

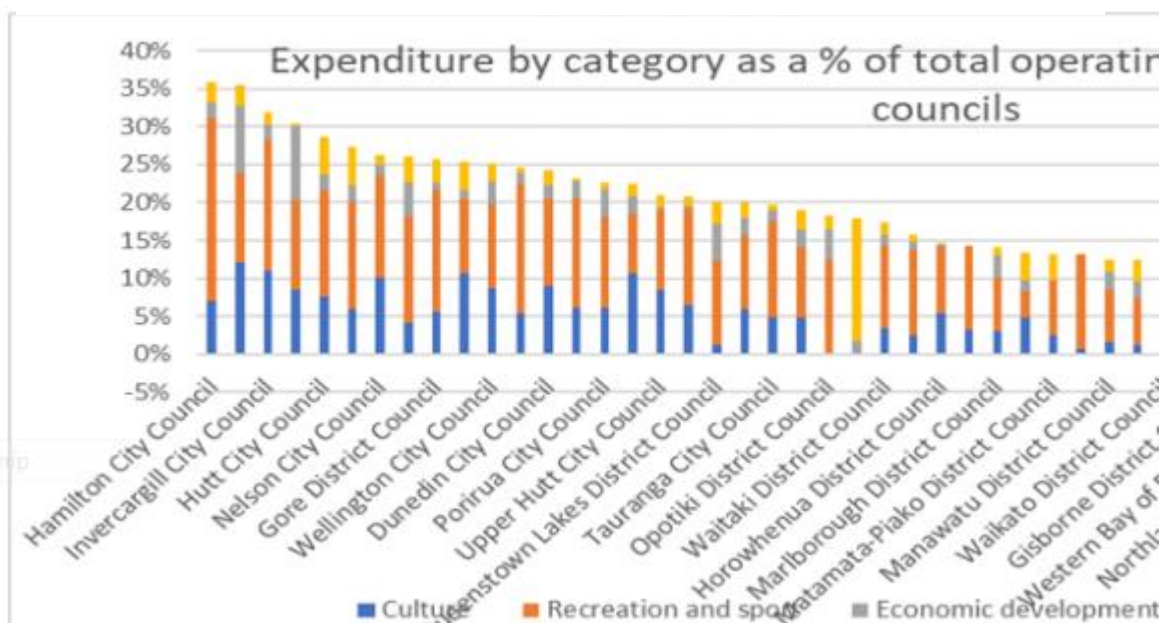
Hamilton is top of the list of big spenders on “non-core” services. The graph is too large to print in full (see *).

Of course Hamilton ratepayers do not want to have to mow the parks and weed the gardens. However if the spending on “non-core” services by HCC was the same as the average 17% across all Local Governments that would equal a saving of 22.5%.

The total rates revenue to end June 2018 was \$300million - 22.5% is \$67.5million.

* see Local Government Business Forum Figure 1.10 page 23 The graph looks more closely at the topical categories -culture; economic development; recreation and sport; and community development, and illustrates the wide range of variations across all councils and across each of the four categories. **Hamilton City Council is top of the list - 35% of expenditure is made up of the four categories.**

<http://www.localgovtforum.org.nz/LGF/files/a3/a33fef94-6e9c-45da-b1af-2d4b5c10499c.pdf>



Here are some of the comments from the Productivity Commission “Issues Paper”

https://www.productivity.govt.nz/sites/default/files/Local%20government%20funding%20and%20financing%20issues%20paper_FINAL_3.pdf

The Local Government Business Forum (2018) argues for councils to limit their spending to core business and suggests central government or the private sector is better placed to provide many of the non-core services that local government is increasingly providing.

There has been a broadening of scope and a shift away from traditional core business in recent years with spending on economic development, sport and recreation and community development increasing as well as

new, previously uncategorised, items of expenditure. This is despite 2012 legislative changes intended to narrow the scope. (p. 6)

Table 5.3 sets out some broad categories of local government operating expenditure, based on the activity areas included in Stats NZ’s local government financial data. Activities that might be considered ‘non-core’ accounted for 17% of total operating expenditure in 2017.

The breadth of activity areas in Stats NZ’s local government financial data, along with the absence of clear definitions of ‘core’ and ‘non-core’ activities, mean that it is difficult to gauge the veracity of claims about increasing non-core spending. For example, supposedly ‘non-core’ activity areas include many activities and services that local government has provided for many decades, such as parks, recreational facilities and libraries (LGNZ, 2012b).

Table 5.3 Local government operating expenditure categories

Category ¹	Activities included	% of total opex, 2017	% growth, 2009 – 2017 (nominal)
Core infrastructure	Roading, transport, water supply, wastewater, solid waste/refuse	46%	45%
Core services	Environmental protection, property, emergency management, planning and regulation, governance	18%	40%
‘Non-core’	Culture, recreation and sport, community development, economic development	17%	35%
Council support	Council support services	16%	48%
Other	Other activities	3%	470%

Source: Stats NZ (2018c).

Notes: 1. Expenditure categories were established subjectively

The 35% in Table 5.3 comes from The Hamilton City Council 10 Year Plan. However the Icons at the bottom of the Hamilton City Council Rates Invoice for 2018 -2019 ‘**How your total rates are spent**’ show 39.5% of rates are spent on “non-core” services.

Compare HCC Figures with Table 5.3 in the Issues Paper			
	Productivity Issues Paper	HCC 10 Year plan division of costs for 10 years	
	%	\$million	%
core infrastructure	46%	\$1,721	56%
core services	18%	\$237	8%
"non-core"	17%	\$1,085	35%
Council support	16%	\$34	1%
other	3%		
	100%	\$3,077	100%

How Rates are Distributed to fund Activities in the City		
Hamilton City Council Rates Invoice 2018-2019		
Core infrastructure		Sum
Water management	31.1%	
Transport	18.9%	54%
Rubbish and Recycling	4.0%	
Core Services		
City Planning and Safety	5.0%	5%
"non-core"		
Attractions and Venues	16.3%	
Park and Recreation	14.6%	39.5%
Arts and Community	8.6%	
Council Support		
Democracy	1.5%	1.5%
	100%	

Comparison of Total Budget for 10 Years taken from Pie Charts in Consultation Documents

	Consultation		Final 10 Year Plan 2018 - 2028	Difference 2018- 2015
	2015 \$million	2018 \$million		
Core Infrastructure				
Transport	\$506	\$225	\$685	\$179
Water Management	\$657	\$814	\$919	\$262
Rubbish and Recycling	\$89	\$95	\$117	\$28
SUM	\$1,252	\$1,134	\$1,721	
Core Services				
Planning and Development	\$128	\$45	\$167	\$39
Safety	\$57	\$43	\$70	\$13
SUM	\$185	\$88	\$237	
"non-core" services				
Visitor Attractions		\$145	\$213	\$213
Venues, Tourism and Major events		\$192	\$264	\$264
Community Support	\$72			-\$72
Arts and Culture	\$194	\$195	\$219	\$25
Recreation	\$133			-\$133
Parks and Green Spaces	\$250	\$326	\$389	\$139
Economic Development	\$275			-\$275
SUM	\$924	\$858	\$1,085	\$161
Council Support				
Democracy Services	\$62	\$33	\$34	-\$28
SUM	\$62	\$33	\$34	-\$28
Total	\$2,423	\$2,113	\$3,077	\$654

References

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