

# Revenue and Financing Policy

## INTRODUCTION

The Local Government Act 2002 (The Act) requires the adoption of policies which outline how operating and capital expenditure for each activity will be funded. They are aimed at providing predictability and certainty about sources and levels of funding.

The Act requires the Council to manage its finances prudently and in a manner which promotes the current and future interests of the community. The Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses and that its long-term development programme is financially sustainable.

In deciding the most appropriate funding source for each activity the Council must show:

- The community outcomes to which the activity primarily contributes; and
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- The period in or over which those benefits are expected to occur; and
- The extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

In its Long Term Plan (10 Year Plan) the Council identifies its Vision, Goals and Strategies which represent its desired Community Outcomes.

## Vision

Palmerston North: Small city benefits, big city ambition

## Goals and Related Strategies

Goal	Strategy
An innovative and growing city	Economic development strategy City development strategy
A creative and exciting city	Creative and liveable strategy
A connected and safe community	Connected community strategy
An eco-city	Eco-city strategy
A driven and enabling council	Organisational strategy

The activities of the Council itself have been grouped into major groups of activities as follows:

- Innovative and Growing City
- Transport (incorporating Roading and Footpaths)
- Creative and Exciting City
- Connected and Safe Community
- Eco-city
- Stormwater
- Wastewater
- Water Supply
- Driven and Enabling Council

The relationships between these groups of activities and the identified community outcomes (Council's Vision and Goals) are outlined in detail in each Activity page of the 10 Year Plan.

## Funding of Operating Expenses

The Council has made a determination as to the most appropriate way of funding the operating expenses for each activity. This was based on an assessment of the nature of the benefits provided from the activity, who benefits (i.e. the whole community, identifiable groups or individuals) and for what period. Funding source proportions were then attributed using the following scale:

High	80-100%
Med/high	60-79%
Med	40-59%
Med/low	20-39%
Low	0-19%

The specified funding source proportions are indicative only. They are not intended as an exact realisable proportion, rather as a guideline. It is recognised that within each activity there may be justification for variation from those proportions on a case by case basis. The basis for such variations will need to rest in the criteria outlined below.

In general terms the Council believes:

- An activity should be collectively funded if the benefits of the activity are largely received by the broader community without differentiation, in equivalent proportions, and the costs of the activity cannot easily be attributed to an individual or group of individuals.

*For example: Civil Defence. Everyone benefits. No individual can be responsible for the costs. Therefore it is entirely publicly funded.*

- An activity should be funded on a user-pays basis if an individual or group of individuals directly receives benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or group of individuals.

*For example: Private Planning Services. Only those who seek resource consents benefit from them so they can be held responsible for the costs. Therefore it is entirely funded by users.*

- An activity should be funded by an exacerbator if the benefits of the activity are largely received by the broader community without differentiation, in equivalent proportions, but the costs of the activity can be attributed to an individual or group of individuals.

*For example: Parking enforcement. Everyone faces the cost of unavailability of public parking if someone parks over time. The individual who parked over time can be held directly responsible for that cost. Therefore the public cost*

*can be privately borne completely by that individual.*

- An activity can be funded from other sources if the benefits of the activity are largely received by the broader community without differentiation, in equivalent proportions, but the costs of the activity can be met by other means.

*For example: Roothing. Everyone benefits. No individual can be responsible for the costs. However, the Council is eligible for central government subsidies from organisations such as New Zealand Transport Agency. Therefore it is entirely publicly funded, but a proportion of the costs is recouped from 'other' sources.*

- Although the Council believes that it would be appropriate to charge for some activities on a user-pays basis this is not always practicable and sometimes a proxy is required.

*For example: Wastewater. Everyone benefits though the extent of use depends on the nature of the use of the property. Trade waste can be measured and separately charged for. It is not practical to measure other non-residential users with higher volumes, such as motels or hospitals but a proxy of the number of pans can be used. Likewise, a targeted rate in the form of a fixed annual charge for each separately occupied portion of a rating unit is seen as a reasonable proxy for residential property.*

The tables which follow show this analysis for each activity within the groups of activities. A summary is provided on the final page of the policy.

The process for funding operating costs of these activities is as follows:

- Any operating grants or subsidies for a particular activity are used to reduce the gross cost.
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this, provided there are no legislative constraints on doing this.
- Where a fee or charge is not practical, targeted rates may be set in accordance with Council's rating policies.
- Any net income from investments or fuel taxes may then be applied and any residual requirement will be funded through general rates and/or uniform annual general charges (UAGC) – these latter rates and charges will be set on a differential basis in accordance with Council's rating policies. For the purposes of this policy any reference to general rates as a funding source is considered to include UAGCs.
- Rating policies including the details of targeted rates, the level of the UAGC, the choice of valuation base for the general rate and the details of the differential system will be outlined in the Funding Impact Statement in the 10 Year Plan or Annual Plan as appropriate.

## **Funding of Capital Expenditure**

The Council takes a consolidated corporate approach to the management of its financial position. Through its 10 Year Plan it determines what capital expenditure is sustainable within the prudential guidelines it has set itself. These parameters are contained in the Financial Strategy.

Asset management plans are maintained for all infrastructural services and these provide information about asset condition and asset renewals required to maintain desired service levels.

Routine on-going plant and equipment purchases are funded from operating revenue and proceeds of asset sales.

Renewals are funded from subsidies and grants (when available), revenue, and in extenuating circumstances from borrowing.

New capital developments are funded from subsidies and grants (when available), user contributions, reserves, asset sales, and where necessary from borrowing.

Through the application of its 'Development Contributions' policy the Council seeks to obtain contributions to fund infrastructure required due to City growth.

Borrowing is an appropriate funding mechanism to enable the effect of peaks in capital expenditure to be smoothed and also to enable the costs of major developments to be borne by those who ultimately benefit from the expenditure. This is known as the 'intergenerational equity principle' and means that the costs of any expenditure should be recovered from the community at the time or over the period the benefits of that expenditure accrue. It is not appropriate or sustainable for all capital expenditure to be funded from borrowings. In periods of low capital expenditure borrowings should be reduced.

REVENUE SOURCE	POLICY FOR FUNDING OPERATING EXPENSES <sup>1</sup>	POLICY FOR FUNDING CAPITAL EXPENDITURE <sup>2</sup>
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General Rates		
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<p>General rates are currently set at rates of cents in the dollar of land value, calculated differentially based on the following classifications (and further sub-classifications) of property:</p> <ul style="list-style-type: none"> <li>• Single Unit Residential</li> <li>• Multi-unit Residential</li> <li>• Non-residential</li> <li>• Miscellaneous</li> <li>• Rural/semi-serviced</li> </ul> <p>Its incidence is modified by a uniform annual general charge (UAGC).</p>	<p>General rates will be primarily used to fund those activities, or parts of activities, that benefit the community in general and where no identifiable individuals or groups benefit in a significantly different way to the rest of the community.</p> <p>General rates may also be used where the use of direct charging would discourage use, when encouraging use of the service is an explicit objective, or important to achieving the Community Outcomes to which the activity is intended to contribute.</p> <p>General rates may also be used where it is impractical, or too administratively expensive, to fund the activity from other funding sources.</p> <p>General rates are currently apportioned according to the land value and deemed use of each property.</p> <p>National studies have concluded that capital value is a better measure of benefits received from Council services and of a ratepayer's ability to afford rates. To date the Council has not been convinced the benefits are so superior as to justify a change to the system. Further investigation is continuing and this policy would enable a change to a capital value base following appropriate public consultation.</p> <p>Use of property is determined according to whether its primary use is single unit residential, multi-unit residential, non-residential, miscellaneous or rural/semi-serviced. Each type of property pays different rates (cents in the dollar of land value). These differentials are designed to achieve an apportionment of rates which more closely reflects the estimated value of services received by each classification of property, after modification by the use of the UAGC and uniform charges (targeted rates).</p> <p>The UAGC is a fixed charge per rating unit which the Council treats as a part of the general rate. It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate and also to moderate rates on high value properties.</p>	<p>General rates may be used to retire debt.</p> <p>General rates may be used to purchase assets where the Council determines that funding the assets from debt is not the preferred option.</p>
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Targeted Rates		
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<p>Targeted rates, in the form of fixed charges are set to cover the net cost of water, wastewater and rubbish/recycling.</p> <p>Targeted rates, in the form of a percentage of the service amount (the cost of insulation provided by the Council under a Warm Palmerston North scheme) may be set to cover the service amount and the cost of</p>	<p>Targeted rates may be used to fund activities which identifiable categories of ratepayer, or ratepayers in identifiable locations, receive benefits from the activity to be funded in a significantly different way from other ratepayers.</p> <p>Targeted rates may be set as a fixed annual charge, or based on some other legally permissible basis such as land or capital value. They may be set differentially depending the location or classification of ratepayer or the nature of the service being provided.</p> <p>Targeted rates may be set for the purpose of achieving a more fair, efficient or transparent allocation of costs across the community.</p>	<p>Targeted rates may be used to retire debt, where the debt arose from the purchase of assets used for the activity funded from the targeted rate.</p> <p>Targeted rates may be used to purchase physical assets, where the Council determines that funding the assets from debt is not the preferred option, and the</p>
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<sup>1</sup> Operating expenses are those incurred to provide the day to day activities of the Council and include the costs of staff and consumables. Operating expenses are funded from the sources mentioned and for the reasons outlined.

<sup>2</sup> Capital expenditures include those to purchase, build or acquire into council ownership, physical assets. Such assets have service lives of more than one year. The principle of “intergenerational equity” says that expenditure that provides benefits over time should be funded over the same period, so that each generation of users pays a fair share. Capital expenditures also include the renewal or replacement of existing assets. These are usually funded from resources built up from the revenue sources that fund the particular activity. It also includes debt repayment.

REVENUE SOURCE	POLICY FOR FUNDING OPERATING EXPENSES <sup>1</sup>	POLICY FOR FUNDING CAPITAL EXPENDITURE <sup>2</sup>
<p>servicing the service amount.</p> <p>Targeted rates may be set to fund the operation of Business Improvement Districts (BIDs) if such districts are established at the community's request.</p>		<p>assets are to be used for the activity funded from the targeted rate.</p>
<p><b>Lump Sum Contributions</b></p> <p>These are a mechanism for enabling ratepayers to elect to pay for capital projects by lump sums instead of by targeted rates.</p>	<p>Operating costs are not funded from lump sum contributions.</p>	<p>The Council may fund capital projects in whole or part through lump sum contributions.</p>
<p><b>Fees and Charges</b></p> <p>A wide range of fees and charges are made to cover either the whole or part of the cost of activities.</p>	<p>Fees and charges will generally be used for those services where the benefit is entirely, or in part, to the direct user of the service and where the use of the service is at the discretion of the user. This includes fees for various consent, licences, permits and property information. The user charge may recover all, including a market return on the value of the Council's investment, or part of the cost of the activity.</p> <p>Where the Council needs to ration the use of an activity, it may charge at a level above that which would be necessary to recover the costs of the activity.</p> <p>Fees and charges may be in the form of fines, penalties or similar and used where the Council wishes to modify the behaviours that impose cost, or inconvenience, on other members of the community.</p>	<p>User charges may be used to retire debt, where the debt arose from the purchase of assets used for the activity funded by the user charge.</p> <p>User charges may be used to purchase physical assets, where the Council determines that funding the assets from debt is not the preferred option, and the assets are to be used for the activity funded from the user charge.</p>
<p><b>Interest and Dividends from Investments</b></p>		
<p>The Council receives interest and dividends from its investments and short-term cash management.</p>	<p>Ordinary budgeted interest and dividends, along with any other investment income, is treated as general revenue.</p>	<p>Investment income may be used to retire debt, when that income has not been budgeted for other purposes.</p>
<p><b>Borrowing</b></p> <p>Borrowing involves the taking on of debt and in normal circumstances is only appropriate to fund assets with long lives.</p>	<p>Unless there are exceptional circumstances the Council will not borrow to fund operating costs.</p>	<p>Borrowing is the preferred means of funding capital expenditure as it promotes intergenerational fairness. What is an appropriate level of borrowing is assessed against criteria in the Council's</p>

REVENUE SOURCE	POLICY FOR FUNDING OPERATING EXPENSES <sup>1</sup>	POLICY FOR FUNDING CAPITAL EXPENDITURE <sup>2</sup>
<b>Proceeds from Asset Sales</b>		<p>Financial Strategy.</p> <p>The Council may also borrow to fund insulation to homes under a Warm Palmerston North scheme in conjunction with the Energy Efficiency and Conservation Authority (ECCA). The borrowing and associated servicing costs will be repaid from targeted rates set on the properties concerned for a term of up to nine years.</p>
<p>These are the sums received when physical assets are sold.</p>	<p>Operating costs are not funded from asset sales.</p>	<p>Proceeds from asset sales are an appropriate source for purchasing assets or retiring debt as it has a neutral effect on Council's financial position (assets versus liabilities).</p>
<b>Development Contributions</b>		
<p>Development contributions are sums payable, or assets transferred to council, by developers or new service users for the costs imposed on infrastructure and facilities by growth in numbers of users.</p>	<p>Operating costs are not funded from development contributions.</p>	<p>Development contributions will be used to fund that proportion of new asset expenditure that is made necessary by increased demand as a result of growth in the number of users. Contributions will be calculated in accordance with the Council's Development Contributions Policy.</p>
<b>Financial Contributions under Resource Management Act</b>		
<p>Financial contributions are sums payable, or assets transferred to council, by developers or new service users to enable mitigation, avoidance or remedying of adverse effects arising from subdivision or development.</p>	<p>Operating costs are not funded from financial contributions.</p>	<p>Financial contributions may be used to fund that proportion of new asset expenditure that is made necessary by the effects of subdivision and development. The contribution may be required as a condition of consent, in accordance with any relevant rule in the District Plan.</p>

REVENUE SOURCE	POLICY FOR FUNDING OPERATING EXPENSES <sup>1</sup>	POLICY FOR FUNDING CAPITAL EXPENDITURE <sup>2</sup>
<b>Grants and Subsidies</b>		
<p>These are payments from external agencies and are usually for an agreed specified purpose.</p> <p>The main source of these is NZ Transport Agency subsidies for road maintenance, renewals and improvements.</p>	<p>Grants and subsidies will be used for operating expenses only when this is consistent with the purpose for which they were given.</p>	<p>Grants and subsidies will be used for capital expenditure only when this is consistent with the purpose for which they were given.</p>

Note – On following pages of tables insert a footer which says.....

# - this proportion relates to the whole of the activity, not the individual components of it, unless otherwise stated

## Innovative and Growing City

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Economic Development</b>					
Economic development International relations	Individual businesses will benefit directly from specific initiatives  Entire economy benefits from improved economic activity, choice, employment opportunities and incomes	Short-term business support initiatives, but on-going benefits of infrastructure development and flow-on effects  Ongoing benefits for entire economy	Entire economy displays need for economic development  Businesses display specific need for support services and infrastructure	General rates, but with business differential (high)  Central Government funding (low)  Other Territorial Local Authorities (low)  Private sector (low)	As the entire City benefits from the economic returns from this expenditure the cost should be funded from general rates  Most businesses benefit from increased economic activity so should contribute a greater portion of the cost through the application of a differential on the general rate
Conference and function centre	Individual users benefit from the provision of the Conference and function centre  Accommodation, food and other businesses benefit from the presence of the users of the centre	Benefits are on-going	Need is created by those who which to stage events, functions and conferences	General rates (med/low)  Fees and charges (med/high)	Individual users of the Conference and function centre should pay market rates for its use  As the entire City benefits from the economic returns from this expenditure the cost should be funded from general rates  Many businesses benefit from increased economic activity so should contribute a greater portion of the cost through the application of a differential on the general rate

City Development					
Building services	<p>The entire community benefits from safe reliable infrastructure and resources and consistent, transparent Council procedures</p> <p>Developers and property owners benefit from the building services advice, information and certainty provided by the Council</p>	Benefits of regulation in general are ongoing even though the specific regulations may change over time	<p>Need is created by the following:</p> <p>entire community for structure, consistency and certainty</p> <p>those who do not comply with the rules (i.e. exacerbators)</p> <p>property developers building owners seeking building consents</p> <p>Council for rules to protect its position and manage its risk exposure</p>	<p>General rates (med/low)</p> <p>Fees and charges (med/high)</p>	<p>As the main beneficiaries are property developers and building owners they should pay for the majority of the cost of the activity</p> <p>No particular group or individual benefits more than others so the residual cost should be allocated to the whole City as part of the general rate</p>
<p>Planning services – public (includes planning advice, information, monitoring and enforcement)</p> <p>Planning services – private (resource consent processing)</p>	<p>The entire community benefits from safe reliable infrastructure and resources and consistent, transparent Council procedures</p> <p>The entire community benefits from advice relating to potential resource consents or resource management as well as from resource consent monitoring and enforcement activities</p> <p>Developers and property owners benefit from the resource consent advice, information and certainty provided by the Council</p>	<p>Benefits of regulation in general are ongoing even though the specific regulations may change over time</p> <p>Benefits of providing free information to the public and monitoring resource consents are on-going</p>	<p>Need for information is created by entire community</p> <p>Need for enforcement is created by those who do not comply with the rules (i.e. exacerbators)</p> <p>Need is created by developers and property owners seeking resource consents</p>	<p><b>Planning services – public:</b></p> <p>General rates (high)</p> <p>Fees and charges (low)</p> <p><b>Planning services – private:</b></p> <p>Fees and charges (high)</p>	<p>As the main beneficiaries of processing resource consents are property developers and building owners they should pay for the cost of the activity.</p> <p>No particular group or individual benefits more than others from the provision of information, monitoring and enforcement activities so the cost should be allocated to the whole City as part of the general rate</p>

Urban design	The entire community benefits from increased citywide knowledge of the principles of good urban design	Benefits are on-going	Need for information is created by entire community	General rates (high)	As the entire community benefits from the application of good urban design principles the cost should be funded through general rates
Heritage management	The entire community benefits from retention of sites and buildings of significance with heritage features  Owners of heritage buildings benefit from any support given to preserve and protect them	Benefits are on-going	Need is created by building owners requiring assistance or support to preserve the City's heritage features	General rates (high)	Although building owners benefit directly from the preservation of heritage sites and buildings, the entire community benefits from the City retaining its heritage features so any Council contribution toward achieving this should be funded through general rates



Active and Public Transport					
Footpaths	Entire community benefits from the provision of footpaths and cycle/pedestrian pathways	Ongoing benefits as long as infrastructure is maintained	Entire community creates the need for an accessible urban environment where walking, cycling and bus links are readily available for public use	General rates (high) New Zealand Transport Agency subsidy (med for qualifying expenditure)	Active and public transport costs which meet the benefit/cost qualifying criteria should be funded from NZTA subsidies as a proxy for direct contributions from users, many of whom are not City residents  It is impractical to charge for footpath or pathway use by any direct mechanism so the residual cost should be borne by whole City through the general rate
Active transport					
Public transport	Entire community benefits from the public transport being available				

# Creative and Exciting City

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Active Public Space</b>					
<p>Community and commemoratives events</p> <p>Economic events</p> <p>Place activation</p>	<p>The entire community benefits from community events which celebrate the richness of a diverse community and the vibrancy events bring to the City</p> <p>Business community benefits from spending by visitors attending events</p> <p>Specific benefit to those who attend events</p>	<p>The benefit of events are both immediate and longer term, the latter being to the perception of vibrancy of the City</p>	<p>Need is created by those who wish to stage events</p> <p>Need is created by the entire community who wish to have a variety of events to attend</p>	<p>General rates (high)</p> <p>Sponsorship/grants (low)</p> <p>Fees and charges (low)</p>	<p>Many events are provided for the benefit of the entire community and are held in venues where it is not possible to charge those who attend</p> <p>Every effort will be made to obtain grant funding from external agencies</p> <p>As the entire City benefits from these activities any residual expenditure should be funded from general rates</p>

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Arts, Culture and Heritage</b>					
<p>Te Manawa (Museum, Art Gallery and Science Centre)</p> <p>Other cultural facilities such as:</p> <p>Regent on Broadway</p> <p>Globe Theatre</p> <p>Caccia Birch House</p> <p>Creative Sounds (The Stomach)</p> <p>Support to arts, culture and heritage groups</p>	<p>The entire community benefits from the educational opportunities and cultural awareness that the provision of activities and facilities brings</p> <p>Business community benefits from spending by visitors attending facilities and events</p> <p>Specific benefit to those who use facilities and attend activities</p>	<p>Ongoing benefits from an informed, creative and innovative population</p>	<p>Need is created by entire community for access to information regarding cultural heritage and creative media as well as for venues for the performing arts</p>	<p>General rates (high)</p> <p>Some entry charges (low)</p> <p>Sponsorship/grants (low)</p> <p>Central Government (low)</p> <p>Rental income (low)</p> <p>[Represents the manner in which the Council's share of the costs are funded. Organisations running some of these facilities also incur costs and receive any revenue associated with them]</p>	<p>Those who use the facilities should pay a reasonable charge but it is recognised that for some activities (e.g. Te Manawa) such a charge would be prohibitively high if set at a level to cover the entire cost</p> <p>Every effort will be made to obtain grant funding from external agencies</p> <p>As the entire City benefits from these activities any residual expenditure should be funded from general rates</p>

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Active Community</b>					
<p>Central Energy Trust Arena City-wide reserves Local reserves Sportsfields Swimming pools Support to recreation groups</p>	<p>The entire community benefits from choice of recreational activities and a healthy active community</p> <p>Particular event organisers also benefit from commercial gains from activities</p> <p>Business community benefits from spending by visitors attending facilities and events</p> <p>Specific benefits to users of facilities and spectators of events</p>	<p>Benefits are ongoing as long as facilities are maintained</p> <p>The benefit of events are both immediate and longer term, the latter being to the perception of vibrancy of the City</p>	<p>Need is created by entire community for recreational facilities, activities and choice</p> <p>Event organisers create a need for infrastructure in order to hold events</p>	<p>Central Energy Trust Arena: General rates (med/high) User charges (med/low)</p> <p>City-wide reserves, local reserves and sportsfields: General rates (high) User charges (low)</p> <p>Swimming pools: General rates (high)#</p> <p>Support to recreation groups: General rates (high)</p> <p>[# Operation of the swimming pools is contracted to an external entity which incurs day to day operating costs and obtains all revenue from entry fees – the general rates funding represents the share of the costs incurred by the Council]</p>	<p>Those who use the facilities should pay a reasonable charge but it is recognised that for some activities (e.g. swimming pools, sportsfields and Central Energy Trust Arena) such a charge would be prohibitively high if set at a level to cover the entire cost</p> <p>Also it is impractical to charge users of some facilities such as city-wide and local area reserves</p> <p>Every effort will be made to obtain grant funding from external agencies</p> <p>As the entire City benefits from these activities any residual expenditure should be funded from general rates</p>

## Connected and Safe Community

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Connected Communities</b>					
Cemeteries (incl. Crematorium)	<p>Individual users particularly families of the deceased</p> <p>The entire community benefits from the comfort that there is adequate provision for interring the deceased in an appropriate manner and that cemeteries are maintained as a place of remembrance</p>	Benefits are on-going	<p>The entire community creates the need for cemeteries and related services</p> <p>Families and genealogists researching cemetery records</p>	<p>General rates (med/low)</p> <p>Fees and charges (med/high)</p>	<p>As the main beneficiaries of the activity are those who use the service a significant portion of the cost should be borne by the users</p> <p>As there are public benefits from the service a portion of the cost should be funded from general rates</p> <p>As the service is partially subsidised by ratepayers a premium should be charged to non-City residents where this is practicable</p>
Community centres	<p>The entire community benefits from the existence places to meet to foster community identity</p> <p>Specific benefits to users of facilities</p>	Benefits are on-going as sharing of experiences and expertise leads to community enhancement	The entire community creates the need as the more integrated members of society are, the more they contribute to the economic, social and cultural well-being of the City	<p>General rates (high)</p> <p>Fees and charges (low)</p>	Those who use the facilities should pay a reasonable charge but it is recognised there are wider community benefits from the availability of community centres. The residual cost should be funded from general rates

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
Libraries	<p>The entire community benefits from choice of leisure and recreational activities, a healthy caring community, the educational opportunities the library offers and from being informed</p> <p>Specific benefits to borrowers of material</p>	<p>Ongoing educational benefits from an informed, creative population</p> <p>Benefits are on-going as sharing of experiences and expertise leads to community enhancement</p>	Need is created by entire community for library facilities and access to information sources	<p>General rates (high)</p> <p>Fees and charges (low)</p>	<p>Those who utilise some services (e.g. CDs, DVDs, etc) should pay a reasonable charge as should non-residents provided it is practical and cost effective to do so</p> <p>City residents take great pride in the facilities and expect the resource to be available to all regardless of whether they actually use it</p> <p>It is not practical to charge visitors of the facility nor for the lending of basic resources so the net cost</p>
Public toilets	The entire community benefits from the provision of public toilets	Benefits are on-going	Need is created by entire community for public toilets	<p>General rates (high)</p> <p>Fees and charges (low)</p>	<p>Apart from the main central city facility it is not practical to charge individual users</p> <p>Costs should be funded through general rates</p>
Social housing	<p>People on low incomes who:</p> <ul style="list-style-type: none"> <li>• are Superannuitants;</li> <li>• have long term disabilities; or</li> <li>• are on low incomes and experience barriers to renting in the private market</li> </ul>	Benefits accrue through the period of tenancy	Need is created by housing tenants	Fees and charges (high)	<p>As the main beneficiaries of the activity are those who use the service the cost should be borne by the users having regard for the Council's rental policies for current tenants which were based on tenant's income</p> <p>It is the intention that this activity standalone financially and be fully funded from rental income</p> <p>Central government funding assistance will be sought (if available)</p>

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
Support to community groups	Members of community groups and those they support	Benefits accrue for the period of the support		General rates (high) Central Government grant agency funding (low)	Council's contribution is directed to community groups rather than individuals and to events facilities which benefit the entire community so should be funded from general rates
<b>Safe Communities</b>					
Animal control	Animal control activity is principally related to the actions or inactions of dog owners - owners and the public at large (through reduced nuisance) benefit from this	Benefits of regulation in general are ongoing even though the specific regulations may change over time	Need is created by : entire community for structure, consistency and certainty  those who do not comply with the rules (i.e. exacerbators)  Council for rules to protect its position and manage its risk exposure	General rates (low) Fees and charges (high)	A significant portion of the costs should be borne by dog owners as the majority of the activity relates to their actions or inactions  No particular group or individual benefits more than others so the residual cost should be allocated to the whole City as part of the general rate
Civil defence	The entire community benefits from having people who are trained and organised to help the community survive and cope with natural disasters	Benefits in terms of peace of mind for residents are ongoing, although direct benefits are short to medium term in the event of a disaster	Need is created by: entire community for an action plan in the event of a disaster or emergency  Council to meet legal obligations	General rates (high)	No particular group or individual benefits more than others so the cost should be allocated to the whole City as part of the general rate

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
Public health	Licenced businesses gain economic advantage from the public health activity of the Council and the public benefit from a healthy, safe and clean City	Benefits of regulation in general are ongoing even though the specific regulations may change over time	Need is created by: entire community for structure, consistency and certainty  those who do not comply with the rules (i.e. exacerbators)  Council for rules to protect its position and manage its risk exposure	General rates (med/high)  Fees and charges (med/low)	As licensed businesses are major beneficiaries they should bear a significant portion of the cost of the activity. The public at large also benefit from the activity so the residual cost should be allocated to the whole City as part of the general rate
Safer community initiatives	The entire community benefits from activity which aims to keep people safe	Benefit is on-going	Need is created by the entire community who wish to be able to feel safe especially in public places	General rates (high)	As the benefits accrue to the entire community the costs should be funded from all ratepayers through the general rate

## Eco-City

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Rubbish and Recycling</b>					
<p>Landfill management</p> <p>Waste management (includes kerbside rubbish collection and disposal, public space rubbish collection and disposal)</p> <p>Waste minimisation (includes kerbside recycling and processing, green waste, minimisation projects, recycling centre)</p>	<p>Entire community benefits from safe and efficient disposal of solid waste</p> <p>Direct households benefit from kerbside refuse collection and recycling</p>	<p>Ongoing benefits as long as infrastructure is maintained</p>	<p>Entire community creates the need for a safe urban environment where solid waste is adequately dealt with</p> <p>Exacerbators and individual householders</p>	<p>Landfill management: Targeted rates (high) Fees and charges (low)</p> <p>Waste management: Rubbish bag sales or similar (high) Targeted rate with fixed annual property charge (low)</p> <p>Waste minimisation: Targeted rate with fixed annual property charge (high – net after sales of recyclable material) Subsidies and grants (low)</p>	<p>To minimise the volume of waste, costs should be funded by the users of the service – through rubbish bag sales or other mechanism having the same effect</p> <p>The costs of public space rubbish collection and disposal should be funded by all ratepayers through a targeted rate (set on a fixed annual charge basis)</p> <p>Recycling costs should be funded as much as possible from the sale of recyclables but as the Council wishes to encourage recycling it is not desirable or practicable to charge individual users by volume. The residual cost should be funded from a targeted rate (set on a fixed annual charge basis)</p>
<b>Biodiversity and Sustainable Practices</b>					
<p>Biodiversity</p> <p>Support to environmental groups</p> <p>Sustainable practices</p>	<p>The entire community will benefit from activity which leads to improved environmental practices with more sustainable outcomes</p>	<p>Ongoing benefits</p>	<p>Entire community creates the need to implement more sustainable operating practices</p>	<p>General rates (high)</p>	<p>As the whole community benefits from this activity the costs should be funded from the general rate</p>

## Stormwater

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Stormwater</b>					
Stormwater collection and disposal	Entire community benefits from safe and efficient discharge of stormwater  Specific benefit to owners of property more prone to effects of stormwater	Ongoing benefits as long as infrastructure is maintained	Entire community creates the need for a safe urban environment where stormwater discharges are adequately dealt with  Property owners directly affected by stormwater create a need for infrastructure to maintain adequate protection	General rates with business differential (high)	As the whole community benefits from this activity the costs should be funded from the general rate with a business differential due to the nature and volume of run-off from properties used for business

# Wastewater

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Wastewater</b>					
<p>Wastewater collection</p> <p>Wastewater treatment and disposal</p>	<p>Entire community benefits from safe and efficient disposal of wastewater</p> <p>Commercial and industrial businesses benefit specifically from the provision of wastewater services</p> <p>Direct household benefit from the provision of wastewater services</p>	<p>Ongoing benefits as long as infrastructure is maintained</p>	<p>Entire community creates the need for a safe urban environment where wastewater is adequately dealt with</p> <p>Commercial and industrial enterprise create need for wastewater services applicable to their business</p> <p>Property owners</p>	<p>Targeted rate with fixed annual charge for households and small users (med/high)</p> <p>Targeted rate in form of pan charges for larger users (med/low)</p> <p>Trade waste charges for exacerbators (low)</p>	<p>Although there is some overall community benefit from the activity the major benefit is to those who use the facilities</p> <p>Volumes of trade waste are capable of being measured so those who discharge trade waste should be charged based on the nature and volume of discharge</p> <p>Those capable of being connected to the wastewater system are identifiable so should bear the cost through a targeted rate</p> <p>The cost of servicing each household is similar so a fixed annual charge is appropriate</p> <p>Costs are higher for those with more discharge so it is appropriate to charge non-residential users on a per pan basis</p>

## Water Supply

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Water Supply</b>					
<p>Water collection</p> <p>Water treatment</p> <p>Water distribution</p>	<p>Entire community benefits from safe and efficient provision of drinking water</p> <p>Commercial businesses benefit specifically from the provision of water services</p> <p>Entire community benefits from provision of water services to fire-fighting to maintain community safety services</p> <p>Direct household benefit from the provision of water services</p>	<p>Ongoing benefits as long as infrastructure is maintained</p>	<p>Entire community creates the need for a safe urban environment where water services are adequately provided and health standards maintained</p> <p>Commercial and industrial enterprise create need for water services applicable to their business</p> <p>Property owners create need for water services to aid fire-fighting services</p>	<p>Targeted rate with fixed annual household charge (med/high)</p> <p>Targeted rate through metering of non-residential users (med/low)</p>	<p>Although there is some overall community benefit from the activity the major benefit is to those who use the facilities</p> <p>Volumes of water used are capable of being measured so it would be desirable to charge by metered use</p> <p>The Council does not currently support a universal metering philosophy so only non-residential users are metered</p> <p>Those capable of being connected to the water system are identifiable so should bear the cost through a targeted rate</p> <p>The cost of servicing each household is similar so a fixed annual charge is appropriate</p>

## Driven and Enabling Council

NATURE OF ACTIVITY	WHO BENEFITS	PERIOD OF BENEFIT	WHO CREATES NEED	FUNDING SOURCE (PROPORTION #)	FUNDING SOURCE RATIONALE
<b>Leadership</b>					
<p>Elections</p> <p>Councillor meetings and administration</p> <p>Mayoral and Chief Executive's Offices</p> <p>Direction setting</p>	<p>The entire community benefits from the ability to elect local representatives and influence Council decisions</p> <p>Council benefits from the clarity of community needs and wants</p> <p>The entire community benefits from transparent Council goals and clear paths to meet them</p> <p>Council benefits from defined objectives and clear processes</p>	<p>Benefits of a good working relationship between the Council and the community are on-going</p> <p>Benefits of the Council being well lead and operating as an effective, efficient organisation are ongoing</p> <p>Benefits of providing clear direction for city development are ongoing</p>	<p>Need is created by entire community for knowledge of and involvement in Council decisions</p> <p>Need is created by Council for guidance from the public in decision making</p> <p>Need is created by the entire community for a well-structured community infrastructure with adequate provision to cope with growth</p>	<p>General rates (high)</p> <p>Fees and charges (low)</p>	<p>No particular group or individual benefits more than others so the cost should be allocated to the whole City as part of the general rate</p> <p>Additional costs are incurred each third year to run the elections. Part of the cost is recovered from the Regional Council and Health Boar</p> <p>Costs relating to processing private District Plan changes are recovered from applicants d</p>

<b>Commercial or Strategic Investments</b>					
<p>External Contracts (provision of services to external entities)</p> <p>Investment property</p> <p>Investments in companies (including Airport)</p>	<p>The entire community benefits from the Council obtaining positive net financial returns on its investments</p> <p>The entire community benefits from the Council making sound strategic investments</p> <p>Lessees and users benefit from the provision of property</p>	<p>Benefits are ongoing or for the life of the particular contract</p>	<p>Need for strategic investments is created by community as a whole</p>	<p>General rates (high)</p> <p>Net cost or return from investments or provision of services to external entities</p>	<p>Commercial investments are expected to generate a net return which can benefit the City as a whole and lead to lower rates, fees and charges</p> <p>Strategic investments benefit the whole City and so it is appropriate to fund any net cost from general rates</p>
<b>Corporate Support</b>					
<p>Civic Administration Building</p> <p>Customer Services</p> <p>Financial services</p> <p>Human resources</p> <p>Information services</p> <p>Marketing and communication</p> <p>Print Synergy</p>	<p>The entire community benefits from access to Council information, efficient dealings with Council, and basic channel through which to communicate with Council</p> <p>Council benefits from clarity of community needs and wants, and efficient processing of public enquiries</p>	<p>Benefits are ongoing</p>	<p>All of the Council's activities require some corporate support</p> <p>Need is created by entire community for knowledge and an accessible Council</p> <p>Need is created by Council for efficient interface with public</p>	<p>Costs are allocated to other activities based on appropriate drivers</p>	<p>Corporate support exists not for itself, but to enable the Council to provide its other activities. Support costs should therefore be reflected in the overall costs of other activities</p>

## Revenue and Financing Policy

### Funding Source Proportions for Operating Costs

	GENERAL RATES	TARGETED RATES	USER FEES AND CHARGES	OTHER
<b>Innovative and Growing City</b>				
Economic development	High			Low
Economic development	High			
Conference and function centre	Med/Low		Med/High	
International relations	High			
City development				
Building services	Med/Low		Med/High	
Planning services – public	High			
Planning services – private			High	
Urban design	High			
Heritage management	High			
<b>Transport</b>				
Roading				
Parking			High	
Roads	High		Low	Low
Street facilities	High			Low
Street lighting	High			Low
Traffic services	High			Low
Active and Public Transport				
Footpaths	High			Low
Active transport	High			Low
Public transport	Med/High			Med/Low
<b>Creative and Exciting City</b>				
Active public space	High			Low

	GENERAL RATES	TARGETED RATES	USER FEES AND CHARGES	OTHER
Community and commemorative events	High		Low	Low
Economic events	High			Low
Place activation	High			
Arts, culture and heritage				
Te Manawa (see note 1)	High			
Other cultural facilities (see note 1)	High			
Support to arts, culture and heritage groups	High			Low
Active community				
Central Energy Trust Arena	Med/High		Med/Low	
City-wide reserves	High		Low	
Local reserves	High		Low	
Sportsfields	High		Low	
Swimming pools (see note 1)	High			
Support to recreation groups	High			
<b>Connected and Safe Community</b>				
Connected communities				
Cemeteries	Med/Low		Med/High	
Community centres	High		Low	
Libraries	High		Low	
Public toilets	High		Low	
Social housing			High	
Support to community groups	High			
Safe communities				
Animal control	Low		High	
Civil defence	High			
Public health	Med/High		Med/Low	
Safer community initiatives	High			

	GENERAL RATES	TARGETED RATES	USER FEES AND CHARGES	OTHER
<b>Eco-city</b>				
Rubbish and recycling				
Landfill Management		High	Low	
Waste Management		Low	High	
Waste Minimisation		High		Low
Biodiversity and sustainable practices				
Biodiversity	High			
Support to environmental groups	High			
Sustainable practices	High			
<b>Stormwater</b>	High		Low	
<b>Wastewater</b>		High	Low	
<b>Water Supply</b> (see note 2)		High		
<b>Driven and Enabling Council</b>				
Leadership				
Councillor meetings and administration	High			
Elections	High			Low
Mayoral and Chief Executive's office	High			
Direction Setting	High		Low	
Corporate support				High
Commercial or Strategic Investments				High

High	80 – 100%
Med/High	60 – 79%
Med	40 – 59%
Med/Low	20 – 39%
Low	0 – 19%

The funding proportions outlined in this table represent the Council's desired consolidated intention ie the share of the gross operating costs borne by each sector.

Note 1 - The Council has varying levels of control over the actual revenue obtained from users of these facilities. Management and operations are contracted to other entities and revenue from entry fees is retained by them.

Note 2 – Metered water is deemed to be a targeted rate.