

REVENUE AND FINANCING POLICY

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SECTION A: INTRODUCTION

A wide number of funding sources are available to Council to fund its activities, ranging from general and targeted rates through to fees and user charges. This policy outlines Council's approach to funding its activities. It provides information on what funding tools are used and who pays, as well as describing the process used to make these decisions. This policy should be read in conjunction with the Funding Impact Statement (see section 6). The Funding Impact Statement is the mechanism used to implement the Revenue and Financing Policy, and provides detail on how rates are set.

SECTION B: CHANGES TO THE POLICY

As part of the 10-year plan, the Council made a number of changes to the Revenue and Financing Policy. The key matters are summarised below; further detailed information is provided later in the policy.

Approach to rating differential categories

Following a review undertaken by Council for the 10-year plan, and in making its judgement under "step two" outlined in Section C, Council has considered rating policy including affordability and approaches to reduce fluctuations caused by differences in valuation movements between differential rating categories. Council will apportion the general rate between the residential, commercial and utility property categories based on a percentage applied to each category group. A percentage approach helps to reduce fluctuations in the general rate caused by valuation movement differences between categories; this should provide greater stability of rates charges. Council has considered rating policy and the impact on affordability of rates for all ratepayers in the city. As a result, the Council will reduce the percentage of rates paid by the residential rating category from 63 per cent to 60 per cent over a three-year period from 2021/22, with a corresponding increase in commercial rating categories. Section F of this policy provides further detailed information in relation to this change.

Consolidation of commercial differential rating categories

From the 2021/22 year, Council is consolidating the number of commercial differentials from the previous four (Commercial Central, Commercial Suburban, Commercial Queensgate, Commercial Accommodation) down to two categories, being Commercial Central and Commercial Suburban. This entails two underlying changes:

1. combining differential rating categories for Commercial Central with Commercial Queensgate
2. removing the differential rating category for Commercial Accommodation, by merging these properties into either Commercial Suburban or Commercial Central based on location.

The changes are on the basis that the new categories better reflect the differences in services provided by the Council to the ratepayers in those categories.

Rural differential category definition

Council has changed the definition of what properties should be rural ratepayers to align the definition of the rural rating category with the definition of rural in the District Plan. The approach improves definition clarity, supports legal compliance and provides longevity to the policy, as property rating will naturally change with land use over time.

New refuse and recycling service

Following an extensive review process and formal consultation, Council has decided to introduce a new weekly kerbside rubbish and fortnightly recycling collection service, paid for through rates, from 1 July 2021. It will also offer a new green waste collection service.

The new services will be fully funded through targeted rates. As a result, two new targeted rates will be introduced from 2021/22:

1. refuse, per extent of service provision per separately used or inhabitable part (SUIP)
2. green waste, per SUIP that opts into the scheme.

A recycling targeted rate is already in place. However, a new recycling service with wheelie bins for mixed recycling and crates for glass will replace the previous crate-only system. This has resulted in an increase in the targeted rate to fund the new wheelie-bin service.

New wastewater and stormwater repair financial assistance

A voluntary targeted rate to provide financial assistance to those ratepayers required to undertake repair and/or replacement of wastewater and stormwater pipes located on their property.

A change to the Rates Postponement policy will allow payment of this voluntary rate to be extended over several years.

SECTION C: HOW DOES COUNCIL DECIDE WHAT IS FUNDED FROM WHERE?

Council determines appropriate funding sources using a two-step process on an activity-by-activity basis.

Step One

The funding needs of Council must be met from what Council determines to be the most appropriate funding source for each activity following consideration of:

- the community outcomes to which the activity contributes
- the distribution of benefits between the community as a whole and any identifiable parts of the community and individuals
- the period over which the benefits are expected to occur
- the extent to which the action or inaction of particular individuals or groups contributes to the need for the activity to take place
- the costs and benefits of funding an activity distinctly from other activities.

Council has considered the matters above for funding operating and capital expenditure arising from Council's activities. Section D provides an explanation of the funding tools for operating expenditure. Section E discusses the funding tools for capital expenditure funding and the principles applied in their use. The funding needs analysis in Section G provides a more detailed discussion of the use of different funding tools for operating and capital costs and the reasons for the allocation of costs to various sectors of the community for each activity.

Step Two

The second step in the process is for Council to apply its judgement to the overall impact of any allocation of liability on the current and future social, economic, environmental and cultural wellbeing of the community. In exercising this judgement, Council considers the following:

- the impact of rates and rates increases on residential properties, and in particular on the affordability of rates and rates increases for low, average and fixed income households
- the impact of rates and rates increases on businesses and on the competitiveness of Lower Hutt as a business location
- the fairness of rates (and changes in rates) relative to the benefits received for 'stand-out' properties with unusually high capital values
- the special characteristics of particular classifications of property – including their purpose and proximity to the city
- the complexity of the rating system and the desirability of improving administrative simplicity
- the change in relative rateable values between types of properties.

As the General rate is a general taxing mechanism, shifting the 'differential factor' for each sector's share of the city's overall capital value is the principal means that Council has used to achieve the desired overall rates impact on the wider community. Council considered the application of this in terms of affordability for all sectors in applying the general rate differentials.

SECTION D: FUNDING OF OPERATING EXPENDITURE

The policy sets target funding bands for the main funding sources for each activity. The funding bands are:

High: 80–100%

Medium/high: 60–79%

Medium: 40–59%

Medium/low: 20–39%

Low: 0–19%

General rates

General rates provide Council's largest source of funding. General rates are used to help fund activities where the Council has concluded that the whole community or city benefits. This is sometimes referred to as a public good that can demonstrate the following characteristics:

- non-rival – the enjoyment by one person does not prevent the benefit from being enjoyed by others. An example is street lighting
- non-excludable – no person or group can easily be prevented from enjoying the benefit. An example is a beach or park.

In these cases, all ratepayers pay towards the cost of the activity. Where the activity also provides benefits to individuals or parts of the community, rates are used to fund the balance of costs after the potential for user charges has been exhausted.

Other funding sources Council sets general rates based on the capital value of properties. Capital value is used because, in the main, it reflects the ability to pay better than the alternatives of land value or annual value.

What each ratepayer pays depends on the capital value of their property relative to the value of other properties, and on the share of the general rate that has been allocated to each sector of the community (residential, commercial and utilities).

Uniform annual general charge

Council also has the option to assess a uniform annual general charge (UAGC). A UAGC recovers a portion of general rates costs as a fixed amount per rating unit. Such fixed charges tend to have a disproportionate impact on low-income households, as the charges make up a higher proportion of such a household's income. For this reason, Council does not currently utilise a UAGC. Council does, however, use fixed amounts for some targeted rates.

Targeted rates

Council uses targeted rates where it has decided that the cost of a service or function should be met by a particular group of ratepayers (possibly even all ratepayers) or in order to provide greater transparency about the use of the funding. There is considerable scope to set rates for a specific function (eg, water), target a rate on a specific geographic area (e.g, Jackson Street), or set different levels of rates for different property types (e.g, a promotion levy targeted on Commercial Central properties).

The refuse and green waste targeted rates are new rates in the 2021/22 financial year as part of the Council's changes to its refuse services and introduction of a new green waste service options. The new service will also include changes to the Council's recycling service that flow through the recycling targeted rate already in place.

A voluntary targeted rate to provide financial assistance to ratepayers who are required to fund the repair and/or replacement of wastewater and stormwater pipes on their properties is a new rate in the 2021/22 year.

Fees and charges

User charges are used where there are strong benefits to individuals or parts of the community from an activity and it is feasible to collect fees.

User charges contribute to the cost of some facilities (such as swimming pools) and also fully or partly meet the cost of regulatory services, such as those under the Building Act 2004 and Resource Management Act 1991.

Similarly, Council has the ability to fine people and businesses for certain rule infringements. The amount of income derived through these fines depends on the level of non-compliance and the amount of effort Council puts into enforcement activities.

Other funding sources

Council's other main funding sources for operating expenditure are grants and subsidies. Waka Kotahi New Zealand Transport Agency funding assistance for road maintenance makes up the majority of this funding. Other central government funding is available for some services and initiatives, such as Three Water Reform funding and the COVID-19 Response and Recovery Fund.

Council does not intend to use borrowing, proceeds from asset sales, development contributions or financial contributions to help fund operating expenditure unless the sources identified above are insufficient to meet its revenue needs.

SECTION E: FUNDING OF CAPITAL EXPENDITURE

Council funds capital expenditure mainly from borrowing and then spreads the repayment of that borrowing over several years. This enables Council to better match funding with the period over which benefits will be derived from assets, and helps ensure intergenerational equity. Borrowing and repayments are managed within the framework specified in the Liability management section of the Treasury Risk Management Policy.

In some cases other funds are available to finance capital expenditure. Such other funds include:

- development contributions under the Local Government Act 2002 to help fund council planned growth-related capital expenditure for roading and transport, stormwater, wastewater and water
- financial contributions under the Resource Management Act 1991 to help fund growth-related capital expenditure on recreation reserves, and for other infrastructure where individual developments give rise to capital expenditure that is not planned, and therefore is not included in Council's Development Contributions Policy
- contributions towards capital expenditure from other parties, such as Waka Kotahi New Zealand Transport Agency (in relation to certain roading projects), Crown Infrastructure Partners (COVID-19 Response and Recovery Fund) and Upper Hutt City Council (in relation to joint wastewater activities)
- annual revenue collected through rates to cover depreciation charges
- proceeds from the sale of assets not otherwise used for debt reduction
- operating surpluses.

SECTION F: GENERAL RATE DIFFERENTIAL FACTOR

The general rate payable on each category of property is expressed as a rate in the dollar of capital value. These different rates in the dollar for different property categories are known as 'differential factors' and are determined following the completion of step two of the process (which is designed to allow the Council to apply its judgement on the overall impact on the community). This judgement includes the consideration of the matters in step two above, including activity areas where the benefits of the activity are not considered to be equally shared among the community. These are:

- roading and traffic – general rates are weighted towards the commercial and utility sectors because of the particularly high use of the roads (or road space) by these sectors. Trip generation data is used as an indicator of the cause and benefit of this activity's costs – this data shows that the commercial/utility and residential sector trip generation is 72 per cent and 28 per cent respectively. The share of general rates costs is allocated accordingly
- stormwater - general rates are weighted towards the commercial sector to reflect the fact that it accounts for approximately 31 per cent of the city's impervious area (after making an allowance for roads). The share of general rates for stormwater is allocated on this basis.

Following a review Council undertook for the purposes of the 10-year plan, the general rate will be apportioned between residential, commercial and utility categories based on a percentage applied to each category group. A percentage approach helps to reduce fluctuation in the general rate caused by valuation movement differences between categories.

In 2020, the Council suspended their previous differential transition policy. Because of the significant changes in the relative capital values in the 2019 rating valuation, the allocation of general rate based on continuing the differential transition would place an increased burden on residential properties.

Council considered the impacts of the 2019 rating valuation on the affordability of rates for all ratepayers. It was particularly concerned that the increase in the amount residential ratepayers will contribute to the general rate, without any change, reduces affordability of rates for residential ratepayers. Council considers that affordability is an important factor when considering the overall impacts of funding allocations.

For the 10-year plan Council considered the matters in step two above and options for modifying the differentials as overall impact adjustments. It weighted the competing interests of different sectors of ratepayers as set out in the step two process (see Section C), particularly the different abilities of the residential and commercial sectors to accommodate rate increases at this time, and the impacts of those increases, particularly on rates affordability. In its judgement, the interests of residential ratepayers were more pressing, and differential adjustments should be made to reduce the rates incidence on this sector.

The General Rate for Rural rating units is differentiated on the basis of perceived distance to Council services. Rating units to which this differential will apply are those within Rural activity areas in the Council's operative District Plan. The indicative percentages to be applied under the new policy are as follows (including 2020/21 as a comparator):

Differential category	2020/21	2021/22	2022/23	2023/24
Residential	63%	62%	61%	60%
Commercial central	7.2%	7.5%	7.8%	8.0%
Commercial suburban	23.3%	23.9%	24.5%	25.3%
Utility	5.2%	5.4%	5.4%	5.4%

In 2021/22 the Council will commence a three year transition to the percentage applied to achieve these percentages. This equates to a 1 per cent decrease in the residential percentage each year and a corresponding increase across commercial differential rating categories. Figure 1 shows the impacts of the previous transition policy and the effect of the implementation of the new approach by Council.

For the smaller rural and community facilities differential rating categories a standard differential multiplier will be applied. This reflects the fact that small changes in the category may significantly impact average rates on individual properties if a percentage was applied.

The differential factors for these categories are:

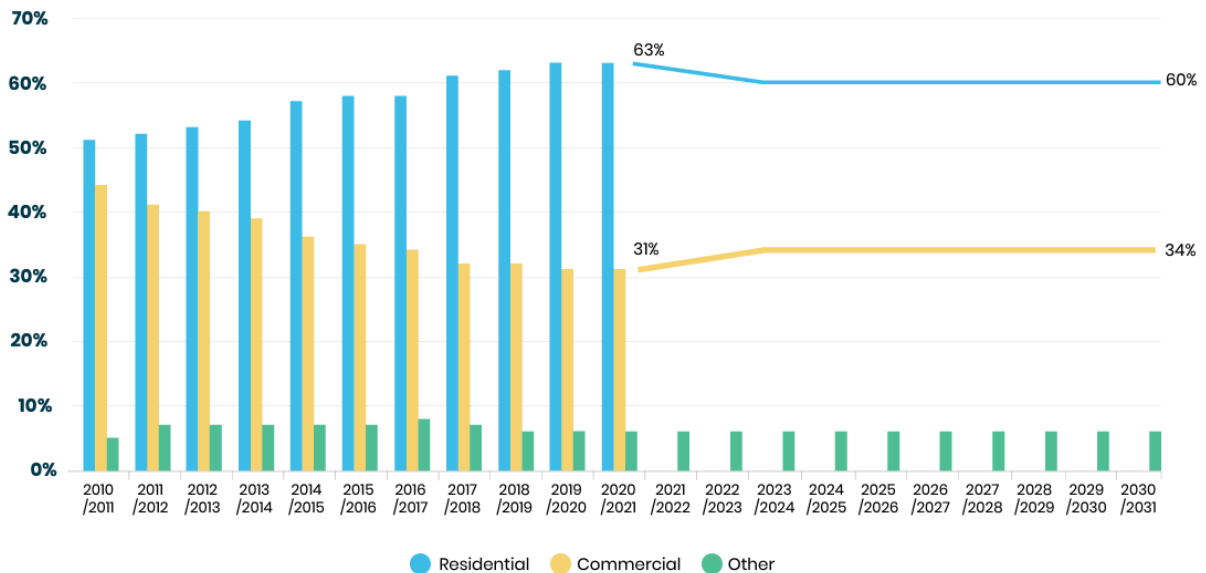
- Rural 0.747
- Community Facilities 1 1.000
- Community Facilities 2 0.500

- Community Facilities 3 2.344

The following differential factors will be applied across all differential categories in 2021/22 to give effect to category percentages.

- Residential 1.00
- Commercial Central 2.997
- Commercial Suburban 2.781
- Community Facilities 1 1.000 • Community Facilities 2 0.500
- Community Facilities 3 2.344
- Rural 0.747
- Utility 2.842

This policy should be read in conjunction with the Funding Impact Statement which provides further details on how rates are set.



Graph 1: Change over the last ten years in the allocation of rates charges between property rating categories and the approach for the 10-year plan

SECTION F: SUMMARY OF OPERATIONAL FUNDING SOURCES

Range name	Range	Key
Unlikely	0	✘
Low	0-19%	✓
Medium / Low	20-39%	✓
Medium	40-59%	✓
Medium / High	60-79%	✓
High	80-100%	✓

Activity	Fees and charges	Grants, subsidies and other	General rates	Targeted rates	Development contribution	Financial contribution	Borrowing
Transport	✓	✓	✓	✗	✗	✗	✗
Water supply	✓	✓	✓	✓	✗	✗	✗
Wastewater	✓	✓	✓	✓	✗	✗	✗
Stormwater	✓	✓	✓	✗	✗	✗	✗
Solid waste	✓	✓	✓	✓	✗	✗	✗
City development	✓	✗	✓	✗	✗	✗	✗
Community partnering and support	✗	✓	✓	✗	✗	✗	✗
Open spaces, parks and reserves (including cemeteries)	✓	✓	✓	✗	✗	✗	✗
Libraries	✓	✓	✓	✗	✗	✗	✗
Museums	✓	✓	✓	✗	✗	✗	✗
Aquatics and recreation	✓	✗	✓	✗	✗	✗	✗
Animal control	✓	✓	✓	✗	✗	✗	✗
Building consents and resource consents	✓	✓	✓	✗	✗	✗	✗
Public health activities	✓	✗	✓	✗	✗	✗	✗
Emergency management	✗	✓	✓	✗	✗	✗	✗
Sustainability and resilience	✗	✓	✓	✗	✗	✗	✗
City governance	✗	✓	✓	✗	✗	✗	✗

SECTION G: FUNDING NEEDS ANALYSIS

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
Transport	<p>The transport activity consists of five sub-activities – road assets, traffic assets, road safety services, active modes and parking. Council operates, maintains and renews the road asset, which includes footpaths, throughout the city. Traffic control measures are used to ensure the efficient and safe movement of motor vehicles, cyclists, pedestrians and other forms of transport. Road safety programmes and interventions are managed to improve the safety outcomes of all users on our transport network. Walking, cycling and micromobility initiatives are managed to enable safe and efficient mode choice across our transport system. Parking involves the provision, maintenance and regulation of on-street and off-street carpark in the commercial areas of the city. The location and regulation of carpark is designed to ensure fair, easy and efficient access to the city’s commercial areas.</p>	<p>Council has no direct means to charge individual users of the local network on a user-pays basis. Therefore most of the expenditure is funded directly from general rates revenue (and government subsidies). Trip generation is a useful base indicator benefit between ratepayer categories. Trip generation of the Commercial/Utility and Residential sectors is estimated at 72 per cent and 28 per cent respectively. The net cost to council of major projects with benefits over several decades, will be debt funded, along with an appropriate contribution from development contributions charges for growth-related infrastructure. Revenue generated from controlled parking is used to offset the costs of providing the activity.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: Medium / high • grants, subsidies, and other: Low • fees and charges: Low
Community outcome	Economic wellbeing	Who benefits	<p>Roading assets: Many of the benefits of roading networks accrue to individuals or businesses. To a large extent, this is reflected in the subsidies Council receives from government for roading, which are ultimately funded from fuel excise, road user charges and vehicle registration charges. However, Council must cover the remainder of the unfunded component. Trip generation can be used as an indicator of both the cause and benefit of this activity’s costs. Traffic assets: Traffic assets provide a range of benefits widely dispersed among the community, and for which there is little ability to charge, or sense in charging, individuals for the benefits they receive. Road safety services: Road safety services provide a range of benefits for all mode users across the network, for which there is little ability to charge, or sense in charging, individuals for the benefits they receive. Active modes: Active mode initiatives encourage behaviours that benefit health, wellbeing and the environment and there is no appetite to charge individuals for the benefits they receive. Parking: The benefits of on-street parking largely accrue to the individuals or groups involved. Controlled parking is provided in key business and shopping areas for the benefit of business. However, charging and actively monitoring parking in most areas, such as most urban neighbourhoods, is simply not practical or cost-effective – although some time restrictions may still apply. Consequently, a large proportion of the cost is simply absorbed into the roading budget, and funded accordingly. The primary beneficiaries of growth-related infrastructure are the developments that can be undertaken and the businesses and residents that occupy new sites. If, and to the extent that, investment in infrastructure benefits growth and existing residents, this is reflected in the allocation of costs between growth and levels of service or renewal.</p>
Period of benefit	The benefits of transport facilities are ongoing and spread over the long-term. These intergenerational benefits support the ongoing use of debt financing for associated capital works.	Whose acts create a need	<p>Heavy vehicles create an additional cost to Council because of the increased wear they impose on roads, and the need to have wider roads to accommodate them. The need to undertake street cleaning is partially caused by the actions of individuals littering or dumping. In areas with a high concentration of parking demand, it becomes necessary and cost-effective to manage parking, allowing much of the cost associated with these parks to be recouped through parking charges and/or fines.</p>

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	Separate funding	Council considers that there is little benefit of separate funding of this activity.	
Water supply			
	<p>This activity involves the supply of high-quality drinkable water for domestic and commercial use. Council purchases bulk water from Greater Wellington Regional Council, and this accounts for a significant portion of the total cost of water supply to the city. Water is then distributed around the city through the local pipe network. Council's ownership of the pipe network is historical. There is a legal requirement for Council to retain control of these assets.</p>	<p>In the absence of metering, targeted rates can be seen as a proxy for user charges. All connections are charged the targeted rate, and this is assumed to cover the supply of the average residential user. Commercial water users are charged on a metered rate for water consumption. Major projects with benefits over several decades will be debt funded, along with an appropriate contribution from development contributions charges for growth-related infrastructure.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> targeted rates: High general rates: Low grants, subsidies and other: Low fees and charges: Low
Community outcome	Community outcome	Environmental wellbeing	
Who benefits	Who benefits	<p>Much of the benefit from this activity is considered to be private to the people who obtain and use the water. Public health benefits arise out of the treatment of water-borne diseases. The primary beneficiaries of growth-related infrastructure are the developments that can be undertaken and the businesses and residents that occupy new sites. If, and to the extent that, investment in infrastructure benefits growth and existing residents, this is reflected in the allocation of costs between growth and levels of service or renewal.</p>	
Period of benefit	Period of benefit	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced. Capital expenditure provides benefit over the life of the asset.</p>	
Whose acts create a need	Whose acts create a need	Properties and users who either waste or use excessive amounts of water	
Separate funding	Separate funding	Council considered that due to the administrative costs there is no further benefit in separate funding of this activity.	
Wastewater			
	<p>Council ensures the treatment and disposal of household and commercial effluent according to regional and national environmental standards. A new treatment plant was commissioned in 2002 to ensure effluent is treated to higher standards.</p>	<p>In the absence of the ability to use metering, targeted rates (including pan charges) can be seen as a proxy for user charges. High water and waste users are charged fees under a trade waste by-law. Major projects with benefits over several decades will be debt funded, along with an appropriate contribution from development contributions charges for growth-related infrastructure.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> targeted rates: High general rates: Low grants, subsidies and other: Low fees and charges: Low
Community outcome	Community outcome	Environmental wellbeing	
Who benefits	Who benefits	<p>The removal of wastewater largely benefits the person whose wastewater is removed. However, the public also benefits through improved public health and an unpolluted environment. The operation of many social and commercial activities would be curtailed if raw effluent was not properly dealt with. Upper Hutt City Council makes an operating contribution towards the shared service. The primary beneficiaries of growth-related infrastructure are the developments that can be undertaken and the businesses and residents that occupy new sites. If, and to the extent that, investment in infrastructure benefits growth and existing residents, this is reflected in the allocation of costs between growth and levels of service or renewal.</p>	
Period of benefit	Period of benefit	<p>The benefits of wastewater services are ongoing and spread over the long-term. These intergenerational benefits support the ongoing use of debt financing for associated capital works.</p>	
Whose acts create a need	Whose acts create a need	<p>There is also a significant exacerbator component to the treatment of wastewater, as people cause costs through their action (for example, commercial businesses that produce trade waste) or inaction (for example, not installing a dual flush toilet).</p>	

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS	
Stormwater	Separate funding	Council considered that due to the administrative costs that there is no further benefit in separate funding of this activity.		
	Council operates an effective drainage system to protect property from flooding damage. Stormwater infrastructure includes pipe networks, street-side gutters, retention dams and open watercourses. These are provided and maintained according to the reasonable costs of managing foreseeable flooding events. There is a legal requirement for Council to retain control of these assets.	As the community as a whole benefits from this activity, the costs are best recovered from General rates. However, the commercial sector is estimated to represent around 31 per cent of the city's impervious area after allowing for a proportion of road stormwater allocated to the commercial sector. Major projects with benefits over several decades will be debt funded, along with an appropriate contribution from development contributions charges for growth-related infrastructure.	Operational costs	<ul style="list-style-type: none"> • general rates: High • grants, subsidies and other: Low • fees and charges: Low
	Community outcomes	Environmental wellbeing		
	Who benefits	Stormwater reticulation, watercourses, major storm events and watercourse quality management, addressed under this activity, are partly for private benefit but mainly for public benefit. This is in terms of dealing with public spaces and the public stormwater system, minimising damage from severe flooding and conducting monitoring and pollution control for the community at large. Economies of scale associated with the provision of the overall system are also recognised. The primary beneficiaries of growth-related infrastructure are the developments that can be undertaken and the businesses and residents that occupy new sites. If, and to the extent that, investment in infrastructure benefits growth and existing residents, this is reflected in the allocation of costs between growth and levels of service or renewal.		
	Period of benefit	The benefit of most operating costs is expected to arise in the year the funding is sourced. Capital expenditure provides benefit over the life of the asset		
	Whose acts create a need	Buildings and pavements increase the necessity for stormwater management, and in this respect the built-up areas can be considered to exacerbate the problem.		
	Separate funding	Council considered that due to the administrative costs there is no further benefit in separate funding of this activity.		
Solid waste				
	Council contracts out the collection of residential solid waste and household recycling. It also owns a landfill for the disposal of the city's refuse. Council wishes to promote recycling and waste reduction and to provide for the disposal of the city's solid waste. From 1 July 2021, Council will be expanding its rubbish and recycling collection services to provide weekly kerbside wheelie-bin rubbish collection and fortnightly kerbside wheelie-bin and crate recycling collection.	Currently the solid waste function makes an overall surplus, particularly as a result of landfill activities. This return on investment compensates Council as a whole and the whole ratepayer base for the long-term business risks of landfill operation and aftercare. Any surplus is therefore used to offset general rates.	Operational costs	<ul style="list-style-type: none"> • targeted rates: Medium • general rates: Low • grants, subsidies and other: Low • fees and charges: Medium
	Community outcome	Environmental wellbeing		
	Who benefits	The implementation of the Council's new waste collection service from 1 July 2021 will help protect residents and the environment from the harmful effects of waste. Council provides kerbside recycling, which is funded through a targeted rate. Recycling produces public benefits through sustainable resource use and through the deferral of costs involved in replacing landfills. There are public benefits in ensuring that refuse is disposed of appropriately. The consequences of poorly dealt with waste are immediate public health effects. Longer-term health effects can also result from interaction with contaminated sites. There are private benefits to people whose refuse is disposed of. The expansion of Council's collection services will assist in reducing greenhouse gas emissions associated with the collection of waste by minimising the number of total truck movements and by enabling a move to electric		

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	<p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>collection vehicles. The benefits of this activity are ongoing and spread over a long period. These intergenerational benefits support the ongoing use of debt financing for associated capital works.</p> <p>The benefit of most operating costs is expected to arise in the year the funding is sourced. Capital expenditure provides benefit over the life of the asset.</p> <p>There is very limited impact of the actions or inactions of others.</p> <p>Council considered that due to the administrative costs there is no further benefit in separate funding of this activity.</p>	
City development			
	<p>Council has a leading role in fostering the city's growth and development in a number of ways. Council develops the District Plan policy and makes changes to the District Plan in line with national and regional policy changes and also in line with expectations of the local community. Council aims to develop an urban environment that will help to attract people and investment, and enhance the city's image and economy. Council manages and develops the public space of the city on behalf of the community. Council aims to create a business-friendly environment, facilitate the expansion and creation of local businesses and employment, increase tourism to the city and contribute to regional growth through regional economic development initiatives.</p> <p>Community outcome</p> <p>Who benefits</p> <p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>While businesses and residents benefit from city development, after maximising user charges (which are minimal and, in some years, non-existent), it is considered appropriate that the remainder of the activity is funded from General rates.</p> <p>This activity contributes to all community outcomes.</p> <p>District planning has a mix of private and public benefits, as well as encouraging optimal resource use over time. The Council develops the District Plan with input from the community in terms of the Resource Management Act. Certain parts of the community, such as business owners, may gain distinct private benefits as a result of Council work in shopping areas etc. Benefits are ongoing, and work particularly around the preservation of heritage elements is intended for the benefit of future generations. The benefits of preserving buildings of architectural, heritage and historic value pertain to both the community as a whole and the owner or occupier. The city's businesses and residents benefit from Council's support of the business sector and from its promotion of the city as a place to visit.</p> <p>The benefit of most operating costs is expected to arise in the year the funding is sourced. There is no planned capital expenditure.</p> <p>There is very limited impact of the actions or inactions of others.</p> <p>Council considered that due to the financial scale of the activity there is no further benefit in separate funding of this activity.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: Medium / High • fees and charges: Medium / Low
Community partnering and support			
	<p>Council provides a range of community hubs and facilities to enable the delivery of community activities and provide safe inclusive spaces for the community. Council has previously carried out a significant rejuvenation programme across its community facilities to improve the wellbeing of Hutt City residents.</p>	<p>As the community as a whole benefits from this activity, the costs are best recovered from General rates.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: High • grants, subsidies and other: Low

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	<p>Community outcome</p> <p>Who benefits</p> <p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>Social and cultural wellbeing</p> <p>No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees.</p> <p>The benefit of most operating costs is expected to arise in the year the funding is sourced. There is no planned capital expenditure.</p> <p>None identified</p> <p>Council considered that due to the financial scale of the activity there is no further benefit in separate funding of this activity.</p>	
Open spaces, parks and reserves (including cemeteries)			
	<p>Council provides and maintains passive recreational facilities in the city for the enjoyment and wellbeing of the public, free of charge. Sports fields are provided and maintained through charges to sports codes. Recreation areas are both natural and created; the majority of Council effort is targeted at maintenance and retaining areas in their natural state.</p> <p>Community outcome</p> <p>Who benefits</p> <p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>No particular sector or group is considered to derive benefit from these costs beyond those groups that can be targeted by user fees.</p> <p>Major projects with benefits over several decades will be debt funded, along with an appropriate contribution from reserve financial contributions charges for growth-related infrastructure.</p> <p>Social and cultural wellbeing</p> <p>Parks and reserves: Council views the active participation of residents in outdoor activities as beneficial to the whole community. While it is recognised that the rural sector often provides its own recreational land, Council considers that this sector is also a beneficiary from this activity. Cemeteries: There is a significant private benefit in this service to the families of deceased people where burials and interment services are provided. There is also an ongoing community benefit in providing for the respectful treatment of deceased people who form part of the community's heritage and whakapapa. The primary beneficiaries of growth-related open spaces, park and reserves are the developments that can be undertaken and the businesses and residents that occupy new sites. To the extent that investment in this infrastructure benefits growth and existing residents, this is reflected in the allocation of costs between growth and levels of service or renewal.</p> <p>The benefit of most operating costs is expected to arise in the year the funding is sourced. Capital expenditure provides benefit over the life of the asset.</p> <p>The actions of sports codes contribute to the need for Council to undertake the maintenance of sports fields.</p> <p>Council considered that due to the administrative costs there is no further benefit in separate funding of this activity.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: High • grants, subsidies and other: Low • fees and charges: Low
Connectivity, creativity, learning, and recreation			
Libraries	<p>Council provides, maintains and manages eight libraries in the city. These are run as a single city-wide service. Their primary role is to provide written and recorded material such as books, audio-visual resources, and access to online information. Library services are used for many purposes including learning, research and entertainment.</p> <p>Community outcome</p>	<p>Some of the individual benefit of library activities is recovered through user charges and fines. User recovery is also constrained by section 142 of the Local Government Act 2002. General rates are the appropriate funding source for the remainder of the activity, as the whole of the community benefits from libraries.</p> <p>Social and cultural wellbeing</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: High • grants, subsidies and other: Low • fees and charges: Low

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	Who benefits	While there are identifiable individual benefits from the provision of library services, the Council views open and low-cost access to information and books as being in the best interest of the city as a whole, therefore the whole city benefits.	
	Period of benefit	The benefit of most operating costs is expected to arise in the year the funding is sourced. Capital expenditure provides benefit over the life of the asset.	
	Whose acts create a need	There is very limited impact of the actions or inactions of others.	
	Separate funding	Council considered that due to the administrative costs there is no further benefit in separate funding of this activity	
Museums	The Council believes that support for the arts, recognition of our social history and cultural endeavours are an important component in making the city a vibrant and attractive city, as well as providing a means for the community to express a sense of self and place.	Some of the individual benefit of museum activities is recovered through user charges. General rates are the appropriate funding source for the remainder of the activity, as the whole community benefits from museums.	Operational costs • general rates: High • grants, subsidies and other: Low • fees and charges: Low
	Community outcome	Social and cultural wellbeing	
	Who benefits	While individual visitors to these facilities do gain individual benefit, the collecting of an entry fee would be inefficient due to the costs associated with establishing and operating a door charge system. Council recognises the contribution that the Dowse Foundation and donors are making to the city through extensive community fundraising activities.	
	Period of benefit	The benefit of most operating costs is expected to arise in the year the funding is sourced. Capital expenditure provides benefit over the life of the asset.	
	Whose acts create a need	There is very limited impact of the actions or inactions of others.	
	Separate funding	Council considered that due to the administrative costs there is no further benefit in separate funding of this activity.	
Aquatics and recreation	Council provides and maintains six swimming pools in the city as part of its portfolio of recreational facilities. Recreational programmes are community-based programmes designed to encourage residents to engage in a range of recreational activities. These services are provided to promote health and enjoyment and stimulate the community's interest in different recreational opportunities.	Fees and charges contribute to the recovery of individual benefit. However, the fees are set at a level that supports affordability for users to access facilities. Therefore General rates are the key source of income for this activity.	Operational costs • general rates: Medium • fees and charges: Medium
	Community outcome	Environmental wellbeing	
	Who benefits	Individuals benefit from the personal fitness and enjoyment they derive from using the facilities. However, Council also recognises that there are positive benefits for the community when the population is fit and actively engaged. Pools provide quality and accessible tuition in essential water safety and life skills, which produces both individual and community benefits.	
	Period of benefit	The benefit of most operating costs is expected to arise in the year the funding is sourced. Capital expenditure provides benefit over the life of the asset.	
	Whose acts create a need	There is very limited impact of the actions or inactions of others.	
	Separate funding	Council considered that due to the administrative costs that there is no further benefit in separate funding of this activity.	

Regulatory services

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
Animal control	<p>Animal control is primarily the dog control function with a small amount of service involved with general livestock control. Dog registration fees are a targeted form of cost recovery for this activity. An animal control function is necessary to ensure the public is safe from the negative effects of animal ownership.</p> <p>Community outcome</p> <p>Who benefits</p> <p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>As both individuals and the community benefit from this activity, it is appropriate that the mix of funding is split between fees and charges and general rates.</p> <p>Environmental wellbeing</p> <p>The owners of dogs benefit from the availability of the service, while the whole community benefits from having a safer environment because of dog control.</p> <p>The benefit of most operating costs is expected to arise in the year the funding is sourced. There is no planned capital expenditure.</p> <p>The activity can be considered an exacerbator issue, as the actions of animal owners create the need for the service, including those people who are not good dog owners.</p> <p>Council considered that due to the administrative costs that there is no further benefit in separate funding of this activity.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: Medium / Low • grants, subsidies and other: Low • fees and charges: Medium / High
Building consents and resource consents	<p>The Environmental Consents Division is responsible for regulatory consents and compliance functions for building work in Lower Hutt, for general advice to the public on consenting matters, for co-ordinating Land Information Memorandum applications for Council and for advice on environmentally sustainable residential design and products.</p> <p>Community outcome</p> <p>Who benefits</p> <p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>The activity predominantly benefits those individuals who obtain a building or resource consent. However, these activities protect the public interests of both residents and business.</p> <p>Environmental wellbeing</p> <p>There is a direct benefit to those property owners who are obtaining a building consent, while there is a benefit to the community of ensuring safe and sanitary buildings. Generally, commercial buildings are more complex and therefore there is a greater benefit to the commercial sector than the residential sector.</p> <p>The benefit of most operating costs is expected to arise in the year the funding is sourced. There is no planned capital expenditure.</p> <p>Non-complying buildings and businesses operating without consent.</p> <p>Council considered that due to the administrative costs that there is no further benefit in separate funding of this activity.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: Low • grants, subsidies and other: Low • fees and charges: High
Public Health activities	<p>The Regulatory Services team provides inspection, auditing, enforcement and education that ensures compliance with Council's policies and regulations concerning public health.</p> <p>Community outcome</p> <p>Who benefits</p> <p>Period of benefit</p> <p>Whose acts create a need</p>	<p>The activity predominantly benefits those individuals who obtain the appropriate license. However, this activity protects the whole community.</p> <p>Environmental wellbeing</p> <p>The public receive a benefit from this activity due to the compliance of the businesses with the public health standards. Businesses also receive a benefit due to customers' assurance that individual businesses are meeting the appropriate standards.</p> <p>The benefit of most operating costs is expected to arise in the year the funding is sourced. There is no planned capital expenditure.</p> <p>Businesses not complying with public health requirements.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: Medium • fees and charges: Medium

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	Separate funding	Council considered that due to the financial scale of the activity there is no further benefit in separate funding of this activity.	
Sustainability and resilience			
Emergency management	<p>Council develops and implements city-wide emergency management plans and promotes community preparedness for emergencies.</p> <p>Community outcomes</p> <p>Who benefits</p> <p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>As the community as a whole benefits from this activity, the costs are best recovered from General rates.</p> <p>Environmental wellbeing</p> <p>The whole community benefits from this activity. It is triggered where the disruption to community life is such that a coordinated community response is required.</p> <p>The benefit of most operating costs is expected to arise in the year the funding is sourced. There is no planned capital expenditure.</p> <p>None identified</p> <p>Council considered that due to the financial scale of the activity that there is no further benefit in separate funding this activity.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: High • grants, subsidies and other: Low
Sustainability and resilience	<p>Council enables system change by enabling the delivery of its Energy and Carbon Reduction Plan 2020–24, improving sustainability outcomes across Council and the community, and funding initiatives or kick-starting thinking in line with its Environmental Sustainability Strategy 2015–45. This activity also comprises work to engage with the community on climate change; in particular, the development of a pathway to reduce city-wide emissions to net zero by 2050, and a pathway for how as a community we should respond to forecast climate impacts, such as sea-level rise.</p> <p>Community outcome</p> <p>Who benefits</p> <p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>As the community as a whole benefits from this activity, the majority of the costs are best recovered from General rates.</p> <p>Environmental wellbeing</p> <p>The whole community benefits from this activity. It is triggered where the disruption to community life is such that a coordinated community response is required.</p> <p>The benefit of most operating costs is expected to arise in the year the funding is sourced. There is no planned capital expenditure.</p> <p>None identified</p> <p>Council considered that due to the financial scale of the activity there is no further benefit in separate funding of this activity.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> • general rates: High • grants, subsidies and other: Low
City governance			
	Council, as the elected governance body, is responsible for deciding the direction and objectives of the activities it delivers on behalf of the city. Council is required by law to have elected members. Community representatives on Community Boards are also elected; they are part of Council and provide local input into governance issues. Community funding panels and communities of interest panels are	As the community as a whole benefits from this activity, the costs are best recovered from General rates.	Operational costs <ul style="list-style-type: none"> • general rates: High • grants, subsidies and other: Low

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	Council-initiated panels that assist elected members to work across the community and fund key community-based projects.		
	Community outcome	This activity contributes to all community outcomes	
	Who benefits	The beneficiaries of this activity are the people and organisations in the city who benefit through the democratic governance of the city's affairs.	
	Period of benefit	The benefit of most operating costs is expected to arise in the year the funding is sourced. There is no planned capital expenditure.	
	Whose acts create a need	None identified	
	Separate funding	Council considered that due to the financial scale of the activity there is no further benefit in separate funding of this activity.	