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| **Revenue and Financing Policy** | | | |
| **Approved by** | Council | | |
| **Department** | Finance | | |
| **Original Approval Date** | 29 June 2018 | **Review Approval Date** | 16 February 2021 |
| **Next Review Deadline** | 16 February 2024 | **Document ID** | 1296548 |
| **Relevant Legislation** | Local Government Act 2002 | | |
| **NCC Documents Referenced** | N/A | | |

**Purpose**

The Revenue and Financing policy is adopted under Sections 102(1) & 103(1) of the Local Government Act 2002 and must contain Napier City Council’s general policies on the funding of operating and capital expenditure and show how the local authority has, in relation to the sources of funding identified in the policy, complied with Section 101(3) which has two parts.

**Policy Background**

Napier City Council (Council) has reviewed the proposed sources of funding for operating and capital expenditure and has reviewed the funding for each activity to determine the funding policy for each. In accordance with the Local Government Act 2002 (LGA) Council has considered each activity with regard to the following:

* Community outcomes to which an activity contributes; and
* the distribution of the benefits between the community as a whole, identifiable parts of the community and individuals; and
* the period in or over which those benefits are expected to occur; and
* the extent to which actions or inactions of individuals or groups contribute to the activity; and
* costs and benefits of funding the activity distinctly from other activities.

Council has considered each activity to determine what it considers an appropriate funding source for both operating and capital expenditure (refer to the schedule in the appendix).

Then it has considered the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community. It considered the following in determining the final funding source:

* The nature of Napier City as a whole including as a visitor and tourist destination; and
* the different costs of providing services and facilities and the associated benefits that the commercial (including accommodation providers) and industrial properties receive from those services; and
  + - * the impact of rates on residential properties, and in particular on the affordability of rates for low, average and fixed income households; and
* the complexity of the rating system and the desirability of improving administrative simplicity; and
* The appropriate use of the General Rate.

Council has concluded that the General Rate and storm water targeted rate on commercial and industrial should have an appropriate differential recognising the issues considered above.

Council has also considered the impact of fees and charges. Council uses the market rate (where permissible) as the upper limit used for determining fees or charges. Where Council believes the imposition of fees or charges at a rate above the market rate will reduce usage of the activity or facility and lead to the imposition of a greater cost on ratepayers it will modify the amount chargeable to the market rate. In selecting the market rate, the Council has made a judgement that the community values the existence of the facility and would rather fund it from rates than for the facility to close.

Following consideration of the above the Council is proposing the use of the following funding tools

**Council’s policies on funding operating expenses and capital expenditure**

**General Rates**

General Rates are used to fund both operating and capital expenditure. They fund the remaining costs of Council operations after all other sources of funding have been applied.

The General Rate has a significant component of public good or activities when the community benefits as a whole, and as the General Rate is a general taxing mechanism shifting the “differential factor” for each sector’s share of the city’s overall land value is the principal means that the Council has used to of achieving the desired overall rates impact on the wider community. It cannot achieve precise equity or allocation of costs to each type of property.

In determining differentials for General Rates, the intensity of development (i.e. building and surfaces) is considered a significant factor. With reference to observed property size and as the most common differential, Residential/Other was set as the base property type. Other differentials are set in reference against Residential/Other.

General Rates are assessed through a combination of a Uniform Annual General Charge (UAGC) and a rate in the dollar based on land value.

Council has set the following land value differential categories:

* Residential/Other
* Commercial & Industrial
* Rural Residential
* Rural

The amount of the UAGC is set to ensure that the total (excluding water and wastewater rates) uniform (or fixed) rates will be between 20% to 25% of total rates that are to be collected.

**Differential rating category definitions**

**Residential/Other properties**

Any property that is not defined as Commercial & Industrial, Rural Residential or Rural.

**Commercial and Industrial**

Any property that is in a commercial or industrial zone under the District Plan or used for any business activities, except properties categorised as rural or consented for residential use, will be rated as commercial and industrial properties.

Commercial and industrial activities include, but are not restricted solely to;

* Rural and other support activities such as transport, supplies, packhouses and wineries servicing multiple clients
* Professional offices, surgeries etc.
* All retail, wholesale merchandising activities
* All forms of manufacturing and processing
* Bars, restaurants, cafes and other service activities
* Storage facilities
* Hotels, motels, B & B’s and other short-term accommodation providers
* Tourism operations
* Care facilities operated for profit

**Rural Residential**

Any rating unit that would otherwise be classified as Residential, but is not connected or able to be connected to both the city water system and the city sewerage system.

**Rural**

Any rating unit with an area of 5 Hectares or more that is used predominantly for land based agricultural or farming activities.

**Targeted Rates for specific areas and/or activities**

Targeted Rates are charged to fund both operating and capital expenditure. They are charged where Council considers it desirable to separate out the funding of an activity. They are charged to rating units including those units that are separately inhabited which have access to or are deemed to benefit from the service provided. Targeted rates are a funding mechanism that may be charged for activities deemed to have either a high public or a high private good to identified properties, an area of the city or the city as a whole.

Some targeted rates are applied differentially using either land or capital values, however most targeted rates are applied on a uniform basis (same amount or rate in the dollar).

**Lump sum contributions**

Council does not normally use any lump sum contributions.

**Fees and charges:**

Fees and charges are used to fund both operating and capital expenditure.

They are applied where there is a benefit to an individual from the delivery of goods and or services and this can be charged in a cost-efficient manner. If it is possible to efficiently impose a charge, then the Council does so, on the basis of either recovering the full cost of the service, the marginal cost added by users, or at a level that the market will pay. Fees & charges includes retail sales, ticketing, & corporate sponsorship

The following specific types of revenue are included in fees and charges:

* Licence Fees

Licence fees are charged where applicable and may be set by Council or by regulation.

* Enforcement Fees including fines and infringement fees

Enforcement fees are charged where applicable. Their purpose is to promote compliance rather than to raise revenue; consequently, revenue collected may be insufficient to meet the full costs of the enforcement activity. The level of enforcement fee may also be restricted by statute or the courts. Use of enforcement fee revenue collected may also be directed to a specific purpose by statute.

* Rental and Lease Income

Rental and lease income are attributed to the activity with primary responsibility for the asset generating the rental or lease income. This revenue generally offsets costs of maintaining the asset and costs generally within the activity area receiving the revenue. However, in the case of leasehold land subject to the Hawke’s Bay Endowment Land Empowering Act 2002, ground rental revenue is credited to a special fund within equity being the HB Endowment Income Account. In accordance with the Act this income is used to fund the net cost of the Napier Inner Harbour and certain foreshore reserves and other permitted activities. The land subject to the Act was vested in Council in 1989 from the Hawke’s Bay Harbour Board at the same time that Council assumed liability for the Napier Inner Harbour and former Harbour Board foreshore reserves.

* Waste Levy Income

This is the Council share of waste levy fees collected by the Ministry for the Environment. Income is received from the Waste Levy Fund and must be applied to waste minimisation activities.

**Interest and dividends from investments**

Interest and dividends from investments are used to fund operating and capital expenditure.

Council receives interest from its investments. Interest generated from defined funds held or collected, where Council has determined that interest will be added, are credited to the fund at year end and applied to the purposes of the fund. Any remaining interest income is used to reduce the requirement for General Rates.

Council also receives a minor amount of dividend revenue from time to time. Where applicable, this is applied to offset the cost of the activity related to the dividend income. Where dividend income relates to Council operations in general, this is applied to the same purposes as general rates.

**Borrowing**

Borrowing is primarily used as a tool to smooth cash requirements for capital acquisitions and replacements, and can be used to smooth cash requirements for large one-off operating expenditure. In certain circumstances, in accordance with Council’s financial strategy, borrowing may be used to fund operating expenditure.

**Proceeds from Asset Sales**

Proceeds from asset sales are used to fund operating and capital expenditure.

Council’s preference is that proceeds from asset sales are used to fund capital projects, repay debt to external parties or repay internal debt, thus replenishing reserves. The main planned asset sales programme of Council is the ongoing freeholding of HB Endowment Land Residential Leases and the sale of land associated with the development and sale of sections in the Parklands residential subdivision. Council also intends to review assets for potential sale to reduce debt or replace with higher yielding investments.

## Development and Financial Contributions

Proceeds from development and financial contributions are used to fund operating and capital expenditure. They are primarily to fund capital expenditure associated with growth however some operating costs such as finance costs may be funded from this source.

The existing Development Contribution policy has had limited application and as the Council has an operative Financial Contributions policy under the Resource Management Act 1991, it was decided that this was currently the preferred method of recovery of the costs relating to development. The Financial Contributions Policy will be updated as part of the review of the District Plan.

**Grants, subsidies and donations**

Revenue from these sources is actively sought to offset both operating and capital costs.

**Petrol Tax**

This is the local government share of the petrol tax levied by central government. It is used to contribute to the costs of road maintenance.

**Other funding sources**

Council continues to actively explore all possible sources of funding to assist with the funding of both operating and capital expenditure. Any other funds derived will be used to either fund capital expenditure or to reduce the amount Council collects from rates.

**Council policies in relation to various funding sources to fund operating and capital expenditure (section 103 Local Government Act 2002)**

The table sets out for each activity funding sources that are to be used for both operating and capital expenditure. The rationale is explained in schedule in the appendix**.**

| **Activity** | **Funding sources** | |
| --- | --- | --- |
| **Operational[[1]](#footnote-1)** | **Capital** |
| Animal control | Primary source   * Fees & charges (including infringement fees) 65% to 70%   Other sources   * General Rates | * Accumulated surpluses * General Rates * Fees & charges * Loans * Reserves |
| Bay Skate | Primary source   * General Rates 60% - 70%   Other sources   * Fees and charges (including Leases, retail sales, & sponsorship) | * Accumulated surpluses * General Rates * Fees & charges * Loans * Reserves |
| Building consents | Primary source   * Fees and charges 80%   Other sources   * General Rates * Targeted Rates * Reserves * Loans | Nil |
| Cemeteries  This includes the contribution that NCC makes towards HB Crematorium in Hastings | Primary source   * General Rates 70% to 80%   Other sources   * User fees & charges | * Accumulated surpluses * General Rates * Fees & charges * Loans * Reserves |
| City development | Primary source   * General Rates 100%   Other sources   * Reserves * Loans * Fees and charges (where appropriate) | No significant capital expenditure but minor capital expenditure is funded from General Rates, Reserves and Loans |
| Community facilities | Primary source   * General Rates 80% – 90%   Other sources   * Fees & charges, including lease income, one off grants, naming rights | * Accumulated surpluses * General Rates * Fees & charges, * Loans * Reserves * Grants & donations |
| Community strategies | Primary source   * General Rates 100%   Other sources   * Fees & charges, including bequest and external funding * Reserves | * Accumulated surpluses * General Rates * Fees & charges * Loans * Reserves |
| Democracy & Governance | Primary source   * General Rates,100%   Other sources   * Fees & charges, including for LGOIMAs * Reserves | Nil |
| Events and marketing | Primary source   * General Rates 90% – 95%   Other sources   * Grants * Fees & charges, including ticketing, corporate sponsorship, vendors | Accumulated surpluses   * Loans |
| Housing | Primary source   * Fees & charges 100% (rentals) * Other sources * General Rates * Loans | * Accumulated surpluses * Fees & charges (rentals) * Loans * Grants * Reserves * General Rates |
| Inner harbour | Primary source   * General Rates 50% to 60%   Other sources   * Fees and charges * Reserves, surplus revenue from inner harbour land holding | * Accumulated surpluses * Fees and charges * General Rates * Reserves * Loans * Financial and/or Development Contributions. |
| Kennedy Park Resort | Primary source   * Fees and charges 100% | * Accumulated surpluses * Fees and charges * Loans * Reserves |
| Lagoon farm | Primary source   * Fees and charges 90% - 100%   Other sources   * Reserves | * Accumulated surpluses * Fees and charges * Reserves * Loans |
| Libraries | Primary source   * General Rates 90% - 95% -   Other sources   * Fees & charges (fines) * Grants & bequests | * Accumulated surpluses * Fees & charges, fines * General Rates * Grants & bequests * Loans * Reserves * Financial and/or Development Contributions |
| Marine Parade pools | Primary source   * General Rates 60% - 80%   Other sources   * Fees & charges | * Accumulated surpluses * General Rates * Fees & charges * Loans * Reserves * Financial and/or Development Contributions |
| McLean Park | Primary source   * Fees and charges, 100% tickets, sponsorship, corporate box revenue, naming rights * General Rates | * Accumulated surpluses * Fees and charges * General and targeted rates * Ticket sales * Loans * Reserves, * Grants & bequests * Sponsorship, & corporate box revenue, naming rights |
| MTG Hawkes Bay | Primary source   * General Rates 65% - 75%   Other sources   * Fees and charges * Contribution from other local authorities * Bequests * Grants, donations & retail sales | * Accumulated surpluses * General Rates * Fees and charges * Contribution from other local authorities * Bequests * Grants * Donations * Loans * Reserves * Sponsorship, & naming rights |
| Napier Aquatic Centre | Primary source   * General Rates 65% - 75%   Other sources  Fees & charges | * Accumulated surpluses * General Rates * Fees & charges * Loans * Reserves |
| Napier I-Site | Primary source   * Fees and charges 65% to 75%   Other sources  General Rates | * Accumulated surpluses * General Rates * Fees and charges * Targeted rates * Loans * Reserves |
| Napier Municipal Theatre | Primary source   * General Rates 50% - 55%   Other sources   * Fees and charges * Bequests * Grants, donations & sponsorship | * Accumulated surpluses * General Rates * Fees and charges * Bequests * Grants, donations & sponsorship * Loans * Reserves * Naming rights |
| Napier Conferences and Events | Primary source   * Fees and charges 90% to 95%   Other sources  General Rates | * Accumulated surpluses * Fees and charges * General Rates * Targeted rates * Loans * Reserves |
| National Aquarium of NZ | Primary source   * Fees and charges 75% - 80%   Other sources   * Grants * Sponsorships, bequests & philanthropic   General Rates | * Accumulated surpluses * Fees and charges * General Rates * Targeted rates * Grants * Sponsorships, bequests & philanthropic * Sponsorship * Loans * Reserves * Naming rights |
| Par2 Mini golf | Primary source   * Fees and charges * Retail sales 100% | * Accumulated surpluses * Fees and charges * Reserves * Loans |
| Parking | Primary source   * Fees and charges 80% to 90%   Other sources   * Targeted rates * Reserves | * Accumulated surpluses * Targeted rates * General Rates * Loans * Reserves * Financial and/or Development Contributions |
| Parklands residential development | Primary source   * Fees and charges 100%   Other sources   * Reserves | * Loans * Reserves |
| Property holdings | Primary source   * Fees and charges 100%   Other sources   * Fees and charges (lease income) * Reserves | * Accumulated surpluses * Fees and charges (lease income) * Loans * Reserves |
| Public toilets | Primary source   * General Rates 95% - 100   Other sources   * Fees and charges * Reserves | * Loans * Reserves * General Rates |
| Regulatory solutions | Primary source   * General Rates 55% - 65%   Other sources   * Fees and charges, * Reserves | * Accumulated surpluses * Loans * Reserves |
| Reserves | Primary source   * General Rates 85% - 90%   Other sources   * Fees and charges (rentals and leases) | * Accumulated surpluses * General Rates * Fees and charges * Targeted rates * Loans * Bequests * Reserves * Financial and/or Development Contributions * Grants and subsidies * Naming rights & sponsorship |
| Resource consents | Primary source   * 60% of the activity’s costs are recovered from General Rates * Resource consents fees and charges are set to recover 100% of costs for services provided   Other sources   * Reserves | Nil |
| Sportsgrounds | Primary source   * General Rates 90% - 95%   Other sources   * Fees and charges (rentals and leases) | * Accumulated surpluses * General Rates * Fees and charges * Targeted Rates * Naming rights * Sponsorship * Loans * Bequests * Reserves * Financial and/or Development Contributions |
| Stormwater | Primary source   * Targeted Rates 95% - 100%   Other sources   * General Rates * Reserves * Fees and charges (connection fees) | * Accumulated surpluses * General and Targeted Rates * Fees and charges * Financial and/or Development Contributions * Loans * Reserves |
| Transportation | Primary source   * NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme   Other sources   * General Rates * Fees and charges * Petrol tax | * Accumulated surpluses from Targeted Rates, General Rate, fees and charges * Petrol tax * NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme * Financial and/or Development Contributions * Loans * Reserves * Grants and donations (e.g. cycle ways) |
| Waste minimisation | Primary source 80% - 90%   * Fees and charges * Targeted Rates * Waste minimisation levy   Other sources   * General Rates * Reserves | * Accumulated surpluses * Fees and charges * General and Targeted Rates * Waste minimisation levy * Reserves * Loans * Financial Contributions |
| Wastewater | Primary source 100%   * Targeted Differential Rates * Fees and charges (including trade waste bylaw charges) | * Accumulated surpluses * Targeted Differential Rates * General Rates * Fees and charges * Loans * Reserves * Development and/or Financial Contributions |
| Water supply | Primary source 100%   * Targeted Differential Rates * Water rates * Fees and charges (not including water by meter rate) | * Accumulated surpluses * Targeted Differential Rates * Water rates * General Rates * Fees and charges * Loans * Reserves * Financial and/or Development Contributions |

The schedule in the appendix records how the Council has applied the five considerations in the table below that it must consider when undertaking its funding needs analysis.

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| **Local Government Act 2002 section** | **Areas of consideration** | **Description of the matter Council might consider** |
| s.101(3)(a)(i) | Community outcome | The Council determined which of its community outcomes each activity primarily contributes to. There may not be strong link between community outcomes and funding requirements for an activity |
| s.101(3)(a)(ii) | Who benefits? | What the distribution of benefits is between the whole community, identifiable parts of the community and individuals. Often referred to as the public/private good split. |
| s.101(3)(a)(iii) | Period of benefit | For most operational expenses, the benefit is received in the year the expense is incurred.  Some operational expenses (provisions) may have a benefit over multiple years and so the Council may choose to fund the activity over that period.  Expenditure which results in an asset either being replaced (renewals) or new assets provide benefit over multiple years. |
| s.101(3)(a)(iv) | Whose acts create a need | Council used the principle that those who cause additional cost either by action or inaction are considered in this section. These may be different groups from those who have been identified within the “who benefits” consideration above.  Often referred to as the exacerbator pays principle |
| s.101(3)(a)(v) | Separate funding | Council considered the costs and benefits of funding an activity separately, including in relation to transparency and accountability. It also  considered matters such as the financial  scale of the activity, administrative cost, and legal requirements. |

## Policy Review

The review timeframe of this policy will be no longer than every three years.

Appendix A

Schedule of Activity Funding Needs Analysis Section 101(3)(a) LGA

| Activity | **Community outcome** | **Who benefits?** | **Period of benefit** | **Whose acts create a need** | **Separate funding** | **Rationale** | **To be recovered from Public Good tools[[2]](#footnote-2)** | **Funding sources** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Operational** | **Capital** |
| Animal control | A safe and healthy city that supports community well-being | Community as a whole  Animal owners | Intergenerational | All animal owners create the need however irresponsible owners create a greater cost.  Legislative (Dog Control Act) | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities.  The private benefit is predominantly funded from annual dog licence fees. | Animal control is primarily a health & safety service for the community & therefore benefits everyone. There are costs that the Council can directly attribute to individual owners. | 30% - 35% | * General rates * Fees & charges (including infringement fees) | * Accumulated surpluses from General rates, fees & charges, * Loans * Reserves |
| Bay Skate | A vibrant innovative city for everyone | Direct users, local businesses, parents, tourists and visitors  Community as a whole as the facility provides a safe location for users to undertake their sport | Intergenerational | Nil | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Everyone has the ability to use the facility and Council can identify the users | 60% - 70% | * General rates * Fees and charges (including Leases, retail sales, & sponsorship) | * Accumulated surpluses from General rates, fees & charges, * Loans * Reserves |
| Building consents | A safe and healthy city that supports community well-being | The property owner and inhabitant. There is a wider benefit from buildings being built to code | Intergenerational because of the life of the structures for which consents are issued. | People constructing non consented buildings, construction industry parties not complying with the Building Act | Council funds the cost of inspecting and maintaining a database on swimming pools through a target rate to properties that have a swimming pool.  No reason identified to fund the net cost of this activity (after the swimming pool targeted rate and other non-rate revenue sources) separately from other activities  Most activity costs are funded by fees from applicants. | This benefits the property owner and inhabitant. There is a wider benefit from buildings being built to code. | 20% | * Fees and charges * General rates * Targeted rates * Reserves * Loans | Nil |
| Cemeteries  This includes the contribution that NCC makes towards HB Crematorium in Hastings | Excellence in infrastructure and public services for now and in the future | the community as a whole, any identifiable part of the community, and individuals | Intergenerational – history & physical infrastructure | No significant exacerbators | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Wider public benefit for open space & recognition & place of remembrance.  Private benefit – place where people can be interred, cost of the plot & interment | 75% | * General rates * User fees & charges | * Accumulated surpluses from General rates, fees & charges, * Loans * Reserves |
| City development | A vibrant innovative city for everyone | The community as a whole benefit from this activity except where there is a private plan change that has specific benefits to the applicant | The outcomes of this activity result in ongoing benefits and some of these benefits can last a significant period of time | Applicants for private plan changes | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities  . | City Development is an ongoing activity to help citizens and elected officials design and deliver the Vision for Napier City. This predominantly results in benefits for the whole community. Debt or loan funding can be used where there is large non-recurring expenditure | 100% | * General rates * Reserves * Loans * Fees and charges (where appropriate) | No significant capital expenditure but minor capital expenditure is funded from general rates and reserves. |
| Community facilities | A safe & healthy city that supports community well-being | The community as a whole including users of the facilities | Intergenerational because of the life of the facilities | Users of the facilities who put greater demands on the facilities | No reason identified to fund the net cost of  this activity (after non rate revenue sources) separately from other activities | Community as a whole benefit from having these facilities available but there is the ability to identify & charge users. | 85% | * General rates * Fees & charges, including lease income, one off grants, naming rights | * Accumulated surpluses from General rates, fees & charges, * Loans * Reserves * Grants & donations |
| Community strategies | Council works with & for the community | The community as a whole | The outcomes of this activity result in ongoing benefits | Antisocial behaviour by individuals and groups  Legislation | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | This is a core Council activity which changes the response to the needs of the community for which everyone benefits | 100% | * General rates * Fees & charges, Including bequest and external funding * Reserves | * Accumulated surpluses from General rates, fees & charges * Loans * Reserves |
| Democracy & Governance | Council works with and for the community | The community as a whole | Short term | LGOIMA requests (vexatious & legitimate) | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | All residents and rate payers have equal opportunity to benefit  All have the ability to contribute to this activity therefore no differential, general rates | 100% | * General rates, * Fees & charges, Including for LGOIMAs * Reserves | Nil |
| Events and marketing | A vibrant innovative city for everyone | The community as a whole receives social, cultural and economic benefit  Participants and/or users | Short term | No significant exacerbators | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Events are a key part of the Napier City’s social, economic and cultural fabric, therefore the benefits that are received are both general and specific. | 95% | * General rates * Grants * Fees & charges, including ticketing, corporate sponsorship, vendors | Nil |
| Housing | A safe and healthy city that supports community well-being | Users of the facilities and the wider community | Intergenerational | Inability of other entities to provide adequate social housing to meet local demand | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Responding to an identified need in our community. The users of the facilities are the primary beneficiaries of this activity. | 0% | * Fees & charges (rentals) * General rates * Loans | * Accumulated surpluses from Fees & charges (rentals) * Loans * Government grants * Reserves * General rates |
| Inner harbour | A vibrant innovative city for everyone | The users of the facilities and the wider community in terms of the amenity value. | Intergenerational | Individual undertaking Illegal activities | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | The users of the facilities receive a significant benefit but the wider community receives benefit through the amenity value. | 50% - 60% | * Fees and charges * General rates * Reserves, surplus revenue from inner harbour land holding | * Accumulated surpluses from Fees and charges, general rates, reserves, * Loans * Financial and\or Development contributions. |
| Kennedy Park Resort | A vibrant innovative city for everyone | Direct users and ratepayers by the surplus generated. Local retail, hospitality | Intergenerational | None identified | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Provides a range of affordable visitor amenities that generates a surplus for Council to use as it sees fit. | 0% | * Fees and charges | * Accumulated surpluses from Fees and charges, * Loans, * Reserves |
| Lagoon farm | A sustainable city | The community as a whole (has the ability to subsidise rates). | Intergenerational | Nil | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | This activity currently breaks even and does not require any significant additional funding. | 0% - 10% | * Fees and charges * Reserves | * Accumulated surpluses from Fees and charges * Reserves, * Loans |
| Libraries | A safe & healthy city that supports community well-being | The community as a whole however it is possible to identify users | Both long and short term benefits. | Researchers, people who demand excessive staff time for professional and commercial purposes | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Everyone has the ability to use the library and we can identify certain users for specific services | 90% - 95% | * Fees & charges (fines) * General rates * Grants & bequests | * Accumulated surpluses from Fees & charges, fines * General rates * Grants & bequests * Loans * Reserves * Financial and\or Development contributions |
| Marine Parade pools | A safe & healthy city that supports community well-being | The community as a whole including users of the facility | Intergenerational | None identified | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Everyone has the ability to use the facility and Council can identify the users | 60% - 80% | * Fees & charges * General rates | * Accumulated surpluses from general rates * Fees & charges * Loans * Reserves * Financial and\or Development contributions |
| McLean Park | A vibrant innovative city for everyone | The regional community as a whole  Users, spectators, events, national, regional and local organisations, businesses | Intergenerational | None identified | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | The region benefits by having this facility and those who attend or participate in events | 0% | * Fees and charges, tickets, sponsorship, corporate box revenue, naming rights | * Accumulated surpluses from fees and charges, general and targeted rates, tickets, * Loans * Reserves, * Grants & bequests * Sponsorship & corporate box revenue, naming rights |
| MTG Hawkes Bay | A vibrant innovative city for everyone | The whole region, users and visitors | Intergenerational | None identified | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | The provision of this activity enhances the social and cultural fabric and preserves our heritage and celebrates artistic innovation for future generations. Therefore, the whole region benefits | 65% - 75% | * General rates * Fees and charges * Contribution from other local authorities * Bequests * Ministry of Education, grants, donations & retail sales | * Accumulated surpluses from General rates, fees and charges * Contribution from other local authorities * Bequests * Ministry of Education grants * Donations, * Loans, * Reserves * Sponsorship & naming rights |
| Napier Aquatic Centre | A safe & healthy city that supports community well-being | The community as a whole including users of the facility | Intergenerational | None identified | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Everyone has the ability to use the facility and Council can identify the users | 65% - 75% | * Fees & charges * General rates | * Loans, * Accumulated surpluses from general rates, fees & charges * Reserves |
| Napier I-Site | A vibrant innovative city for everyone | Visitors, regional tour operators and accommodation providers, hospitality, local businesses | Short term expenditure with ongoing benefits  Building – intergenerational equity | Cruise ships passengers and operators | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Visitors, regional tour operators and accommodation providers, hospitality, local businesses therefore creating economic benefit for the city | 25% - 35% | * General rates * Fees and charges | * Accumulated surpluses from General rates * Fees and charges * Targeted rates * Loans * Reserves |
| Napier Municipal Theatre | A vibrant innovative city for everyone | The community as a whole including users of the facility | Intergenerational | None identified | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | The provision of this activity enhances the social and cultural fabric and celebrates artistic innovation for future generations. Therefore, the whole City benefits | 50% - 55% | * General rates * Fees and charges * Bequests * Grants, donations & sponsorship | * Accumulated surpluses from general rates * Fees and charges * Bequests * Grants, donations & sponsorship * Loans, * Reserves * Naming rights |
| Napier War Memorial Conference Centre | A vibrant innovative city for everyone | The immediate users. Local businesses receive a benefit from out of town users. Locals benefit from general hireage of the facility. | Intergenerational - 20-30 years | None identified | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities  Building = War Memorial Centre  Activity = Conference Centre | The Napier War Memorial Conference Centre is suitable for a wide range of events and attracts local, national and international conferences and events and provides a facility for the community which generates economic wellbeing. | 5% - 10% | * Fees and charges * General rates | * Accumulated surpluses from Fees and charges * General rates * Targeted rates * Loans * Reserves |
| National Aquarium of NZ | A vibrant innovative city for everyone | Local, domestic and international visitors  Businesses and local economy  Historical and heritage, customary practices – especially Maori and Pacifica | Intergenerational | Polluters, sanctuary requirements | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | It attracts locals and visitors to the city which provides enhances economic activity | 20% - 25% | * Fees and charges * Grants * Sponsorships, bequests & philanthropic * General rates | * Accumulated surpluses from Fees and charges * General rates * Targeted rates * Grants * Loans * Reserves * Naming rights |
| Par2 mini golf | A vibrant innovative city for everyone | Users, visitors and families | Intergenerational | None identified | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | It attracts locals and visitors and is a fun family friendly activity for all ages from which the Council fully recovers its cost | 0% | * Fees and charges, retail sales | * Accumulated surpluses from Fees and charges * Reserves * Loans |
| Parking | A vibrant innovative city for everyone | Retailers, visitors and the community as a whole and those with a parking exemption | There are assets within this activity that have an intergenerational life | Vehicle drivers, non-compliant vehicle operators and property owners within parking exemption areas. | Council separately charges CBD and outer commercial properties a targeted rate for the provision of additional offstreet parking.  Apart for these targeted rates no further reason has been identified to fund this activity separately from other activities | Parking ensures that safe parking facilities are available to the residents and visitors to Napier City to enable optimal vehicle circulation | 0% | * Fees and charges * Targeted rates * Reserves | * Accumulated surpluses from Fees and charges * Targeted rates * General rates * Loans * Reserves * Financial and\or Development contributions |
| Parklands residential development | A sustainable city | The community as a whole | Intergenerational | Nil | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | This activity currently provides significant income that subsidises rates | 0% | * Fees and charges * Reserves | * Accumulated surpluses from Fees and charges * Loans * Reserves |
| Property holdings | A sustainable city | The community as a whole (has the ability to subsidise rates). | Intergenerational | Non-compliant lease holders | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | This activity generates cash surpluses which enables the subsidy of rates | 0% | * Fees and charges (lease income) * Reserves * Loans | * Accumulated surpluses from Fees and charges (lease income) * Loans * Reserves |
| Public toilets | Excellence in infrastructure and public services for now and in the future | The community and visitors | Intergenerational (up to 20 years) | Visitors have created an additional cost.  Vandalism  Cruise ships  Freedom campers  Major inner-city events | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Providing public amenities however, there is a requirement to provide these facilities for areas that have high visitor numbers | 95% - 100% | * Fees and charges * General rates * Reserves | * Loans, * Reserves * General Rates |
| Regulatory solutions | A safe and healthy city that supports community well-being. | The users of the services and the community, however the effective provision of this activity results in public health and the avoidance of nuisance | Limited to the period of the operation. | Non-compliant businesses and individuals | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | The effective provision of this activity results in public health and the avoidance of nuisance | 55% - 65% | * Fees and charges, * General rates * Reserves | Nil |
| Reserves | A safe and healthy city that supports community well-being | Occupiers, leases and hirers of the reserves  Contributes to the City’s green space, biodiversity and environmental outcomes  Everyone benefits but the occupiers receive a higher benefit | Intergenerational - ongoing with assets having a life of greater than 10 years | Vandalism, events, theft, freedom campers | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Everyone benefits but the occupiers receive a higher benefit and therefore a range of funding sources are used. | 85% - 90% | * General rates * Fees and charges (rentals and leases) | * Accumulated surpluses from General rates, fees and charges * Targeted rates, * Loans, * Bequests, * Reserves * Financial and\or Development Contributions, * Grants and subsidies * Naming rights & sponsorship |
| Resource consents | A sustainable city | The relevant community (through the consent process), free planning advice, public counter, responding to complaints, compliant & safe buildings in the community. Notified and non-notified consents have different levels of benefit | Intergenerational due to the nature of the activities for which the consents are issued. | Resource consent holders who do not comply with the resource consent conditions. Unconsented activities. Vexatious and frivolous objectors | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | The relevant community (through the consent process), notified and non-notified consents have different levels of benefit. | 60% of the activity’s costs are recovered from general rates  Resource consents fees and charges are set to recover 100% of costs for services provided | * Fees and charges * General rates * Reserves | Nil |
| Sportsgrounds | Safe and healthy city that supports community well-being | People who actively participate in the sportsground  Direct participants and indirect participants (spectators)  Contributes to the City’s green space  Everyone benefits but the active participants and local businesses have a higher benefit | Intergenerational - ongoing with assets having a life of greater than 10 years | Sports people, park users, vandalism, parents, events | No reason identified to fund the net cost of this activity (after non rate revenue sources) separately from other activities | Everyone benefits but the active participants and local businesses have a higher benefit and therefore a range of funding sources are used | 90% - 95% | * General rates * Fees and charges (rentals and leases) | * Accumulated surpluses from General rates, fees and charges targeted rates * Naming rights * Sponsorship * Loans, * Bequests * Reserves * Financial and\or Development Contributions |
| Stormwater | A vibrant innovative city for everyone  Excellence in infrastructure and public services for now and in the future | The community as a whole  There can be identifiable parts of the community that receive higher levels of service | Intergenerational (up to 100 years) | Commercial density creates additional cost and need for the activity | Funding this activity separately through a targeted rate provides greater transparency so ratepayers understand the cost of stormwater services | The whole community benefits from the provision of storm water, however some properties based on location receive a different level of service | 95% - 100% | * General rates * Targeted rates * Reserves * Fees and charges (connection fees) | * Accumulated surpluses from general and targeted rates, fees and charges * Financial and\or Development contributions * Loans * Reserves |
| Transportation | Excellence in infrastructure and public services for now and in the future | Users both public and private. There is a range of between 60% to 80% for private good. | Intergenerational | Heavy vehicles, irresponsible road users, high density properties creating high traffic impacts | Currently not practical and no benefit in funding this activity separately | The transportation activity provides economic, private and community benefit and is essential for the safe functionality and connectivity of the City. | 40% - 60% | * NZTA subsidy * General rates * Fees and charges * Petrol tax | * Accumulated surpluses from targeted rates, general rate, fees and charges * Petrol tax * NZTA subsidy * Financial and\or Development contributions * Loans * Reserves * Grants and donations (e.g. cycle ways) |
| Waste minimisation | A sustainable city | The individual and the community as a whole | Intergenerational | Illegal dumping creates an additional cost for Council, inappropriate disposal of hazardous waste | Separate Targeted rates are charged to fund the cost of kerbside refuse collections and the kerbside recycling service. This makes the cost of these services transparent to ratepayers.  No reason has been identified to fund the net cost of the remainder this activity that relates to litter bins, illegal dumping & hazardous waste disposal (after non rate revenue sources) separately from other activities | Effective and efficient systems for the collection and disposal of refuse and collection of recyclable materials benefit both the individual (enabling disposal) and the community by reducing the adverse environmental impacts. | 20% | * Fees and charges * Targeted rates * General rates * Waste minimisation levy * Reserves | * Accumulated surpluses from Fees and charges, targeted rates, general rates, * Waste minimisation levy, * Reserves, * Loans * Financial contributions |
| Wastewater | Excellence in infrastructure and public services for now and in the future | Private benefit for people to dispose of their waste. Public benefit for the community to have an appropriate environmental solution | Intergenerational (up to 100 years) | Industries with high waste volumes and loadings, unconsented activity, low volume high impact waste | Funding this activity separately through a targeted rate provides greater transparency so ratepayers understand the cost of wastewater services. | Provides human and environmental benefits to both the community and the wider region | 0% | * Targeted differential rates * Fees and charges (including trade waste bylaw charges) | * Accumulated surpluses from Targeted differential rates, General rates, fees and charges * Loans * Reserves * Development and\or Financial contributions |
| Water supply | A safe and healthy city that supports community well-being | The users of the water supply are the primary beneficiaries however there is a wider benefit of having a potable water supply (90 private/10 public) | Intergenerational | Central Government legislation, illegal connections, high use users | Funding this activity separately through a targeted rate provides greater transparency so ratepayers understand the cost of water supply services. | The provision of potable water supply is of benefit to individuals and the wider community | 0% | * Targeted differential rates * Water rates * Fees and charges (not including water by meter rate) | * Accumulated surpluses from Targeted differential rates, water rates, general rates, fees and charge * Loans, * Reserves, * Financial and\or Development contributions |

1. The stated percentages indicate the target set by Council. The actual percentages will vary from year to year as explained in the footnote at the bottom of the table in the appendix. Also subsidies, grants and donations can be considered as a possible source of funding for all activities as Council will actively seek other sources of external funding where available for both operating and capital expenditure. [↑](#footnote-ref-1)
2. The percentages stated are the indicative target set by Council. The actual percentage may vary from year to year based on activity levels. As an example, an activity that says 100% public good may receive some revenue from fees and charges where charging is warranted to ensure the community are not inadvertently required to pay for something that only provides a benefit to an identifiable individual. Another example where the actual percentage may vary is when Council is able to obtain external grants or subsidies for a specific programme of work. [↑](#footnote-ref-2)