businesses, visitors |

| | |
|---|---|
| | and communities throughout Masterton. Recovery works support community connectivity, emergency access, economic activity and public safety |
| **Period of benefit** | Benefits are both immediate and intergenerational. Recovery works restore access and services in the short term while resilience improvements provide protection and service continuity for future generations. |
| **Exacerbator pays** | Not applicable. Storm damage is caused by natural hazard events rather than identifiable individuals or groups. |
| **Costs and benefits of funding methods** | User charges are neither practical nor equitable. The benefits of recovery and resilience are shared across the district and often extend beyond the location where damage occurs. A district-wide funding approach recognises the community-wide benefits of a resilient and connected transport network and spreads the financial impact of infrequent but significant weather events. External funding assistance is sought wherever available. |
| **Operating funding mix** | The Storm Damage Fund is restored through rates funding, supplemented by reserves and external funding where available. Council has determined that storm damage costs should be shared across the community rather than primarily allocated to rural ratepayers. While storm damage has historically occurred predominantly on rural roads, the increasing frequency and severity of weather events means future impacts may occur across the wider transport network. A district-wide funding approach recognises that the benefits of network resilience, recovery and continued connectivity are shared by both urban and rural communities. |
| **Capital funding approach** | Recovery and resilience projects may be funded through a combination of reserves, borrowing, rates and external subsidies. Borrowing may be used where significant long-term resilience benefits are expected. |
| **Rating basis** | Rates funding is recovered through a Capital Value rate. Costs are allocated between urban and rural areas using the population allocation recognising that the benefits of restoring network functionality and maintaining community resilience are shared across the district. |

## Roading – Subsidised

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Efficient, Safe and Effective Infrastructure through the provision of a safe and reliable transport network. The activity also supports a Thriving and Resilient Economy and an Engaged and Empowered Community by enabling access to employment, education, services and recreation. |
| **Distribution of benefits** | Benefits accrue to residents, businesses, visitors, freight operators and property owners throughout the district. |
| **Period of benefit** | Benefits are both current and intergenerational due to the long life of transport infrastructure assets. |
| **Exacerbator pays** | Road users contribute indirectly through fuel excise duties, road user charges and other national transport funding mechanisms. |
| **Costs and benefits of funding methods** | Property owners benefit through access to the transport network and increased utility of land. The broad distribution of benefits supports a combination of Waka Kotahi funding and local rates. |
| **Operating funding mix** | Combination of Waka Kotahi subsidies and local rates. |
| **Capital funding approach** | Subsidies, rates, borrowing, development contributions and reserves where appropriate. |
| **Rating basis** | Costs are allocated between urban and rural areas and funded through a combination of Targeted Uniform Charge and differential Land Value-based roading rates. Land Value is considered the most appropriate means of recognising the benefit derived from access to the transport network and the productive use of land. |

## Roading – Non-Subsidised Rural

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Efficient, Safe and Effective Infrastructure and a Thriving and Resilient Economy by maintaining transport |

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| | assets that primarily service rural communities and productive land uses. |
| **Distribution of benefits** | Benefits accrue primarily to rural residents, landowners, businesses and rural road users through improved access and connectivity. |
| **Period of benefit** | Benefits are both current and long term due to the ongoing service provided by rural transport assets. |
| **Exacerbator pays** | Heavy vehicle users and productive land uses contribute to network wear, although direct cost recovery is limited. |
| **Costs and benefits of funding methods** | As benefits are predominantly received within the rural area, Council considers it appropriate that the majority of costs are recovered from rural ratepayers. |
| **Operating funding mix** | Primarily funded from rural rates. |
| **Capital funding approach** | Funded through rates, reserves and borrowing where appropriate. |
| **Rating basis** | Rates funding is recovered through a combination of rural Targeted Uniform Charge and Land Value-based rural rates. |

## Roading – Non-Subsidised Urban

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports Efficient, Safe and Effective Infrastructure through the provision and maintenance of urban transport and streetscape assets. The activity also supports an Engaged and Empowered Community by contributing to a safe, accessible and attractive urban environment. |
| **Distribution of benefits** | Benefits accrue primarily to urban residents, businesses, visitors and road users through enhanced amenity, safety and accessibility. |
| **Period of benefit** | Benefits are realised both currently and over the long term through the maintenance of urban infrastructure assets. |
| **Exacerbator pays** | Not generally applicable as benefits are shared broadly across the urban area. |

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| **Costs and benefits of funding methods** | User charging is not practical. Funding from urban ratepayers reflects the primary location of benefits and the public-good nature of the services provided. |
| **Operating funding mix** | Primarily funded from urban rates and local transport revenues where applicable. |
| **Capital funding approach** | Funded through depreciation, rates, reserves and borrowing where appropriate. |
| **Rating basis** | Rates funding is recovered through a combination of urban Targeted Uniform Charge and Land Value-based urban rates. |

## Rural Halls

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by providing facilities that enable social interaction, local events, community activities and emergency gathering spaces within rural communities. The activity also contributes to Pride in our Identity and Heritage by maintaining long-standing community assets that often form an important part of local identity and history. |
| **Distribution of benefits** | Direct benefits accrue to hall users and community groups. Wider benefits arise through strengthened community connections, social cohesion and the availability of shared community spaces within rural areas. |
| **Period of benefit** | Benefits are realised both currently and over the long term through the continued availability of community infrastructure to support future generations. |
| **Exacerbator pays** | Not applicable. User numbers are relatively low and the costs of extensive user charging would outweigh the potential revenue obtained. |
| **Costs and benefits of funding methods** | While users receive a direct benefit, user charges can recover only a small proportion of costs. Rates funding recognises the wider community value of maintaining rural community facilities and ensuring access remains affordable. |
| **Operating funding mix** | User charges recover approximately 1% of costs. The balance is funded from rates. |

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| **Capital funding approach** | Renewals are funded through depreciation reserves, although not all depreciation is funded. Asset rationalisation and disposal proceeds may be transferred to General Capital Reserves. |
| **Rating basis** | Rates funding is recovered through a Capital Value-based rate. Approximately 95% of costs are allocated to the rural area and 5% to the urban area, reflecting the location of the service and the distribution of benefits. |

## Rural Refuse

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports a Sustainable and Healthy Environment by providing waste disposal and resource recovery services that promote public health and environmental protection. The activity also supports An Engaged and Empowered Community by ensuring rural communities have access to essential waste management services. |
| **Distribution of benefits** | Direct benefits accrue to users of rural transfer stations and collection services. Wider benefits arise through improved environmental outcomes, reduced illegal dumping, improved public health and the availability of waste services throughout the district. |
| **Period of benefit** | Benefits are realised both currently through service provision and over the longer term through environmental protection and responsible waste management practices. |
| **Exacerbator pays** | Users contribute through transfer station fees, collection charges and targeted rates where services can be readily identified. Those generating waste contribute toward disposal costs. |
| **Costs and benefits of funding methods** | Full user-pays funding is not considered practical due to the relatively high costs of servicing dispersed rural communities and the lower volumes of waste received. Council therefore combines user charges, targeted rates and general rates funding to balance affordability, service accessibility and environmental outcomes. |
| **Operating funding mix** | Transfer station charges recover approximately 5% of costs. Beach collection services are partly funded through targeted rates on serviced properties. Remaining costs are allocated |

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| | approximately 90% to rural areas and 10% to urban areas and funded through rates. |
| **Capital funding approach** | Facility upgrades and improvements may be funded through borrowing, reserves, targeted rates and external funding where available. |
| **Rating basis** | Following targeted beach collection rates and user charges, remaining costs are recovered through a rural Capital Value-based rate. Council considers this approach provides consistency with the urban funding approach and assists in reducing reliance on uniform charges. |

## Representation

| Section 101(3) Consideration | Assessment |
|---|---|
| **Community outcomes supported** | Supports an Engaged and Empowered Community by providing democratic leadership, representation, accountability and opportunities for public participation in local decision-making. The activity also supports all community outcomes through governance, strategic direction-setting and oversight of Council services and investments. |
| **Distribution of benefits** | Benefits are predominantly community-wide. Elected members represent the interests of all residents and ratepayers, provide governance and strategic leadership, and make decisions on behalf of the district. While individuals and groups may engage directly with elected members, the benefits of democratic representation accrue broadly across the community. |
| **Period of benefit** | Benefits are both current and long term. Governance decisions influence current service delivery, community outcomes, investment decisions and the future direction of the district. |
| **Exacerbator pays** | Not applicable. The need for democratic governance and representation arises from Council's statutory responsibilities and the provision of local government services to the community as a whole. |

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|---|---|
| **Costs and benefits of funding methods** | User charges are neither practical nor appropriate as democratic representation is provided for the benefit of the entire community and access to elected members cannot reasonably be restricted to those willing to pay. Rates funding is therefore considered the most equitable and efficient funding mechanism. Capital Value-based funding recognises the broad community benefit of effective governance and provides a reasonable measure of ability to pay. |
| **Operating funding mix** | The activity is predominantly funded from rates. Approximately 40% of costs are allocated as overheads to Council activities, with the balance funded through the Representation & Development Rate. |
| **Capital funding approach** | Representation is primarily an operating activity. Any capital expenditure associated with governance systems, election technology or meeting facilities is funded through Council's normal capital funding policies. |
| **Rating basis** | The rates-funded component is recovered through recovered through a Capital Value-based rate. Costs are allocated between urban and rural areas using the population allocation, reflecting Council's view that elected members represent all ratepayers across the district. |

## Overall Impact Assessment (Section 101(3)(b))

Following completion of the activity-level assessments required under section 101(3)(a) of the Local Government Act 2002, Council must consider the overall impact of the resulting allocation of funding responsibilities on the current and future social, economic, environmental and cultural wellbeing of the community.

The review has found that the majority of existing funding decisions remain appropriate and continue to broadly align with Council's funding principles. The proposed changes do not significantly alter the overall balance between user-pays and rates-funded activities. Instead, the review focuses on improving transparency, strengthening the rationale supporting existing funding decisions, and ensuring the policy better reflects current service delivery arrangements and Council decisions.

In considering the overall impact of the proposed funding allocations, the following key themes have emerged:

**Affordability**

Council has considered the affordability of rates and fees for households, businesses and rural landowners. Particular attention has been given to activities where full cost recovery from users may create barriers to participation or access, including the

Recreation Centre, Library, Community Development and Housing for the Elderly activities.

The proposed changes largely reallocate funding responsibilities between different parts of the community rather than increasing the overall amount of rates collected. However, some redistribution of costs will occur between urban and rural ratepayers as a result of the proposed changes to Storm Damage funding, Animal Control, Rural Solid Waste, Parks & Reserves and Cemeteries.

The transition of water services to Waiī Waters is expected to reduce rates by between approximately 4.8% and 37.2%, depending on property type. The combined effect of the proposed Revenue and Financing Policy changes is comparatively modest and is estimated to result in an average rates increase of up to 4.7% for some properties and an average reduction of up to 3.8% for others.

Overall, officers consider the proposed changes achieve a reasonable balance between affordability, fairness and the distribution of benefits, while ensuring compliance with the Local Government (Rating) Act 2002 and maintaining the integrity of Council's funding framework.

**Fairness and Distribution of Costs**

A key objective of the review has been to ensure the allocation of costs reflects, as closely as reasonably practicable, the distribution of benefits and service demand associated with each activity.

Several proposed changes seek to improve the alignment between those who benefit from, or create the need for, an activity and those who contribute to its funding. Examples include:

- allocating Animal Control costs more heavily to urban areas where the majority of service demand occurs;
- funding Storm Damage costs on a district-wide basis recognising the shared benefits of network resilience and recovery;
- improving consistency in the use of Capital Value-based rates for district amenity activities such as Parks & Reserves, Cemeteries and Rural Solid Waste; and
- retaining user-pays approaches where beneficiaries can be readily identified.

**Community Wellbeing**

Council has considered the broader social, economic, environmental and cultural benefits that arise from many activities and services. For several activities, the review confirms that a strict beneficiary-pays approach would not be consistent with Council's wider community outcomes.

Examples include:

- Recreation Centre funding, where rates support affordability and participation objectives;
- Library and Archive services, where significant community and intergenerational benefits justify high levels of rates funding;
- Parks & Reserves, where public access and community wellbeing outcomes are prioritised; and
- Housing for the Elderly, where a limited rates contribution supports wider social wellbeing objectives.

**Intergenerational Equity**

Council has considered the extent to which future generations benefit from current expenditure and infrastructure investment.

Long-life assets such as transport infrastructure, community facilities, parks, cemeteries and airport infrastructure provide benefits over multiple generations. Consistent with Council's existing financial strategy, borrowing, reserves and depreciation funding continue to play an important role in ensuring costs are shared fairly between current and future beneficiaries.

The proposed Storm Damage funding approach also recognises that resilience investments made today provide benefits to future communities through the protection and restoration of critical infrastructure.

**Resilience and Sustainability**

The review recognises that climate-related events, infrastructure resilience and long-term sustainability are increasingly important considerations in Council's funding decisions.

The proposed approach to Storm Damage funding reflects a shift from viewing recovery costs as primarily a rural roading issue towards recognising the district-wide benefits of maintaining a resilient transport network. This aligns with Council's broader resilience objectives and supports the long-term sustainability of funding arrangements.

**Te Ture Whenua Māori Act 1993**

Council has considered its obligations under section 102(3A) of the Local Government Act 2002 and the principles contained in the Preamble to Te Ture Whenua Māori Act 1993.

The Revenue and Financing Policy has been developed alongside Council's rates remission and postponement policies, which provide mechanisms to recognise the unique characteristics of Māori freehold land and support the retention, occupation,

development and utilisation of that land for the benefit of its owners, whānau and hapū.

**Overall Conclusion**

Overall, officers consider that the proposed funding allocations continue to achieve an appropriate balance between:

- user-pays and community funding;
- affordability and full cost recovery;
- current and future beneficiaries;
- urban and rural interests; and
- transparency, fairness and administrative practicality.

The proposed changes are considered to improve the alignment between Council's funding decisions, the funding principles set out in section 101(3) of the Local Government Act 2002, and the community outcomes contained within the Long-Term Plan

**Attachment 2: Rating Base Assumptions**

| **Masterton Land Area** | | |
|---|---|---|
| **Area** | **Hectares (ha)** | **Percent (%)** |
| Rural | 227,704 ha | 92 % |
| Urban | 1,796 ha | 8% |
| **Total** | **229,500 ha** | **100%** |

**Population changes between 2023/ 2026**

*Based on estimated resident population data from Statistics New Zealand*

| **Masterton Population (2026)** | | | **Population (2023)** | |
|---|---|---|---|---|
| **Area** | **Number** | **Percent (%)** | **Number** | **Percent (%)** |
| Rural | 6,280 | 21.72% | 6,090 | 21% |
| Urban | 22,630 | 78.28% | 22,800 | 79% |
| Total | 28,910 | 100% | 28,970 | 100% |

**Rating Valuation Totals June 2026/ June 2023**

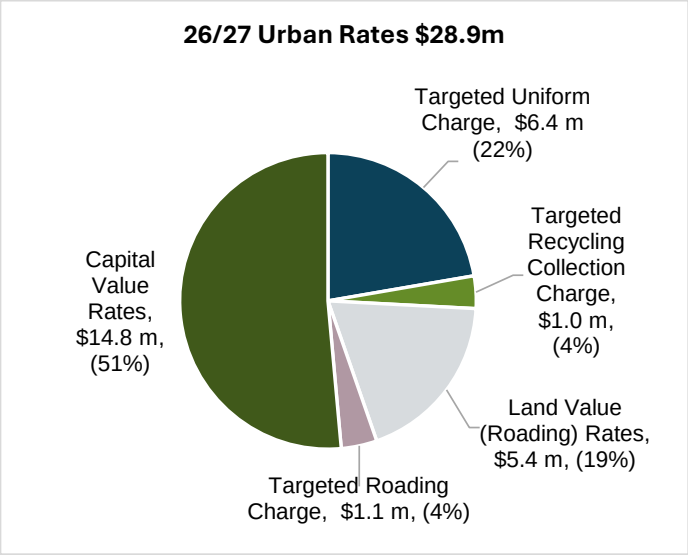
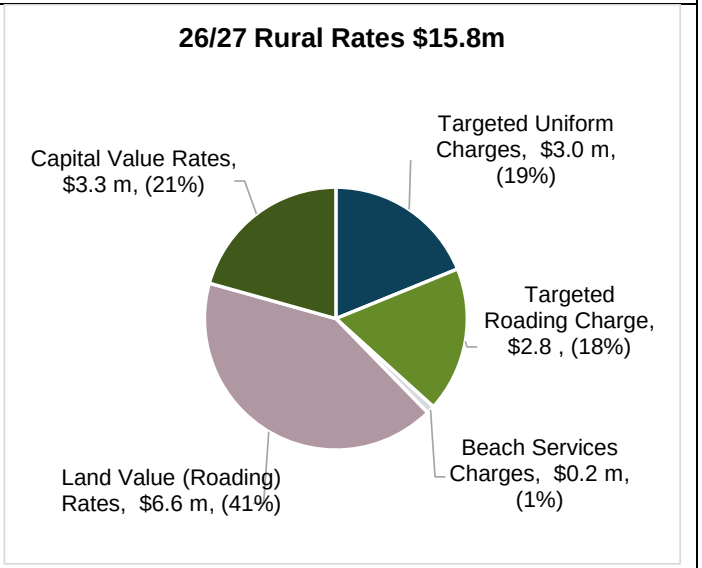
| **Land Value** | | | **Capital Value** | |
|---|---|---|---|---|
| **Area** | **$million (2026)** | **$ million (2023)** | **$million (2026)** | **$ million (2023)** |
| Rural | $3,262 million | $3,244 million | $5,039 million | $4,936 million |
| Urban | $2,550 million | $2,494 million | $5,803 million | $5,536 million |
| Total | $5,812 million | $5,738 million | $10,843 million | $10,472 million |

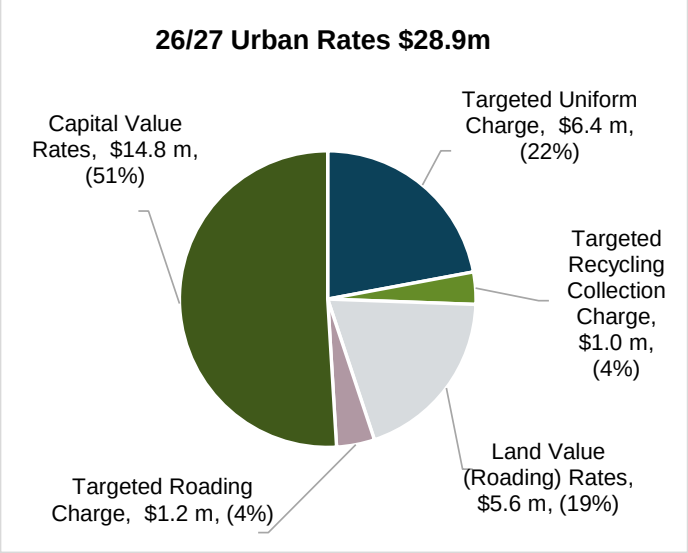
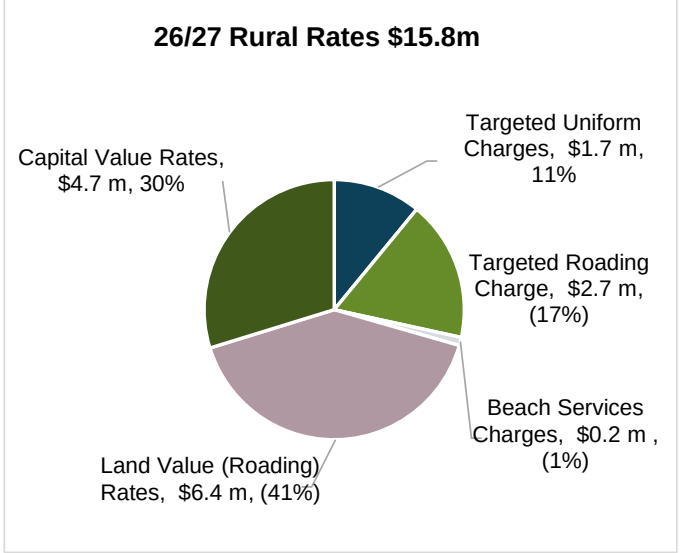
**Masterton Separately Ratable Units 2026/2023**

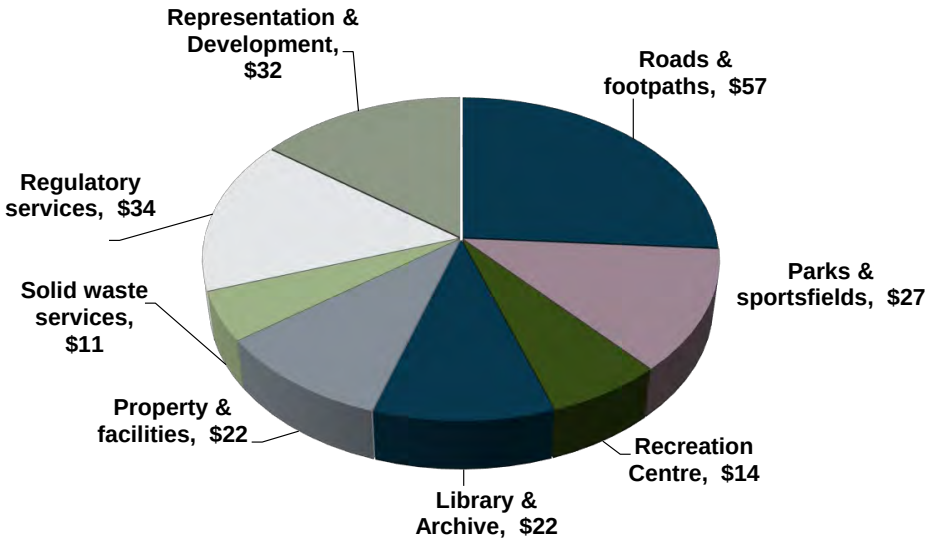
| **Ratable Units** | | |
|---|---|---|
| **Area** | **2026** | **2023** |
| Rural | 4,105 | 4,091 |
| Urban | 10,474 | 9,324 |
| Total | 14,579 | 13,415 |

**Attachment 3: Rates Impacts**

The Following graphs and information set out the estimated rates impact of the proposed changes across urban and rural property types.

| Description | Urban | Rural |
|---|---|---|
| Water activities removed, **no policy changes** |  |  |

| Description | Urban | Rural |
|---|---|---|
| Water activities removed, **after** policy changes |  |  |




2026/27 Rates recast for a Masterton residential property with a CV of $550,000.

Rates relating to three waters, being paid in 2026/27 amount to $129/mth and have been excluded from above.

**Table 1: Rates Examples**

The table on the following page presents examples of the proposed rates impacts. The examples are grouped according to the policy changes being considered and are intended to illustrate how those changes may affect different types of properties and ratepayers.

**A** **Change Population Allocation:** Update and Use the 2026 Urban/Rural Population Split for Allocations

**B** **Change Storm Allocation:** Allocate Roading - Storm Damage Funding on a Population basis.

**C** **Change Rural Solid Waste, Parks, Animal Services Allocations:**

- Allocate Rural Solid Waste costs through a Capital Value rate.
- Allocate the rural share of Parks, Reserves and Cemeteries costs through a Capital Value rate
- Animal Control Costs Allocated 90 percent Urban and 10 percent Rural

| RATES EXAMPLES<br>INCLUDING GST | CAPITAL VALUE (AT SEP 2023) | 2026/27 MDC RATES | 2026/27 MDC Rates excl 3 Waters* | % Change (Waters) | $ Change pa (Waters) | Change Population Allocation<br>Policy Change A $ | <br>Policy Change A % | Change Storm Allocation<br>Policy Change B $ | <br>Policy Change B % | Change Rural Solid Waste, Parks, Animal Services Allocations<br>Policy Change C $ | <br>Policy Change C % | Overall Changes due to Policy<br>$ | <br>% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Masterton - residential example 1 | $ 380,000 | $ 3,115 | $ 2,018 | **-35.2%** | $(1,098) | $ (13) | -0.6% | $ 20 | 1.0% | $ 5 | 0.2% | $ 12 | **0.6%** |
| Masterton - residential example 2 | $ 550,000 | $ 4,003 | $ 2,617 | **-34.6%** | $ (1,386) | $ (15) | -0.6% | $ 28 | 1.1% | $ 4 | 0.1% | $ 16 | **0.6%** |
| Masterton - residential example 3 | $ 660,000 | $ 4,365 | $ 2,783 | **-36.3%** | $ (1,583) | $ (19) | -0.7% | $ 25 | 0.9% | $ 5 | 0.2% | $ 11 | **0.4%** |
| Masterton - residential example 4 | $ 760,000 | $ 4,732 | $ 2,972 | **-37.2%** | $ (1,760) | $ (21) | -0.7% | $ 23 | 0.8% | $ 5 | 0.2% | $ 7 | **0.3%** |
| Masterton - residential example 5 | $ 1,090,000 | $ 6,263 | $ 3,934 | **-37.2%** | $ (2,329) | $ (27) | -0.7% | $ 31 | 0.8% | $ 5 | 0.1% | $ 9 | **0.2%** |
| Masterton - central, small area | $ 540,000 | $ 3,910 | $ 2,539 | **-35.1%** | $ (1,371) | $ (16) | -0.6% | $ 26 | 1.0% | $ 5 | 0.2% | $ 14 | **0.6%** |
| Riversdale Beach | $ 880,000 | $ 3,940 | $ 3,282 | **-16.7%** | $ (657) | $ 39 | 1.2% | $ (50) | -1.5% | $ (103) | -3.1% | $ (114) | **-3.5%** |
| Castlepoint | $ 850,000 | $ 3,736 | $ 3,102 | **-17.0%** | $ (635) | $ 38 | 1.2% | $ (46) | -1.5% | $ (110) | -3.6% | $ (118) | **-3.8%** |
| Rural - lifestyle | $ 1,180,000 | $ 3,139 | $ 3,288 | **4.8%** | $149 | $ 45 | 1.4% | $ (53) | -1.6% | $ (25) | -0.8% | $ (34) | **-1.0%** |
| Rural - forestry | $ 2,340,000 | $ 7,078 | $ 7,410 | **4.7%** | $ 333 | $ 67 | 0.9% | $ (151) | -2.0% | $ 275 | 3.7% | $ 191 | **2.6%** |
| Rural - hill country farm | $ 6,840,000 | $ 18,154 | $ 19,026 | **4.8%** | $ 872 | $ 175 | 0.9% | $ (383) | -2.0% | $ 1,108 | 5.8% | $ 900 | **4.7%** |
| Rural - dairy farm | $ 3,880,000 | $ 10,745 | $ 11,255 | **4.8%** | $ 511 | $ 118 | 1.1% | $ (213) | -1.9% | $ 343 | 3.0% | $ 248 | **2.2%** |
| Commercial - industrial | $ 1,000,000 | $ 11,050 | $ 7,180 | **-35.0%** | $ (3,870) | $ (45) | -0.6% | $ 73 | 1.0% | $ 5 | 0.1% | $ 33 | **0.5%** |
| Commercial - motel | $ 1,200,000 | $ 13,262 | $ 8,721 | **-34.2%** | $ (4,542) | $ (53) | -0.6% | $ 96 | 1.1% | $ 5 | 0.1% | $ 47 | **0.5%** |
| Commercial - large retail | $ 7,680,000 | $ 71,648 | $ 44,684 | **-37.6%** | $ (26,963) | $ (313) | -0.7% | $ 332 | 0.7% | $ 5 | 0.0% | $ 24 | **0.1%** |
| Commercial - Queen St shop | $ 475,000 | $ 6,118 | $ 4,055 | **-33.7%** | $ (2,063) | $ (24) | -0.6% | $ 47 | 1.1% | $ 5 | 0.1% | $ 27 | **0.7%** |

* Modelled using 2026/27 Rates Required, less 3 Waters rates, but no reduction for stranded overheads. Stranded overheads to be addressed via the LTP budgets.