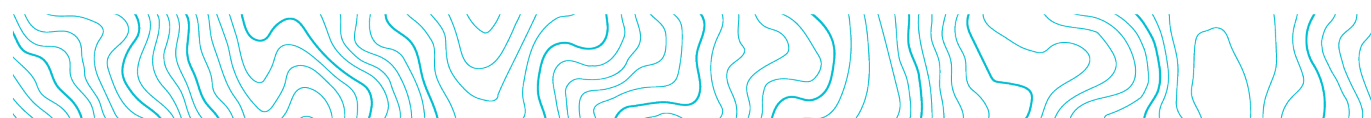


# REVENUE AND FINANCING POLICY

## SP-POL-006

Business Unit	Finance
Publication date	30 June 2024
Review period	June 2027
Owner	Group Chief Financial Officer
Approved by	Council, as part of the Long Term Plan 2024-2034

Version	Author	Date	Description
<b>V 1.0</b>	Jenny Livschitz	30/06/2021	Long Term Plan 2021-31 update Approved by Council.
<b>V 2.0</b>	Jenny Livschitz	30/06/2024	Long Term Plan 2024-34 update - Approved by Council.



**Contents**

Introduction..... 3

Section A: Changes to the policy ..... 3

Section B: How does Council decide what is funded from where?..... 3

Section C: Funding of operating expenditure ..... 4

Section D: Funding of capital expenditure..... 7

Section E: General rate differential factor..... 9

Section F: Summary of operational funding sources..... 11

Section G: Funding needs analysis ..... 12

## 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.

### **Support for principles relating to Māori**

Section 102(3A) of the Local Government Act 2002 provides that this policy must support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 (that requirement is effective from 1 July 2024). These principles include recognition that land is a taonga tuku iho of special significance to Māori people, and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapū. Council considers that this policy supports those principles, particularly when viewed in conjunction with Council's Policy on Remission and Postponement of Rates for Māori Freehold Land and applying those principles to the Development and Financial Contributions Policy.

## Section A: Changes to the policy

---

There is a provision for a potential new targeted rate for food and green organic waste collection service which has been included in Section G – funding needs analysis under the solid waste activity.

Section E is updated to reflect proposals for minor changes to rates allocation percentages across the commercial and utility categories.

Minor editorial changes have been made to the layout and presentation of items in the policy.

## Section B: 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 C discusses funding of operating expenditure and section D provides an explanation of the funding sources for capital expenditure. A funding needs analysis is provided in Section G to give more detail on the use of different funding tools and the reasons for 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 C: 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%
-

Our funding sources for operating expenditure and how they are applied is as follows:

<b>Funding source</b>	<b>Priority of application to operating costs</b>	<b>Definition</b>
Other revenue: Grants and subsidies	1	Funding received from other agencies, usually for specific projects/programme of work
Other revenue: Other	2	Interest income, profit on sale of assets
User fees & charges	3	Fees charged for Council services provided
Targeted rates	4	Rates set for a specific activity
General rates	5	Rates for activities not covered by targeted rates
External borrowing	6	Borrowings to meet operational cash flow requirements where the above funding sources are inadequate to meet these needs.

### **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.

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 (e.g., 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).

There is a provision for a potential new targeted rate in the 10 Year Plan for food and green organics waste collection service from 1 July 2027 – refer to section G for further details.

### **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 resourcing Council is able to put 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 occasionally available for specific projects and initiatives.

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 D: Funding of capital expenditure

Our funding sources for capital expenditure and how they are applied is as follows:

Funding source	Priority of application to capital costs	Definition
Grants and subsidies	1	Funding received from other agencies, usually for specific projects/programme of work such as Waka Kotahi New Zealand Transport Agency (in relation to certain roading projects), Crown Infrastructure Partners (COVID-19 Response and Recovery Fund), Kainga Ora (Infrastructure Acceleration funding for valley floor wastewater and stormwater projects), and Upper Hutt City Council (in relation to joint wastewater activities).
Development contributions	2	Revenue under the Local Government Act 2002 to help fund planned growth-related capital expenditure for roading and transport, stormwater, wastewater and water.
Financial/Environmental contributions	3	Revenue 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 and Financial Contributions Policy.
Proceeds from sale of assets	4	Revenue from sale of assets not otherwise used for debt reduction
Rates	5	Any Rates collected to cover depreciation charges
Operating surplus	6	Surplus revenue available after paying for all operational costs
External borrowing	7	Borrowings to meet capital cash flow requirements where the above funding sources are inadequate to meet these needs. Repayments of debt are spread across several years. This

<b>Funding source</b>	<b>Priority of application to capital costs</b>	<b>Definition</b>
		<p>enables Council to better match funding with the period over which benefits will be derived from assets and helps ensure intergenerational equity.</p> <p>Borrowing and repayments are managed within the framework specified in the Liability management section of the Treasury Risk Management Policy.</p>



## Section E: 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 wellbeing of 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. Following a review Council undertook for the purposes of the previous 10 Year Plan, the general rate will continue to 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.

For the 10 Year Plan Council considered the matters in step two above and options for modifying the differentials as overall impact adjustments. It considered the competing interests of different sectors of ratepayers as set out in the step two process (see Section B), 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. Other considerations of Council included:

- The impacts of the changes made in the previous 10 Year Plan
- The outcome of the latest three-yearly property revaluation completed in 2022
- Recent development plans in the city through number and value of consents
- Other economic factors for both commercial and residential ratepayers.

In its judgement, Council has decided that the overall percentage allocation for the residential and commercial (including utility) categories should remain the same as 2023–24 with minor adjustments to the individual commercial category percentages, and differential adjustments should be made to give effect to this.

The indicative percentages to be applied for the term of the 10-year plan under the policy are as follows (including 2023–24 as a comparator):

<b>Differential category</b>	<b>2023–24</b>	<b>2024–25</b>	<b>2025–26</b>	<b>2026–27</b>
Residential	60%	60%	60%	60%
Commercial central	8.0%	7.7%	7.7%	7.7%
Commercial suburban	25.3%	25.4%	25.4%	25.4%
Utility	5.4%	5.6%	5.6%	5.6%

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.

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 Facilities1 1.000
- Community Facilities2 0.500
- Community Facilities3 2.344

The following indicative differential factors will be applied across all differential categories in 2024/25 to give effect to category percentages.

- Residential 1.00
- Commercial Central 3.525
- Commercial Suburban 2.847
- Community Facilities 1 1.000
- Community Facilities 2 0.500
- Community Facilities 3 2.344
- Rural 0.747
- Utility 3.426

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



Figure 1: Historic allocation of general rates charges between property rating categories and the continued approach for the 10 Year Plan

## Section F: Summary of operational funding sources

### Key

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

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

## Section G: Funding needs analysis

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
<p><b>Transport</b></p>	<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 carparks in the commercial areas of the city. The location and regulation of carparks is designed to ensure fair, easy and efficient access to the city's commercial areas.</p> <p>Community outcome</p> <p>Who benefits</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>Economic wellbeing</p> <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>	<p>Operational costs</p> <ul style="list-style-type: none"> <li>• general rates: Medium / high</li> <li>• grants, subsidies, and other: Low</li> <li>• fees and charges: Low</li> </ul>

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	<p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>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.</p> <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> <p>Council considers that there is little benefit of separate funding of this activity.</p>	
<b>Water supply</b>			
	<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.</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>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>Environmental wellbeing</p> <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> <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>Properties and users who either waste or use excessive amounts of water</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"> <li>• targeted rates: High</li> <li>• general rates: Low</li> <li>• grants, subsidies and other: Low</li> <li>• fees and charges: Low</li> </ul>
<b>Wastewater</b>			
	<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>Community outcome</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>Environmental wellbeing</p>	<p>Operational costs</p> <ul style="list-style-type: none"> <li>• targeted rates: High</li> <li>• general rates: Low</li> <li>• grants, subsidies and other: Low</li> <li>• fees and charges: Low</li> </ul>

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	Who benefits	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.	
	Period of benefit	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.	
	Whose acts create a need	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).	
	Separate funding	Council considered that due to the administrative costs that there is no further benefit in separate funding of this activity.	

**Stormwater**

	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.	As the community as a whole benefits from this activity, the costs are best recovered from General rates. 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"> <li>• general rates: High</li> <li>• grants, subsidies and other: Low</li> <li>• fees and charges: Low</li> </ul>
	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, maximising 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.	

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
<b>Solid waste</b>			
	<p>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.</p>	<p>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.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> <li>• targeted rates: Medium</li> <li>• general rates: Low</li> </ul>
	<p>Council is including a provision to potentially expand its current rubbish, recycling and green waste collection services to provide weekly food and green waste collection (FOGO) from 1 July 2027.</p>		<ul style="list-style-type: none"> <li>• grants, subsidies and other: Low</li> <li>• fees and charges: Medium</li> </ul>
	<p>Community outcome</p>	<p>Environmental wellbeing</p>	
	<p>Who benefits</p>	<p>Council currently provides kerbside Refuse, recycling, and opt-in Green waste, which are funded through targeted rates. The potential implementation of the Council's new FOGO collection service from 1 July 2027 will help reduce greenhouse gas emissions, reduce waste to the landfill thereby prolonging the longevity of this facility, i.e. cost savings on future expansion of the site, reduce leachate and pollution and allow for organic waste resource recovery. 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.</p>	
	<p>Period of benefit</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced. The benefits of capital spend on the Landfill are ongoing and spread over a long period. These intergenerational benefits support the ongoing use of debt financing for associated capital works.</p>	
	<p>Whose acts create a need</p>	<p>Individuals generate waste therefore creating the need for this activity. There are also individuals who create waste who do not use this service and therefore by their inaction create additional costs for Council.</p>	
	<p>Separate funding</p>	<p>Council considered that due to the administrative costs there is no further benefit in separate funding of this activity.</p>	
<b>City development</b>			
	<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>While businesses and residents benefit from city development, after maximising other available funding (which are mostly non-existent), it is considered appropriate that the remainder of the activity is funded from General rates. 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.</p>	<p>Operational costs</p> <ul style="list-style-type: none"> <li>• general rates: High</li> <li>• grants, subsidies and other: Low</li> </ul>

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	Community outcome	This activity contributes to all community outcomes.	
	Who benefits	District/spatial planning and urban design has a mix of private and public benefits, as well as encouraging optimal resource use over time. The Council develops these 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.	
	Period of benefit	The benefit of most operating costs is expected to arise in the year the funding is sourced. The benefits of urban development 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	There is very limited impact of the actions or inactions of others.	
	Separate funding	Council considered that due to the financial scale of the activity there is no further benefit in separate funding of this activity.	

**Community partnering and support**

	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.	As the community as a whole benefits from this activity, the costs are best recovered from General rates. 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.	Operational costs
	Community outcome	Social and cultural wellbeing	<ul style="list-style-type: none"> <li>• general rates: High</li> <li>• grants, subsidies and other: Low</li> <li>• fees and charges: Low</li> </ul>
	Who benefits	No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees.	
	Period of benefit	The benefit of most operating costs is expected to arise in the year the funding is sourced. The benefits of communal facilities (e.g., halls, hubs etc.) are ongoing and spread over the long-term.	
	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.	



ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
<b>Open spaces, parks and reserves (including cemeteries)</b>			
	<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. Housing intensification and urban development to respond to population growth creates a need for green spaces.</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"> <li>• general rates: High</li> <li>• grants, subsidies and other: Low</li> <li>• fees and charges: Low</li> </ul>
<b>Connectivity, creativity, learning, and recreation</b>			
<b>Libraries</b>	<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>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.</p> <p>Social and cultural wellbeing</p>	<p>Operational costs</p> <ul style="list-style-type: none"> <li>• general rates: High</li> <li>• grants, subsidies and other: Low</li> <li>• fees and charges: Low</li> </ul>

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
	<p>Who benefits</p> <p>Period of benefit</p> <p>Whose acts create a need</p> <p>Separate funding</p>	<p>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.</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>	
<b>Museums</b>	<p>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.</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>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.</p> <p>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.</p> <p>Social and cultural wellbeing</p> <p>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.</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>	<p>Operational costs</p> <ul style="list-style-type: none"> <li>• general rates: High</li> <li>• grants, subsidies and other: Low</li> <li>• fees and charges: Low</li> </ul>
<b>Aquatics and recreation</b>	<p>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.</p> <p>Community outcome</p> <p>Who benefits</p>	<p>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.</p> <p>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.</p> <p>Environmental wellbeing</p> <p>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</p>	<p>Operational costs</p> <ul style="list-style-type: none"> <li>• general rates: Medium</li> <li>• fees and charges: Medium</li> </ul>

**BACKGROUND**

**RATIONALE**

**FUNDING SOURCES AND BANDS**

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**

**Animal control**

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.

As both individuals and the community benefit from this activity, it is appropriate that the mix of funding is split between fees and charges, other revenue and general rates.

- Operational costs
- general rates: Medium / Low
  - grants, subsidies and other: Medium / Low
  - fees and charges: Medium

Community outcome

Environmental wellbeing

Who benefits

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.

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

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.

Separate funding

Council considered that due to the administrative costs that there is no further benefit in separate funding of this activity.

**Building consents and resource consents**

The activity includes regulatory consents and compliance functions for building work in Lower Hutt, general advice to the public on consenting matters, co-ordination of Land Information Memorandum applications and advice on environmentally sustainable residential design and products.

The activity predominantly benefits those individuals who obtain a building or resource consent. However, these activities protect the public interests of all residents and businesses by ensuring the city grows in ways that encourages high-quality development and produces the best long-term results, so it is considered appropriate that a portion of the costs are funded via general rates.

- Operational costs
- general rates: Medium/Low
  - grants, subsidies and other: Low
  - fees and charges: Medium/High

Community outcome

Environmental wellbeing

Who benefits

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.

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

Non-complying buildings and businesses operating without consent.

ACTIVITY	BACKGROUND	RATIONALE	FUNDING SOURCES AND BANDS
<b>Public Health</b>	Separate funding	Council considered that due to the administrative costs that there is no further benefit in separate funding of this activity.	
	The activity provides inspection, auditing, enforcement and education that ensures compliance with Council's policies and regulations concerning public health.	The activity predominantly benefits those individuals who obtain the appropriate license. However, this activity protects the whole community.	Operational costs <ul style="list-style-type: none"> <li>• general rates: Medium</li> <li>• fees and charges: Medium</li> </ul>
	Community outcome	Environmental wellbeing	
	Who benefits	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.	
	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	Businesses not complying with public health requirements.	
	Separate funding	Council considered that due to the financial scale of the activity there is no further benefit in separate funding of this activity.	
<b>Sustainability and resilience</b>			
<b>Emergency management</b>	Council develops and implements city-wide emergency management plans and promotes community preparedness for emergencies	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"> <li>• general rates: High</li> <li>• grants, subsidies and other: Low</li> </ul>
	Community outcomes	Environmental wellbeing	
	Who benefits	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.	
	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 that there is no further benefit in separate funding this activity.	
<b>Sustainability and resilience</b>	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	As the community as a whole benefits from this activity, the majority of the costs are best recovered from General rates.	Operational costs <ul style="list-style-type: none"> <li>• general rates: High</li> <li>• grants, subsidies and other: Low</li> </ul>

**BACKGROUND**

**RATIONALE**

**FUNDING SOURCES AND BANDS**

community we should respond to forecast climate impacts, such as sea-level rise.

Community outcome

Environmental wellbeing

Who benefits

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.

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.

**Governance, strategy and partnerships**

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.

As the community as a whole benefits from this activity, the costs are best recovered from General rates.

Operational costs

- general rates: High
- grants, subsidies and other: Low

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.