



Individuals

Swimming pools provide a perfect environment in which to learn to swim. It should also be noted that many people swim for fitness and that this is in direct competition with private sector gyms and other recreational facilities.

The recreational programmes carried out in this activity have a set of obvious, direct, rival and excludable private benefits that go to those using the programmes. This is particularly true if the participants are not from a disadvantaged section of the community.

Total benefit to the community as a whole: 40%
Total benefit to individuals: 60%

Costs and Benefits of Distinct Funding
s101(3)(a)(v)

The Distribution of Benefits assessment suggests that 40% of the Aquatics and Recreational Programmes activity should be funded from general rates, and 60% from user charges.

It is estimated that the marginal cost of pool use is around 50c. The adult admission charge of up to \$4.00, therefore, covers significant amounts of fixed costs, which make up the bulk of the costs of swimming pools. Council could take a purely revenue maximising approach to pool charges. This, however, needs to be balanced with social objectives such as not preventing low income families from using pools. Affordability for lower income groups is considered to be a sufficient reason to keep pool charges and recreation programmes below the full cost. Experience has shown that raising prices to levels that deter usage results in lower overall income. These detriments are seen as outweighing the benefits to transparency and accountability that would accrue from funding the activity as per the distribution of benefits.

Total costs allocated to the community as a whole: 65%
Total costs allocated to individuals: 35%

FINAL COST ALLOCATION PERCENTAGE

Private Funding	
User Charges	30.0
Other Revenue	5.0
Total Private Funding	35.0
Public Funding	
General Rate	
Residential	51.6
Business	10.3
Utility	2.1
Rural	1.0
Total Public Funding	65.0
TOTAL	100.0

The allocation of public funding across the residential, business, utility and rural ratepayers is in direct proportion to each segment’s share of the total capital value of the city.

4. PARKS AND RESERVES

Description

Council provides and maintains passive recreational facilities in the city for the enjoyment and well-being of the public, free of charge. Sports fields are provided and maintained through charges to sports codes. Recreation areas are both natural and created, with the majority of effort targeted at maintenance and retaining areas in their natural state.

This activity also includes Council’s cemeteries.

Community Outcomes

s101(3)(a)(i)

This activity contributes primarily to Community Outcome 5 – Lifestyle “affordable access to community facilities that include arts, cultural and recreation options”.

Distribution of Benefits

s101(3)(a)(ii)

Whole Community

The activity is undertaken because the market does not provide such facilities at levels desired by the community. The major public good characteristic of passive recreation facilities such as parks, reserves and beaches is that they are non-rival. It is technically feasible to exclude people from their use, but it is likely that there would be a high cost to this. The costs of maintaining passive recreation facilities are generally the same regardless of the number of users. Accordingly, the benefit to the whole community for passive recreation facilities is assessed at 95%.

There is strong community support for sports fields, which suggests that, even while many people do not use the sports fields, they value the option to use them should they so wish. The community also recognises the public benefits obtained by children and young people through increased health and social skills. The benefit to the whole community for sports fields is assessed at 70%.

Cemeteries are not seen as providing any significant benefit to the community as a whole.

Identifiable Parts of the Community

There are no identifiable parts of the community that derive benefits from passive recreation facilities distinct from the whole community benefits.

The majority of the costs of sports fields arise out of having to maintain them to the standard required by whichever sports code is using the field. The codes represent identifiable groups within the community and the fields are both rival and excludable.

Individuals

On occasion a commercial operator will rent a reserve for an event or recreational business (such as the holiday park). In these cases the benefit characteristics of the property switch from whole community to individual benefit for the duration of the rental period. A market rent is charged to reflect this.

Cemetery plots are both rival and excludable. Benefits from the provision of cemeteries are assessed at 100% to individuals.

On the basis of this analysis the overall distribution of benefits for this activity is:

Total benefit to the community as a whole:	80%
Total benefit to identifiable parts of the community:	15%
Total benefit to individuals:	5%

Period of Benefits

s101(3)(a)(iii)

Capital costs of both passive recreation facilities and sports fields have generally been paid by developers, or the facility has been in public ownership for a long time. There is an ongoing opportunity cost of capital, which should be funded annually in the same way as interest on loans is funded for other asset rich activities. Where land is assessed as surplus to requirements Council should initiate the process to dispose of it.

For cemeteries Council maintains plots in-perpetuity. As the benefit assessment is 100% individual benefit, the fees charged for plots should include the maintenance and capital costs of providing the cemetery in-perpetuity.

Exacerbator Pays

s101(3)(a)(iv)

The actions of sports codes contribute significantly to the need for Council to undertake the maintenance of sports fields.

Costs and Benefits of Distinct Funding

s101(3)(a)(v)

The Distribution of Benefits assessment suggests that 80% of the Parks and Reserves activity should be funded from general rates, 18% from charges for the use of sports fields, and 2% from other user charges such as cemetery plot fees.

Council views the active participation of residents in outdoor activities as beneficial to the whole community. Affordability for sporting clubs is now a factor in limiting



participation. For these reasons Council has modified the private benefit of the sports fields activity down to approximately the current level of charges.

Total costs allocated to the community as a whole:	90%
Total costs allocated to identifiable parts of the community:	5%
Total costs allocated to individuals:	5%

FINAL COST ALLOCATION PERCENTAGE

Private Funding	
User Charges	10.0
Total Private Funding	10.0
Public Funding	
General Rate	
Residential	71.3
Business	15.8
Utility	2.9
Rural	0.0
Total Public Funding	90.0
TOTAL	100.0

The distribution of public funding between rating groups is based on property valuations reflecting a generally even spread of benefits across all ratepayers. The exception is the rural sector where property owners generally supply their own open space recreation areas. This proportion has been allocated to the business sector to recognise the intense use of gardens in the central area.

5. COMMUNITY SUPPORT

Description

Council has a policy of identifying and understanding its communities and their issues. Through greater knowledge of local needs Council is able to respond suitably to social issues affecting members and groups of communities it represents. The support Council contributes assists groups to achieve their goals when it would not otherwise have been possible owing to lack of resources. This support includes facilitation, advocacy, consultation and allocation of grants to community organisations and groups. These services are carried out through Council’s Community Development division or through private contracts.

Community Outcomes

s101(3)(a)(i)

This activity contributes primarily to the following Community Outcomes:

- Outcome 5 – Lifestyle “a city that is safe, friendly and welcoming, where people experience a sense of belonging”
- Outcome 5 – Lifestyle “affordable access to community facilities that include arts, cultural and recreation options”.

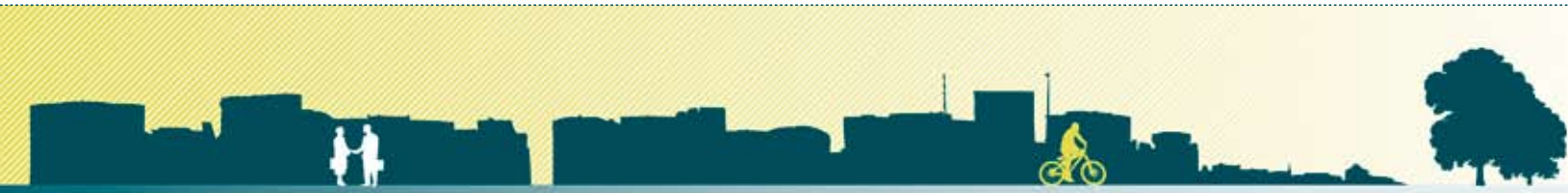
Distribution of Benefits

s101(3)(a)(ii)

Whole Community

Council’s Social Policy framework is a frame of reference for Council policies in general. On this basis the benefits can be said to accrue to the community in general. In addition, the costs are largely independent of the number of people who benefit. Benefits are also non-rival and non-excludable.

High levels of community support exist for devoting resources to the delivery of social policy, suggesting significant option values. In most cases the grants or community houses funded are acting as the coordinator between Council and the most disadvantaged groups of people. These funds are contestable to a large extent and



therefore open to anyone to apply to help achieve Council’s objective to help those least able to help themselves.

It is considered, therefore, that the activity is defined as distributing grants on behalf of ratepayers in general. This point and the fact that the service is targeted at parts of the community that are unable to achieve their objectives without Council help, suggest a majority of public funding.

Individuals and Identifiable Parts of the Community

The delivery of Social Policy has a private benefit component reflecting the fact that the service is delivered to identifiable individuals and groups. The direct benefits of the activity are both rival, in that if one group receives it another cannot, and excludable, in that Council can withhold the service from beneficiaries if it chooses. Grants to community houses largely benefit the part of the city in which they are located. Community grants involve the transfer of funds from the general ratepayer to individuals or groups.

This activity includes discretionary rate remissions. These are largely of private benefit to clearly identifiable groups of people.

Total benefit to the community as a whole: 80%
Total benefit to individuals and identifiable parts of the community: 20%

Period of Benefits

s101(3)(a)(iii)

There is an intergenerational aspect to this activity, in that the Social Policy Framework was developed over a few years but its benefits will occur over a longer period.

Costs and Benefits of Distinct Funding

s101(3)(a)(v)

The Distribution of Benefits assessment suggests that 80% of the Community Support activity should be funded from general rates, and 20% from user charges.

The benefits from transparency and accountability flowing from such a funding mix are more than offset by the social costs that would result. Council acts to help support the part of the community that can least afford to take care of itself. Council believes that providing some community support to those in need is in the interests of the whole community. Council is focused on providing some support for the community groups that help the community in this fashion.

As part of this activity Council receives and distributes grants from other organisations, principally Central Government. For final cost allocation purposes these funds, and a small amount of user charges reflecting current practice, are deemed to equate to the private good element of this activity.

Total costs allocated to the community as a whole: 92%
Total costs allocated to individuals and identifiable parts of the community: 8%

FINAL COST ALLOCATION PERCENTAGE

Private Funding	
User Charges	1.0
Other Revenue	7.0
Total Private Funding	8.0
Public Funding	
General Rate	
Residential	73.0
Business	14.6
Utility	2.9
Rural	1.5
Total Public Funding	92.0
TOTAL	100.0

The allocation of public funding across residential, business, utility and rural ratepayers is in direct proportion to each segment’s share of the total capital value of the city.



6. PROPERTY

Description

Council manages a variety of properties for use by the community. These properties are mainly community and civic halls and venues, public toilets and community houses. Council’s ownership of most of these properties is largely historical. There is significant public preference for retaining Council ownership of the properties used by the community, and facilitating community events, meetings and gatherings. Public toilets are provided for community convenience and to safeguard public health. Progressive reviews of these facilities ensure they remain efficient and meet changing public requirements.

Council also provides and maintains a number of other properties, including buildings used for Council’s administration and other miscellaneous properties.

Community Outcomes

s101(3)(a)(i)

This activity contributes primarily to the following Community Outcomes:

- Outcome 5 – Lifestyle “affordable access to community facilities that include arts, cultural and recreation options”
- Outcome 6 – Regional Foundations “everyone has a quality standard of affordable housing”.

Distribution of Benefits

s101(3)(a)(ii)

This activity consists of community property and other property functions. These functions have distinct economic characteristics that are discussed separately below.

Community Properties

The provision of halls and venues (including community houses) is rival and excludable with many private sector substitutes being offered. Where suitable alternative structures are not available developers would provide them given an adequate rental. Public

benefits arguably exist in that some groups serving the community’s interest could not afford to pay the market price for hall rental and a subsidy provides net benefits to the public. There might also be benefits in having “neutral territory” on which some community groups can meet, and places where Council can hold public meetings.

Public toilet facilities have both public and private good characteristics. Public toilets are an activity intended to minimise the negative effects of individual actions. The fouling of public areas is seen as a public health issue and is difficult to prevent. Public toilets are seen as an effective alternative. It is acknowledged that to encourage greater use of public toilets, the standard would need to be improved. The community is currently asking Council to provide more public toilets. This fact points to a recognition that the community sees public benefits from providing clean public toilets for residents and visitors to the city.

Council provides a small number of public toilets in shopping areas and at parks and reserves. Toilets are provided by the private sector for use by the public in many areas such as shopping malls and fast-food outlets. The service is both rival and excludable, and the direct benefits are private in nature. In many countries this service is provided on a user pays basis.

Total benefit to the community as a whole:	40%
Total benefit to individuals or identifiable parts of the community:	60%

Other Properties

Other property is generally a private good with considerable private sector competition. Council has been selling some of this property, and this is expected to continue. Property used for Council’s activities should be fully cost recovered and those costs shown in the appropriate activity of Council.

Total benefit to the community as a whole:	5%
Total benefit to individuals or identifiable parts of the community:	95%

Period of Benefits

s101(3)(a)(iii)

This activity involves the ownership and management of a large number of assets, and intergenerational issues apply.

Many of the community property structures have been provided to some extent by past generations of residents' fundraising activities helping to pay for the private benefits of the users. If the community wishes these facilities to be maintained, and to be replaced at the end of their useful lives, it is appropriate that each year's ratepayers make a capital cost contribution through depreciation charges.

Exacerbator Pays

s101(3)(a)(iii)

The provision of public toilets is seen as being an exacerbator pays issue, which would indicate the use of user charges to fund this part of the activity, but the public health issues arising from non-use indicate against such charges.

Costs and Benefits of Distinct Funding

s101(3)(a)(iv)

Halls and venues provide community groups and individual residents with opportunities to carry out recreational, cultural and governance activities. Charging the full costs of running these community facilities would result in many of the community groups ceasing to operate with consequent negative impacts on the community at large. It is likely that the desired private funding target would not be reached, as the total revenue would actually decline as the price increases. The modification to the funding of this activity recognises that current charges are at a level that is at the upper limit of what the community is prepared to tolerate.

Charging for public toilets would defeat the purpose for which Council has provided them. For public health reasons toilets need to be freely available to ensure usage.

Total costs allocated to the community as a whole: 39%
Total costs allocated to individuals or identifiable parts of the community: 61%

FINAL COST ALLOCATION PERCENTAGE

Private Funding	
User Charges	61.0
Total Private Funding	61.0
Public Funding	
General Rate	
Residential	31.0
Business	6.2
Utility	1.2
Rural	0.6
Total Public Funding	39.0
TOTAL	100.0

The allocation of public funding across residential, business, utility and rural ratepayers is in direct proportion to each segment's share of the total capital value of the city.

The final cost allocation assumes internal charges to other activities for properties used directly by Council are not included in the user charges percentage above. These internal charges are treated as a reduction in the costs allocated.