



# Revenue and Financing Policy

---

Adopted:	20/06/2024
Date last reviewed / Reconfirmed:	
Next review due:	31/06/2027
Policy type:	Governance
Reviewer	GM People and Corporate
Policy version	P269

---

---

## Contents

1	Purpose and Principles .....	2
2	Policies for Funding Operational Expenditure .....	2
3	Policies for Funding Capital Expenditure .....	3
4	Who pays for what? .....	3
5	Funding choices by Activity .....	4

## **1 Purpose and Principles**

1.1 The Local Government Act 2002 (the Act) requires Council to have a Revenue and Financing Policy (policy). A Revenue and Funding Policy outlines how we fund operational and capital expenditure.

Section 102(3A) of the Act, requires this policy to support the principles set out in the preamble to the Te Ture Whenua Māori Act 1993.

Council recognises that land is a taonga tuku iho of special significance to Māori people and, for that reason, Council acknowledges its obligations to:

- promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wāhi tapu; and
- to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu.

1.2 Council is satisfied the process outlined below used for determining funding needs in conjunction with Rates Remissions and postponements policy supports these principles set out in the preamble to the Te Ture Whenua Māori Act 1993.

1.3 To develop this policy, Council first determines how to group Council activities. Council then follows the two-step process set out in section 101 of the Act to determine funding needs.

The first step involves Council determining the funding arrangements for each activity by considering:

- a. The community outcomes to which each activity primarily contributes
- b. The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- c. Over what period of time the benefits are expected to occur
- d. The extent to which the actions or inaction of particular individuals or groups contribute to the need to undertake the activity; and
- e. The costs and benefits, including consequences for transparency and accountability, of funding any activity distinctly from other activities.

The second step involves an assessment of the overall impact of any allocation of liability or revenue needs on the current and future social, economic, environmental and cultural well-being of the community

## **2 Policies for Funding Operational Expenditure**

2.1 Operating expenditure is what we spend on the Council's day-to-day activities – like running our community services, mowing the lawns in our parks, and collecting rubbish.

2.2 Usually, we set our operating revenue (the money we collect) at a level that pays for the operational expenditure. However, it is prudent to do something other than this for some years. If there has been an operating profit in the previous years, we may use that profit to fund subsequent years' operating expenditure. On rare

occasions, we might also budget for an operational deficit if it avoids significant fluctuations in rates, fees, or charges.

2.3 We have several sources of operating revenue:

- General rates – are generally used by the Council to fund activities where the benefits flow to the district as a whole and the Council considers that the whole community should contribute to the cost. The Council's general rate is set on capital value and a differential is applied depending on the use, location and zoning of a rating unit.

2.4 The Council also sets a uniform annual general charge as an amount per separately used or inhabited part (SUIP) of a rating unit

- Targeted rates – which pay for specific activities and may be paid for by specific groups of ratepayers
- User charges and fees for council services
- Lump sum contributions
- Regional fuel tax
- Any dividends, interest, and proceeds from asset sales
- Debt/borrowings
- Previous year's unspent income (reserve funds).

### **3 Policies for Funding Capital Expenditure**

3.1 Capital expenditure is what we spend on property, plant, and equipment to provide services to our community– like roads, swimming pools and the Manawatū Community Hub Libraries.

As with operating revenue, we use several sources to fund capital expenditure:

- Rates (General rates and targeted rates) as described above
- Debt/borrowings
- Contributions and subsidies from other agencies, particularly government agencies (for example, NZ Transport Agency (Waka Kotahi) contributions for roading projects)
- Depreciation funds to renew assets
- Financial, Development and Capital Contributions
- Financial equity reserves (such as depreciation)

### **4 Who Pays for What?**

4.1 Ratepayers pay for many council activities and services costs, and some pay more than others for particular services and activities. We split the costs of providing our activities depending on who benefits, while also considering the overall impact of that allocation on the community the funding is being sourced from.

4.2 General rates are assessed based on the capital value of the property – the higher the capital value, the higher the amount of general rates paid.

- 4.3 Similarly, some ratepayer groups will benefit more than others from a particular service or activity. In these cases, we use a 'targeted rate'.
- 4.4 Those who subdivide or build new houses or commercial buildings are required to pay development contributions to fund the additional demand the development places on Council infrastructure, and associated debt cost.
- 4.5 We charge people user fees for services they privately benefit from, such as building and resource consents and access to the Makino Aquatic Centre.
- 4.6 We receive some grants and subsidies from government and other sources for activities that provide wider public benefits, such as local roads.

Over the following pages, you can read more about how our activities are funded.

## 5 Funding Choices by Activity

- 5.1 The following pages outline how we fund council activities using the two-step process outlined above. For each activity, we specify if the funding is from public funding (rates) or private funding (user fees, subsidies). For some activities the funding arrangements have been modified by s101(3)(b). That is, the impact on the wellbeing of a particular part of the community means that Council has modified the funding arrangements to better reflect ability to pay. A copy of the funding needs assessment is available from Council on request.

The following table outlines how we fund each activity. The funding mix percentages in the table are indicative only.

Activity and Rationale	Funding mix
<b>Community Facilities</b>	
<p><b>Cemeteries</b></p> <p>Cemeteries throughout the district benefit the community as places of mourning, remembrance, history, and recreation.</p> <p>Individuals directly benefit through internments of their loved ones.</p>	<p>60 - 70% - General Rate (CV)</p> <p>30 - 40% - User charges (internment, plots)</p>
<p><b>Manawatū Community Hub and Libraries</b></p> <p>The Community Hub and Libraries benefits the community through promoting social connection, learning and literacy. The Community Hub provides a facility from which community organisations can provide social services to the community.</p> <p>Feilding residents benefit more than rural residents due to their proximity to the Community Hub.</p>	<p>90-98% - Uniform Targeted Rate split between: Feilding Differential Rating area 60%, Outside the Feilding Differential Rating Area 40%</p> <p>2-10% - User fees and charges</p>

<p>Users benefit individually from some services (e.g. Makerspace fees, room hire).</p>	
<p><b>Makino Aquatic Centre</b></p> <p>The activities of the Makino Aquatic Centre provide public health benefits to the community.</p> <p>Feilding residents benefit more than rural residents due to the proximity of the Makino Aquatic Centre.</p> <p>Council considers it important that the Makino Aquatic Centre remains competitive with other pools in the region, in terms of its admission fees and other charges.</p> <p>Pool users benefit individually from the recreational and fitness outcomes.</p>	<p>80-85% -Uniform Targeted Rate split between: Feilding Differential Rating area 60%, Outside the Feilding Differential Rating Area 40%</p> <p>15-20% - User fees and charges (admission, hireage, classes)</p>
<p><b>Parks, reserves, and sports grounds</b></p> <p>The community benefits from the public health benefits from safe, well-maintained spaces for public recreation.</p> <p>Sport and recreational groups benefit from having well maintained facilities and infrastructure to use.</p>	<p>95-98% - Targeted Rate (CV), Uniform Targeted Rate</p> <p>2-5% - User fees and charges (ground fees, hireage)</p>
<p><b>Property</b></p> <p>The community benefits from the range of services that are provided through council-owned buildings and land.</p> <p>There are private benefits to community groups, businesses and not-for-profit organisations who rent or lease property from the council.</p>	<p>90-95% - General Rate (CV)</p> <p>5-10% -User fees and charges (leases and rent)</p>
<p><b>Halls and recreation complexes</b></p> <p>The community benefits from the social connectedness, cultural well-being, and emergency preparedness provided by community halls and recreation complexes.</p> <p>Community groups and organisations, and sport and recreational groups, benefit from</p>	<p>95-100% -Uniform Annual General Charge</p> <p>0-5% - Lease fees and cost recovery</p>

having well maintained halls and recreational complexes in which to meet and carry out their activities.	
<b>Public conveniences (toilets)</b> The community benefits from the public health benefits of sanitary toilet facilities.	100% -Uniform Annual General Charge
<b>Industrial Ultra-Fast Broadband</b> The ultrafast broadband is a direct benefit to those within the Kawakawa/Darragh industrial area.  This is a targeted rate for those properties in Kawakawa/Darragh industrial area within 10 meters of the ultrafast broadband infrastructure.	100% - Targeted rate
<b>Feilding Central Business District Security</b> Businesses in the Feilding CBD benefit the most from security services in the CBD.  The community benefits from a safe CBD.	80% - Targeted rate (CV) CBD differential rating area only  20% - General Rate (CV)
<b>District Development</b>	
<b>Community development</b> The community benefits from the local projects, events and programmes that provide community wellbeing.  The council receives grants for some of the community development activities.	95-100% - General Rate (CV)  0-5% - Grants
<b>Economic development</b> The community benefits from the employment and economic opportunities that flow from supporting businesses and attracting investors.	100% - General Rate (CV)
<b>District Planning</b> The community benefits from the well-being and economic activity that flows from having sufficient land with suitable zoning, infrastructure, and services.	76% - Uniform Annual General Charge 24% - General Rate (CV)

<b>Emergency Management</b>	
<p><b>Emergency Management</b></p> <p>The community benefits from being well prepared for emergencies, the work to minimise effects and enable recovery when emergencies do occur.</p>	<p>100% - General Rate (CV)</p>
<b>Regulatory</b>	
<p><b>Animal Control</b></p> <p>The community benefits from being protected from dangerous, wandering animals.</p> <p>Animal owners should be responsible for managing their animals.</p>	<p>20% - Uniform Annual General Charge</p> <p>80% - User fees and charges (registration, impoundment, infringements)</p>
<p><b>Building Control</b></p> <p>The community benefits from safe buildings and swimming pools across the district.</p> <p>Property owners benefit from owning buildings that meet the statutory safety levels.</p>	<p>20% - Rates split as follows: General rate (CV) 24%, Uniform Annual General Charge 76%</p> <p>80% - User fees and charges (building consents, warrants, infringements)</p>
<p><b>Alcohol Licensing</b></p> <p>The community benefits from having premises that comply with alcohol controls.</p> <p>Individual businesses benefit from being able to demonstrate that they meet alcohol control requirements.</p>	<p>70% - Rates split as follows: General Rate (CV) 24%, Uniform Annual General Charge 76%</p> <p>30% - User fees and charges (registration, licenses, permits, certificates)</p>
<p><b>Environmental Health</b></p> <p>The community benefits from the public health outcomes of safe food premises, ensuring bylaw compliance, and timely responses to nuisance complaints (for example, noise).</p> <p>Individual businesses benefit from demonstrating to their customers that they have acceptable standards of food hygiene.</p>	<p>90% - Rates split as follows: General Rate (CV) 24%, Uniform Annual General Charge 76%</p> <p>10% - User fees and charges (registration, licences, permits, certificates)</p>
<p><b>Consent Planning</b></p> <p>The community benefits from safe, orderly, and consistent development across the district.</p> <p>Individual property owners benefit by developing properties that meet legislative requirements and community expectations.</p>	<p>50% - Rates split as follows: General Rate (CV) 24%, Uniform Annual General Charge 76%</p> <p>50% - User fees and charges (consents, infringements)</p>

<b>Governance and Strategy</b>	
<p><b>Governance and Strategy</b></p> <p>The community benefits from advocacy on community issues and the development of community pride and responsibility.</p>	<p>95-100% Rates split as follows: General Rate (CV) 50%, Uniform Annual General Charge 50%</p> <p>0-5% - Election-related revenue (during an election year)</p>
<b>Roading</b>	
<p><b>Feilding Central Business District (CBD) Redevelopment</b></p> <p>The community benefits from economic and community outcomes from an attractive CBD.</p>	<p>100% General Rate (CV)</p>
<p><b>Feilding Town Centre Parking Limit Enforcement</b></p> <p>The community benefits from increased availability of parking spaces within the Feilding Town Centre. The greater turnover of parking spaces benefits CBD businesses through increased revenue.</p>	<p>75% General Rate (CV)</p> <p>25% Targeted Rate (CV) CBD only</p>
<p><b>Roading Network – Subsidised by New Zealand Transport Agency Waka Kotahi (NZTA)</b></p> <p>The community benefits from the connectivity to the transportation network. This connectivity delivers economic and social outcomes. Well-designed roads and footpaths provide safety benefits.</p>	<p>49% - Targeted Rate (CV), Uniform Targeted Rate</p> <p>51% - Waka Kotahi NZTA subsidy</p>
<p><b>Roading Network (non-subsidised)</b></p> <p>Non-subsidised roading projects do not meet NZTA Waka Kotahi criteria for safety and economic benefits to the broader public compared to the status quo and, therefore, do not attract a subsidy. Manawatū District Council fully funds these projects.</p> <p>Residents who live and/or work on these roads are those that benefit from these projects (such as road sealing).</p>	<p>100% - Targeted Rate (CV), Uniform Targeted Rate</p>
<b>Solid Waste</b>	
<p><b>Solid Waste Collection and Disposal</b></p> <p>The community benefits from the public health outcomes of centralised solid waste disposal.</p>	<p>30-40% - Uniform Annual General Charge</p> <p>60-70% - User fees and charges (blue rubbish bag sales, transfer station gate takings, fines)</p>



Individual households benefit from disposal of household rubbish.	
<p><b>Kerbside Recycling Collection</b></p> <p>The kerbside recycling collection benefits Feilding residents and businesses by reducing personal cost for waste disposal. The community benefits through preserving the environment and saving landfill space through diverting recyclable materials.</p>	<p>90-95% - Uniform Targeted Rate</p> <p>5-10% User fees and charges (recycling recoverables)</p>
<b>Stormwater</b>	
<p><b>Rural Land Drainage</b></p> <p>The community benefits by managing the risks from flooding and retaining the productive capacity of surrounding rural land.</p> <p>Rural property owners benefit from protecting their land from flooding and increasing the productive capacity of their land.</p>	100% - Targeted Rate (LV) Scheme Specific
<p><b>Urban Stormwater</b></p> <p>The community benefits from protecting people and property from flooding.</p> <p>Individual property owners benefit from the protection from flooding.</p>	<p>20% - General Rate (CV)</p> <p>80% - Uniform Targeted Rate</p>
<b>Wastewater</b>	
<p><b>Wastewater</b></p> <p>The community benefits from the public health outcomes from effective wastewater disposal.</p> <p>Scheme users benefit from a collective wastewater disposal system. Many rural and lifestyle properties have onsite wastewater disposal so do not benefit directly from Council's reticulated wastewater network.</p>	<p>70%-80% -Targeted Rate (fixed) – connected, available, restricted</p> <p>20%-30% - Trade waste fees, rental, and lease</p>
<p><b>Capital Contribution Targeted Rate</b></p> <p>Capital contribution targets rates are assessed on rating units where ratepayers have signed an agreement to pay their capital contribution of over set terms (either 10 or 20 years) for the Himatangi Beach Wastewater Scheme,</p>	100% Targeted Rate.

<p>and the Rongotea Water Scheme.</p> <p>Those ratepayers in Himatangi Beach and Rongotea that have signed agreements with Council benefit financially from spreading their capital contribution costs over time.</p>	
<p><b>Nursery</b></p> <p>The nursery is self-funding through internal charging for plant provision to other activity areas. Plants sold outside of Council provide a self-funding revenue stream to support Council activities.</p> <p>Council and other local authorities such as Horizons benefit from surplus plants being sold in a non-commercial scenario.</p>	<p>100% - Plant sales and planting charges</p>
<p><b>Water Supply</b></p>	
<p><b>Water supply</b></p> <p>The community benefits from the public health outcomes of safe drinking water and the community and recreational benefits of a consistent water supply.</p> <p>Private users benefit from a consistent and safe water supply to their properties.</p>	<p>100% - Targeted Rate (fixed) – connected, available, restricted; water by Meter Rate (volumetric)</p>
<p><b>Water Supply – Scheme Specific</b></p> <p>Rural water schemes provide local benefits to specific users.</p>	<p>100% - Uniform Targeted Rate scheme specific rate on a per unit basis.</p>