

Revenue and Financing Policy			
Approved by	Council		
Department	Finance		
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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	Capital
Animal control	Primary source <ul style="list-style-type: none"> Fees & charges (including infringement fees) 50% to 60% Other sources <ul style="list-style-type: none"> General Rates 40% to 50% 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
Bay Skate	Primary source <ul style="list-style-type: none"> General Rates 60% - 70% Other sources <ul style="list-style-type: none"> Fees and charges (including Leases, retail sales, & sponsorship) 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
Building consents	Primary source <ul style="list-style-type: none"> Fees and charges 80% Other sources <ul style="list-style-type: none"> General Rates Targeted Rates Reserves Loans 	Nil
Cemeteries	Primary source	<ul style="list-style-type: none"> Accumulated surpluses

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.

Activity	Funding sources	
	Operational ¹	Capital
This includes the contribution that NCC makes towards HB Crematorium in Hastings	<ul style="list-style-type: none"> General Rates 70% to 80% Other sources <ul style="list-style-type: none"> User fees & charges 	<ul style="list-style-type: none"> General Rates Fees & charges Loans Reserves
City development	Primary source <ul style="list-style-type: none"> General Rates 100% Other sources <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> General Rates 80% – 90% Other sources <ul style="list-style-type: none"> Fees & charges, including lease income, one off grants, naming rights 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges, Loans Reserves Grants & donations
Community strategies	Primary source <ul style="list-style-type: none"> General Rates 100% Other sources <ul style="list-style-type: none"> Fees & charges, including bequest and external funding Reserves 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
Democracy & Governance	Primary source <ul style="list-style-type: none"> General Rates,100% Other sources <ul style="list-style-type: none"> Fees & charges, including for LGOIMAs Reserves 	Nil
Events and marketing	Primary source <ul style="list-style-type: none"> General Rates 90% – 95% Other sources <ul style="list-style-type: none"> Grants Fees & charges, including ticketing, corporate sponsorship, vendors 	Accumulated surpluses <ul style="list-style-type: none"> Loans
Housing	Primary source <ul style="list-style-type: none"> Fees & charges 100% (rentals) Other sources General Rates Loans 	<ul style="list-style-type: none"> Accumulated surpluses Fees & charges (rentals) Loans Grants Reserves General Rates
Inner harbour	Primary source <ul style="list-style-type: none"> Fees and charges 100% Other sources <ul style="list-style-type: none"> Reserves, surplus revenue from inner harbour land holding General Rates 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Reserves Loans Financial and/or Development Contributions.
Kennedy Park Resort	Primary source <ul style="list-style-type: none"> Fees and charges 100% Other sources <ul style="list-style-type: none"> Loans 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges Loans Reserves
Lagoon farm	Primary source	<ul style="list-style-type: none"> Accumulated surpluses

Activity	Funding sources	
	Operational ¹	Capital
	<ul style="list-style-type: none"> Fees and charges 90% - 100% Other sources <ul style="list-style-type: none"> Reserves 	<ul style="list-style-type: none"> Fees and charges Reserves Loans
Libraries	Primary source <ul style="list-style-type: none"> General Rates 90% - 95% Other sources <ul style="list-style-type: none"> Fees & charges (fines) Grants & bequests 	<ul style="list-style-type: none"> Accumulated surpluses Fees & charges, fines General Rates Grants & bequests Loans Reserves Financial and/or Development Contributions
McLean Park	Primary source <ul style="list-style-type: none"> Fees and charges, 100% tickets, sponsorship, corporate box revenue, naming rights General Rates 	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> General Rates 65% - 75% Other sources <ul style="list-style-type: none"> Fees and charges Contribution from other local authorities Bequests Grants, donations & retail sales 	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> General Rates 65% - 75% Other sources <ul style="list-style-type: none"> Fees & charges 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees & charges Loans Reserves
Napier i-SITE	Primary source <ul style="list-style-type: none"> Fees and charges 35% to 45% Other sources <ul style="list-style-type: none"> General Rates 55% to 65% 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Targeted rates Loans Reserves
Napier Municipal Theatre	Primary source <ul style="list-style-type: none"> General Rates 35% - 40% Other sources <ul style="list-style-type: none"> Fees and charges Bequests Grants, donations & sponsorship 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Bequests Grants, donations & sponsorship Loans Reserves Naming rights
Napier Conferences and Events	Primary source <ul style="list-style-type: none"> Fees and charges 90% to 95% Other sources <ul style="list-style-type: none"> General Rates Loans 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates Targeted rates Loans Reserves
National Aquarium of NZ	Primary source <ul style="list-style-type: none"> Fees and charges 65% - 70% 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General Rates

Activity	Funding sources	
	Operational ¹	Capital
	Other sources <ul style="list-style-type: none"> • Grants • Sponsorships, bequests & philanthropic General Rates 	<ul style="list-style-type: none"> • Targeted rates • Grants • Sponsorships, bequests & philanthropic • Sponsorship • Loans • Reserves • Naming rights
Ocean Spa (Marine Parade Pools)	Primary source <ul style="list-style-type: none"> • Fees & charges 100% Other sources <ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees & charges • Loans • Reserves • Financial and/or Development Contributions
Par2 Mini golf	Primary source <ul style="list-style-type: none"> • Fees and charges 100% • Retail sales 	<ul style="list-style-type: none"> • Accumulated surpluses • Fees and charges • Reserves • Loans
Parking	Primary source <ul style="list-style-type: none"> • Fees and charges 80% to 90% Other sources <ul style="list-style-type: none"> • Targeted rates • Reserves 	<ul style="list-style-type: none"> • Accumulated surpluses • Targeted rates • General Rates • Loans • Reserves • Financial and/or Development Contributions
Parklands residential development	Primary source <ul style="list-style-type: none"> • Fees and charges 100% Other sources <ul style="list-style-type: none"> • Reserves 	<ul style="list-style-type: none"> • Loans • Reserves
Property holdings	Primary source <ul style="list-style-type: none"> • Fees and charges 100% Other sources <ul style="list-style-type: none"> • Fees and charges (lease income) • Reserves 	<ul style="list-style-type: none"> • Accumulated surpluses • Fees and charges (lease income) • Loans • Reserves
Property rights purchase	Primary source <ul style="list-style-type: none"> • General Rates 0% - 100 Other sources <ul style="list-style-type: none"> • Government funding • Reserves • Loans 	Primary source <ul style="list-style-type: none"> • General Rates 0% - 100 Other sources <ul style="list-style-type: none"> • Government funding • Reserves • Loans
Public toilets	Primary source <ul style="list-style-type: none"> • General Rates 95% - 100 Other sources <ul style="list-style-type: none"> • Fees and charges • Reserves 	<ul style="list-style-type: none"> • Loans • Reserves • General Rates
Regulatory solutions	Primary source <ul style="list-style-type: none"> • General Rates 55% - 65% Other sources <ul style="list-style-type: none"> • Fees and charges, • Reserves 	<ul style="list-style-type: none"> • Accumulated surpluses • Loans • Reserves
Reserves	Primary source <ul style="list-style-type: none"> • General Rates 85% - 90% Other sources	<ul style="list-style-type: none"> • Accumulated surpluses • General Rates • Fees and charges • Targeted rates • Loans

Activity	Funding sources	
	Operational ¹	Capital
	<ul style="list-style-type: none"> Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> Bequests Reserves Financial and/or Development Contributions Grants and subsidies Naming rights & sponsorship
Resource consents	<p>Primary source</p> <ul style="list-style-type: none"> 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 <p>Other sources</p> <ul style="list-style-type: none"> Reserves 	Nil
Sportsgrounds	<p>Primary source</p> <ul style="list-style-type: none"> General Rates 90% - 95% <p>Other sources</p> <ul style="list-style-type: none"> Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> Accumulated surpluses General Rates Fees and charges Targeted Rates Naming rights Sponsorship Loans Bequests Reserves Financial and/or Development Contributions
Stormwater	<p>Primary source</p> <ul style="list-style-type: none"> Targeted Rates 95% - 100% <p>Other sources</p> <ul style="list-style-type: none"> General Rates Reserves Fees and charges (connection fees) 	<ul style="list-style-type: none"> Accumulated surpluses General and Targeted Rates Fees and charges Financial and/or Development Contributions Loans Reserves
Transportation	<p>Primary source</p> <ul style="list-style-type: none"> NZTA subsidy 50% – 60% (for subsidised work programme only), 15.3% for CBD sweeping, 85% for LED replacement programme <p>Other sources</p> <ul style="list-style-type: none"> General Rates Fees and charges Petrol tax 	<ul style="list-style-type: none"> 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	<p>Primary source 80% - 90%</p> <ul style="list-style-type: none"> Fees and charges Targeted Rates Waste minimisation levy <p>Other sources</p> <ul style="list-style-type: none"> General Rates Reserves 	<ul style="list-style-type: none"> Accumulated surpluses Fees and charges General and Targeted Rates Waste minimisation levy Reserves Loans Financial Contributions
Wastewater	<p>Primary source 100%</p> <ul style="list-style-type: none"> Targeted Differential Rates Fees and charges (including trade waste bylaw charges) 	<ul style="list-style-type: none"> Accumulated surpluses Targeted Differential Rates General Rates Fees and charges

Activity	Funding sources	
	Operational ¹	Capital
		<ul style="list-style-type: none"> Loans Reserves Development and/or Financial Contributions
Water supply	Primary source 100% <ul style="list-style-type: none"> Targeted Differential Rates Water rates Fees and charges (not including water by meter rate) 	<ul style="list-style-type: none"> 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.

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	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.	40% - 50%	<ul style="list-style-type: none"> • General rates • Fees & charges (including infringement fees) 	<ul style="list-style-type: none"> • 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	Intergenerational	Nil	No reason identified to fund the net cost of this activity (after non rate revenue sources) separately	Everyone has the ability to use the facility and Council can identify the users	60% - 70%	<ul style="list-style-type: none"> • General rates • Fees and charges (including Leases, retail sales, & sponsorship) 	<ul style="list-style-type: none"> • Accumulated surpluses from General rates, fees & charges, • Loans • Reserves

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.

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		for users to undertake their sport			from other activities				
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%	<ul style="list-style-type: none"> • Fees and charges • General rates • Targeted rates • Reserves • Loans 	Nil

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
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%	<ul style="list-style-type: none"> General rates User fees & charges 	<ul style="list-style-type: none"> 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%	<ul style="list-style-type: none"> 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	The community as a whole	Intergenerational because of the	Users of the facilities who put greater	No reason identified to	Community as a whole benefit from having	85%	<ul style="list-style-type: none"> General rates Fees & charges, 	<ul style="list-style-type: none"> Accumulated surpluses from

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
	community well-being	including users of the facilities	life of the facilities	demands on the facilities	fund the net cost of this activity (after non rate revenue sources) separately from other activities	these facilities available but there is the ability to identify & charge users.		including lease income, one off grants, naming rights	General rates, fees & charges, <ul style="list-style-type: none"> 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%	<ul style="list-style-type: none"> General rates Fees & charges, Including bequest and external funding Reserves 	<ul style="list-style-type: none"> 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%	<ul style="list-style-type: none"> General rates, Fees & charges, Including for LGOIMAs Reserves 	Nil
Events and marketing	A vibrant innovative	The community as a whole receives social,	Short term	No significant exacerbators	No reason identified to fund the net	Events are a key part of the Napier City's	95%	<ul style="list-style-type: none"> General rates Grants 	Nil

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
	city for everyone	cultural and economic benefit Participants and/or users			cost of this activity (after non rate revenue sources) separately from other activities	social, economic and cultural fabric, therefore the benefits that are received are both general and specific.		<ul style="list-style-type: none"> Fees & charges, including ticketing, corporate sponsorship, vendors 	
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%	<ul style="list-style-type: none"> Fees & charges (rentals) General rates Loans 	<ul style="list-style-type: none"> 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.	0%	<ul style="list-style-type: none"> Fees and charges General rates Reserves, surplus revenue from inner harbour land holding 	<ul style="list-style-type: none"> 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.	Intergenerational	None identified	No reason identified to fund the net cost of this	Provides a range of affordable visitor amenities	0%	<ul style="list-style-type: none"> Fees and charges Loans 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges,

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		Local retail, hospitality			activity (after non rate revenue sources) separately from other activities	that generates a surplus for Council to use as it sees fit.			<ul style="list-style-type: none"> 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%	<ul style="list-style-type: none"> Fees and charges Reserves 	<ul style="list-style-type: none"> 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%	<ul style="list-style-type: none"> Fees & charges (fines) General rates Grants & bequests 	<ul style="list-style-type: none"> Accumulated surpluses from Fees & charges, fines General rates Grants & bequests Loans Reserves Financial and/or Development contributions
McLean Park	A vibrant innovative	The regional community as a whole	Intergenerational	None identified	No reason identified to fund the net	The region benefits by having this	0%	<ul style="list-style-type: none"> Fees and charges, tickets, 	<ul style="list-style-type: none"> Accumulated surpluses from fees and

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
	city for everyone	Users, spectators, events, national, regional and local organisations, businesses			cost of this activity (after non rate revenue sources) separately from other activities	facility and those who attend or participate in events		<ul style="list-style-type: none"> • sponsorship, corporate box revenue, naming rights 	<ul style="list-style-type: none"> • 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%	<ul style="list-style-type: none"> • General rates • Fees and charges • Contribution from other local authorities • Bequests • Ministry of Education, grants, donations & retail sales 	<ul style="list-style-type: none"> • 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	Everyone has the ability to use the facility and Council can identify the users	65% - 75%	<ul style="list-style-type: none"> • Fees & charges • General rates 	<ul style="list-style-type: none"> • Loans, • Accumulated surpluses from general rates, fees & charges • Reserves

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
					revenue sources) separately from other activities				
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	55% - 65%	<ul style="list-style-type: none"> • General rates • Fees and charges 	<ul style="list-style-type: none"> • 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	60% - 65%	<ul style="list-style-type: none"> • General rates • Fees and charges • Bequests • Grants, donations & sponsorship 	<ul style="list-style-type: none"> • 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.	Intergenerational - 20-30 years	None identified	No reason identified to fund the net cost of this activity (after non rate	The Napier War Memorial Conference Centre is suitable for a wide range of	5% - 10%	<ul style="list-style-type: none"> • Fees and charges • General rates 	<ul style="list-style-type: none"> • Accumulated surpluses from Fees and charges • General rates • Targeted rates

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		Locals benefit from general hireage of the facility.			revenue sources) separately from other activities Building = War Memorial Centre Activity = Conference Centre	events and attracts local, national and international conferences and events and provides a facility for the community which generates economic wellbeing.			<ul style="list-style-type: none"> 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%	<ul style="list-style-type: none"> Fees and charges Grants Sponsorships, bequests & philanthropic General rates 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges General rates Targeted rates Grants Loans Reserves Naming rights
Ocean Spa (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	Everyone has the ability to use the facility and Council can identify the users	0%	<ul style="list-style-type: none"> Fees & charges General rates 	<ul style="list-style-type: none"> Accumulated surpluses from general rates Fees & charges Loans Reserves Financial and/or

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
					from other activities				Development contributions
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%	<ul style="list-style-type: none"> Fees and charges, retail sales 	<ul style="list-style-type: none"> 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.	<p>Council separately charges CBD and outer commercial properties a targeted rate for the provision of additional offstreet parking.</p> <p>Apart for these targeted rates no further reason has been identified to fund this activity separately</p>	Parking ensures that safe parking facilities are available to the residents and visitors to Napier City to enable optimal vehicle circulation	0%	<ul style="list-style-type: none"> Fees and charges Targeted rates Reserves 	<ul style="list-style-type: none"> Accumulated surpluses from Fees and charges Targeted rates General rates Loans Reserves Financial and/or Development contributions

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
					from other activities				
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%	<ul style="list-style-type: none"> • Fees and charges • Reserves 	<ul style="list-style-type: none"> • 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%	<ul style="list-style-type: none"> • Fees and charges (lease income) • Reserves • Loans 	<ul style="list-style-type: none"> • Accumulated surpluses from Fees and charges (lease income) • Loans • Reserves
Property rights purchase	A safe & healthy city that supports community well-being	The community as a whole and people living within identified areas of risk	The outcomes of this activity result in ongoing benefits	Residents who live within identified areas of risk	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 this activity due to the reduced risk of loss of life, reduced loss of residential property and emergency	100%	<ul style="list-style-type: none"> • Government funding • General rates • Reserves • Loans 	<ul style="list-style-type: none"> • Government funding • General rates • Reserves • Loans

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
						response requirement			
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%	<ul style="list-style-type: none"> • Fees and charges • General rates • Reserves 	<ul style="list-style-type: none"> • 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%	<ul style="list-style-type: none"> • 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	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%	<ul style="list-style-type: none"> • General rates • Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> • Accumulated surpluses from General rates, fees and charges • Targeted rates, • Loans, • Bequests, • Reserves

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		Everyone benefits but the occupiers receive a higher benefit							<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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)	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	Everyone benefits but the active participants and local businesses have a higher benefit and therefore a range of	90% - 95%	<ul style="list-style-type: none"> General rates Fees and charges (rentals and leases) 	<ul style="list-style-type: none"> Accumulated surpluses from General rates, fees and charges targeted rates Naming rights Sponsorship

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		Contributes to the City's green space Everyone benefits but the active participants and local businesses have a higher benefit			from other activities	funding sources are used			<ul style="list-style-type: none"> 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%	<ul style="list-style-type: none"> General rates Targeted rates Reserves Fees and charges (connection fees) 	<ul style="list-style-type: none"> 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%	<ul style="list-style-type: none"> NZTA subsidy General rates Fees and charges Petrol tax 	<ul style="list-style-type: none"> Accumulated surpluses from targeted rates, general rate, fees and charges Petrol tax NZTA subsidy Financial and/or

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
									Development contributions <ul style="list-style-type: none"> • 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 &	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%	<ul style="list-style-type: none"> • Fees and charges • Targeted rates • General rates • Waste minimisation levy • Reserves 	<ul style="list-style-type: none"> • Accumulated surpluses from Fees and charges, targeted rates, general rates, • Waste minimisation levy, • Reserves, • Loans • Financial contributions

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
					hazardous waste disposal (after non rate revenue sources) separately from other activities				
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%	<ul style="list-style-type: none"> Targeted differential rates Fees and charges (including trade waste bylaw charges) 	<ul style="list-style-type: none"> 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	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	The provision of potable water supply is of benefit to individuals and the wider community	0%	<ul style="list-style-type: none"> Targeted differential rates Water rates Fees and charges (not including water by meter rate) 	<ul style="list-style-type: none"> Accumulated surpluses from Targeted differential rates, water rates, general rates, fees and charge Loans, Reserves,

Activity	Community outcome	Who benefits?	Period of benefit	Whose acts create a need	Separate funding	Rationale	To be recovered from Public Good tools ²	Funding sources	
								Operational	Capital
		private/10 public)			water supply services.				<ul style="list-style-type: none"> Financial and/or Development contributions