Revenue and Financing Policy

1. Purpose

The Revenue and Financing Policy explains 'who pays and why' for each of the Council's activities, such as transport and water supply. The policy is based on an assessment of who benefits, and the timeframe over which the benefit occurs. The tables on pages 14-25 provide a summary of the Council's assessment for each activity.

Council's goal is to set affordable and predictable rates over the long term. To do this, Council has to strike a balance between providing levels of service that meet customer and legislative requirements, and the public's ability to pay for these services.

Council has a number of funding options. The main ones are: general rates, targeted rates, fees and charges, borrowing, development contributions and subsidies. Council's approach to these funding options is summarised on pages 5-7.

An aspect of this policy is Council's approach to operating and capital expenses. Operating expenditure pays for the work Council does on an annual basis. An example of this type of spending is maintenance and running costs for existing infrastructure. Capital expenditure pays for new items, such as new buildings, pipes and roads.

2. Legislative Requirements

Under section 102(2)(a) of the Local Government Act 2002 (LGA), Council must adopt a Revenue and Financing Policy. Section 103 sets out what the policy must contain for funding operating expenditure and capital expenditure. It must do this in relation to the sources of funding:

(a) general rates, including—
  (i) choice of valuation system
  (ii) differential rating
  (iii) uniform annual general charges.
(b) targeted rates
  (ba) lump sum contributions
(c) fees and charges
(d) interest and dividends from investments
(e) borrowing
(f) proceeds from asset sales
(g) development contributions
(h) financial contributions under the Resource Management Act 1991
(i) grants and subsidies
(j) any other source.

Section 101(3) says that:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

(a) in relation to each activity to be funded,

(i) the community outcomes to which the activity primarily contributes; and
(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
(iii) the period in or over which those benefits are expected to occur; and
(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

(b) the overall impact of any allocation of liability for revenue needs on the community.

3. Related Policies

A number of Council policies have relationships with the Revenue and Financing Policy:

- Financial Strategy - this Strategy facilitates prudent financial management by Council by providing a guide for it to consider proposals for funding and expenditure against, and it makes transparent the overall effects of those proposals on the Council's services, rates, debt, and investments

- Liability Management Policy – this Policy outlines Council's policies in respect of the management of both borrowing and other liabilities

- Investment Policy – this Policy outlines Council's policies in respect of investments

- Development and Financial Contributions Policy – the Local Government Act 2002 and the Resource Management Act 1991 each permit Council to require developers to provide or make financial contributions for the provision of community infrastructure. This is a potential source of funding for Council

- Rates Remission and Postponement Policies – these policies detail those circumstances under which Council will give consideration to the remission or postponement of rates on properties.

4. Operating Expenditure Funding

Council funds **operating expenditure** from the following sources:

- General - General rates are used where there is deemed to be a general community benefit across all ratepayers

- Targeted rates - Council levies targeted rates to fund specific activities where there are groups of ratepayers that benefit from the activity,

however in some cases targeted rates are levied as a proxy for direct user pays

- Fees and charges - Fees and charges are set to recover the direct user pays for the benefit received. In some cases Council is limited by legislation, collection costs or the impact on the community and fees and charges are set at a lower level than the assessment of private benefits would indicate

- Grants and subsidies - Where the Council is providing services that are part of national programmes or the Government provides subsidies to the Council to provide certain services then Council will claim for these Government grants/subsidies

- Other income - Other sources of funding include interest and dividends received, and other operating revenue such as rent received.

Operating expenditure is generally funded on an annual basis from money received in that year, apart from depreciation on the Waka Kotahi share of subsidised transport projects and some other minor community assets. However, exceptions can be made to this approach when it is necessary to avoid significant fluctuations in rates on a year to year basis or when an operating expenditure item has multiple year benefits. An example of this approach is loan funding the School of Music refurbishment grant. Repaying of these loans are funded from income over the life of the underlying assets.

The Council has divided its business into 11 activities. Some of these activities have a number of sub-activities, each with their own funding policies, as shown on pages 14-25.

5. Depreciation

Managing depreciation ensures we have funds in the future to replace assets when they reach the end of their life. Depreciation is based on an estimate of the average wearing out, consumption, or other loss of value of an asset. Spreading the replacement cost of a long-life asset over the expected life of that asset means that current and future users of the asset contribute towards the eventual replacement of the asset, rather than just those paying rates at the time the asset needs replacing or major renewal.

Council raises cash through rates and charges to pay for current operating expenses which include depreciation. The cash raised for depreciation is used to purchase replacement assets or repay loans within that activity.

In the Funding Impact Statement depreciation does not appear as an expense line, but is included in the Statement of Comprehensive Income. These funds raised will, over time, fund the renewals that are required to maintain the assets at their required operational level. Each year's renewals are funded from this depreciation, but in most activities there is currently excess depreciation. This is because a majority of Council assets are in good condition and the required renewals in the period under review are less than the level of depreciation being funded. Renewals are normally low in the first few years of an asset's life, and

then increase later in their life, for example when pipes need replacing after 60 years.

The excess depreciation raised could be put aside in an investment reserve until the funds are required to fund a major renewal. This could result in having to manage a large investment portfolio, while at the same time managing a large borrowing portfolio. This would be an inefficient way of managing the funds because the return on investments is likely to be 1% to 2% less than the interest rate on borrowings.

Nelson City Council, like many other councils, uses the depreciation fund to repay debt. This has resulted in more efficient management of funds. Internal loans are used to ensure that depreciation for individual activities is correctly accounted for.

A surplus can arise if an asset costs less to renew than expected. If this happens, any excess is used to fund new capital expenditure within that activity, and if there is still a surplus it is used to repay loans in that activity. In some activities there may still be money left over. In these cases the excess money is held in reserve for future years.

5.1 Depreciation not funded

These are assets where Council does not intend to fund or is not responsible for funding the replacement in the future. It therefore does not fund depreciation for these assets:

- Founders heritage assets
- Wakapuaka Hall
- Natureland Wildlife Trust
- Camp grounds
- New Zealand Transport Agency (NZTA) share of subsidised assets
- Non-Council funded Saxton Field assets

Full depreciation may not be required on Saxton Field assets that are on Council land because it is likely that when the assets come to be renewed, they will be part funded by non-Council sources.

5.2 Capital expenditure funding

Capital expenditure is spending on assets such as new buildings, pipes and roads. The Council must outline in the Long Term Plan what capital expenditure is prudent, and within the guidelines it has set itself in the Financial Strategy.

Council funds capital expenditure in the following priority order from:

1. Financial contributions and development contributions, if funding is required for a growth project
2. Grants and subsidies, for example NZ Transport Agency, Tasman District Council, or charitable trusts

3. Cash surpluses after meeting the costs of renewals expenditure, which arise from Council's funding of depreciation

4. Loans.

Asset management plans are maintained for all infrastructural services and these provide information about asset condition and asset renewals required to maintain desired service levels.

Renewals are funded from subsidies and grants (when available), depreciation, asset sales and lastly from borrowing if necessary.

New capital developments are funded from subsidies and grants (when available), user contributions, reserves, asset sales, and where necessary from borrowing.

Through the application of its Development and Financial Contributions Policy the Council receives contributions to fund infrastructure that is required due to growth.

Borrowing is an appropriate funding mechanism to smooth the peaks in capital expenditure. It also enables the costs of major developments to be borne by those who ultimately benefit from the expenditure. This is known as the 'intergenerational equity principle' and means that the costs of any expenditure should be recovered from the community over the period during which benefits from that expenditure accrue. It is not prudent or sustainable for all capital expenditure to be funded from borrowings and Council must balance prudence against equity. The overriding limits on borrowing are set out in the Financial Strategy.

6. Rating and charging options

The following section explains the different options available to Council for levying rates and charges, followed by an explanation of the situations when each method is most appropriately applied.

6.1 General rates

General rates are used where there is community wide public benefit or no other appropriate funding source. The general rate is used to fund all Council activities other than water supply, wastewater, stormwater and flood protection, which are targeted rates and are explained below. All ratepayers should bear the cost of these non-targeted activities based on their land values because they benefit the community as a whole.

Every property is charged a baseline amount, which is called the uniform annual general charge (UAGC) per separately used or inhabited part of a rating unit (SUIP). The rest of the general rate is based on the land value of the property, depending on its use. Single residential properties are the baseline and have no differential.

As shown in the tables on pages 14-25, the Council has compared the public and private benefit of each activity in order to decide what percentage of the costs should be recovered through user charges. In most years fees and charges,

excluding water charges and development contributions, raise approximately 50% of total Council revenue, and rates around 50%.

6.2 Differentials

Differentials are a percentage adjustment to the rates to reflect differences in levels of services received. For example, rural property owners pay lower general rates, reflecting the lower level of services, such as fewer or no street lights. The Council has set differentials to collect higher rates from commercial properties, and where there are two or more residential units on one assessment. Lower differentials are used to collect lower rates on rural properties and small holdings.

Council has adopted a policy that commercial rates are set to collect 23.6% of the total rates, excluding water and voluntary targeted rates. This has decreased from 24.1% in the Annual Plan 2019/20 and the reduction affects the inner city and Stoke commercial properties.

6.3 Targeted rates

The Council charges targeted rates in the form of uniform annual charges and demand related charges. These are for the recovery of the cost of providing water, wastewater and stormwater and flood protection.

6.4 Voluntary targeted rates

- Clean Heat Warm Homes - Council operates the Clean Heat Warm Homes scheme to assist ratepayers in replacing non-complying solid fuel burners in parts of the city where air quality can be a problem. The scheme was funded through loans and the cost of the interest paid by Nelson City Council on the borrowing for the scheme is met from general rates. Council ceased to accept new entries to the scheme beyond 30 June 2012.

- Solar hot water systems - Council operates the Solar Hot Water systems scheme to assist ratepayers to install a solar hot water system (SHWs). The scheme was funded through loans and the cost of the interest and administration costs of $400 per installation is included in the total paid by the ratepayers using the scheme. Council ceased to accept new entries to the scheme beyond 30 June 2012.

Source of Funding	Policy for Funding Operating Expenditure	Policy for Funding Capital Expenditure
General Rates		
General rates are currently set at rates of cents in the dollar of land value, calculated differentially based on the following classifications of property: • Single Unit Residential • Multi-unit Residential • Commercial Inner City and Stoke • Commercial general • Rural • Small Holdings Its incidence is changed by the uniform annual general charge (UAGC).	General rates will be primarily used to fund those activities, or parts of activities, that benefit the community in general and where no identifiable individuals or groups benefit in a significantly different way to the rest of the community. General rates may also be used where the use of direct charging would discourage use, where it is impractical, or too administratively expensive, to fund the activity from other funding sources. General rates are currently apportioned according to the land value and deemed use of each property. The UAGC is a fixed charge per rating unit which Council treats as a part of the general rate. It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate and also to moderate rates on high value properties.	Generally not used for capital expenditure directly. General rates can be used to fund depreciation.
Targeted Rates		
Targeted uniform rates are set to cover the net cost of Water, Wastewater, Stormwater and Flood Protection for those groups of ratepayers that receive the services. Targeted rates, reflecting the actual costs from individual properties, are also set for Clean Heat Warm Homes scheme and the Solar Hot Water rate.	Targeted rates may be used to fund activities which identifiable categories of ratepayer, or ratepayers in identifiable locations, receive benefits from the activity to be funded in a significantly different way from other ratepayers. Targeted rates may be set as a fixed annual charge, or based on some other legally permissible basis such as land or capital value. They may be set differentially depending on the location or classification of ratepayer or the nature of the service being provided.	Generally not used for capital expenditure directly. Targeted rates can be used to fund depreciation.

Source of Funding	Policy for Funding Operating Expenditure	Policy for Funding Capital Expenditure
Fees and Charges		
Various fees and charges are set to cover all or parts of the cost of delivering activities.	Fees and charges will generally be used for those services where the benefit is entirely, or in part, to the direct user of the service and where the use of the service is at the discretion of the user. This includes fees for various regulatory services, facilities operations or administrative services. Where Council uses charges to ration the use of an activity, it may charge at a level above that which would be necessary to recover the costs of the activity. Fees and charges may be in the form of fines, penalties or similar and used where Council wishes to modify the behaviours that impose cost, or inconvenience, on other members of the community.	Fees and charges may be used to reduce debt levels in the activity related to the fees and charges. User charges may be used to purchase physical assets used in that activity where prudent to do so.
Interest and Dividends from Investments		
Council receives interest and dividends from its investments, such as Nelmac, Port Nelson and Nelson Airport Ltd, and short-term cash management.	Ordinary budgeted interest and dividends, along with any other investment income, is treated as general revenue.	Interest and dividends may be used to retire debt. Special dividends are used to reduce debt.
Borrowing		
Debt is used to help fund long life infrastructure assets and other physical assets.	The Council will not normally borrow to fund operating costs, except for: • Larger emergency events • Large operating expenses which have multiple year benefits i.e. de-sludging of wastewater treatment ponds • Some capital grants to external organisations which are classified as operating expenditure under Accounting Standards e.g. the School of Music refurbishment grant.	Borrowing is used to fund long life infrastructure assets and other physical assets after available funds from development / financial contributions, grants and depreciation reserves have been utilised.
Proceeds from Asset Sales		
Income received from selling surplus assets after paying for selling costs.	Operating costs are not funded from asset sales.	Proceeds from asset sales are an appropriate source for purchasing assets or retiring debt. Council will aim to ensure

Source of Funding	Policy for Funding Operating Expenditure	Policy for Funding Capital Expenditure
		that the ratepayers who benefit from the use of funds match the group of ratepayers who paid for the asset.
Development Contributions		
Development contributions are sums payable, or assets transferred, to Council by developers or new service users. They are contributions to pay for Council infrastructure that result from growth.	Operating costs are not funded from Development Contributions.	Development contributions are a first choice for the funding of capital expenditure costs that result from development growth. The expenditure must be consistent with the purpose for which the development contributions were levied. Contributions will be calculated in accordance with Council's Development and Financial Contributions Policy.
Financial Contributions under the Resource Management Act		
Financial contributions are sums payable, or assets transferred to Council, by developers or new service users to enable mitigation, avoidance or remedying of adverse effects arising from subdivision or development.	Operating costs are not funded from financial contributions	Financial contributions may be used to fund that proportion of new asset expenditure that is made necessary by the effects of subdivision and development. The contribution may be required as a condition of consent, in accordance with any relevant rule in the District Plan.
Grants and Subsidies		
These are payments from external agencies and are usually for an agreed, specified purpose. The main source of these is NZ Transport Agency subsidies for road maintenance, renewals and improvements.	Grants and subsidies will be used for operating expenses only when this is consistent with the purpose for which they were given.	Grants and subsidies will be used for capital expenditure only when this is consistent with the purpose for which they were given.

7. Funding targets

Council's funding targets set the level of revenue that is appropriate for users to contribute for each Council activity, as shown in the right hand column of the tables on pages 14-26. Council has reviewed these targets as required by section 101 of the Local Government Act 2002.

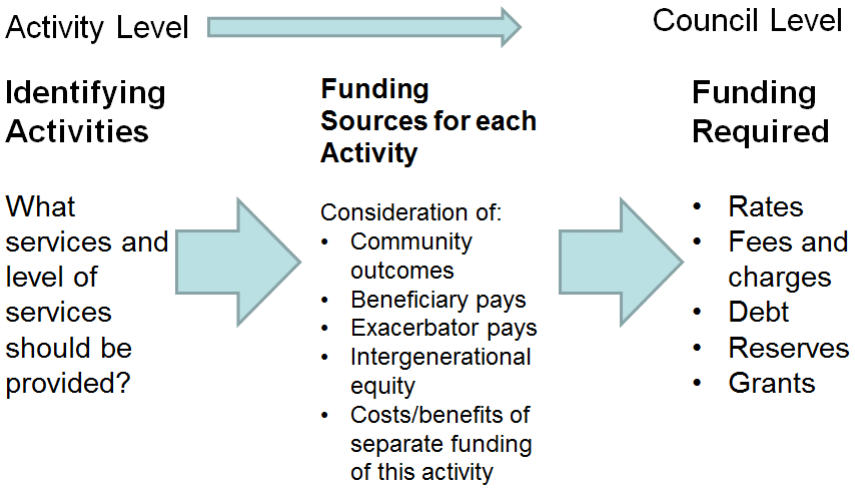
The specified funding source proportions are indicative only. In any given year there may be justification for variation from these proportions. This could be due to changes in market conditions, government policy or in the demand for a Council service. Most of the targets consist of a range rather than a precise number to reflect this uncertainty.

8. Process for determining funding sources

The Council has adopted a two-stage process to determine the appropriate funding sources, as required by section 101(3) of the Local Government Act 2002.

Step 1: The first step is to determine the most appropriate source of funding for each activity by considering the following:

- Community outcomes to which the activity primarily contributes
- Distribution of benefits between the community as a whole, any identifiable part of the community and individuals (public versus private benefits)
- The period in, or over which, the benefits are expected to occur. Generally, benefits derived from operating costs are received in the year the expenditure is incurred. In contrast, capital expenditures relate to investments in assets that generate benefits over their useful lives that extend beyond the current year
- The extent of the actions or inaction of individuals or a group contributing to the activity undertaken (exacerbators)
- The costs and benefits, including consequences of transparency and accountability, of funding the activity distinctly from other activities.



Step 2: Once the most appropriate funding method(s) for each activity is identified, the Council needs to consider the overall impact of its funding mix on the community. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability.

9. Selecting the appropriate funding source

The general principles used in the process are:

- Public good theory
    - The distribution of benefits within the community as a whole 'public benefit' = rates
    - An activity should be collectively funded if those who benefit directly cannot be identified and/or if those who benefit directly cannot be excluded from using the service
- User/beneficiary pays principle
    - An activity should be funded on a user pays basis if an individual or group of individuals directly receive benefits of the activity exclusively, and the costs of the activity can easily be attributed to that individual or group of individuals.
    - An activity should be funded on a user pays basis if other users can be excluded from taking advantage of the service (if use of the service by one person reduces the availability for someone else)
- Merit goods theory
    - The use of private goods and services can also result in benefits to third parties – people who don't directly use them. In these cases Council considers that the service should be provided on the basis of community need rather than willingness to pay, or identifiable benefits received (e.g. regional sporting facilities)

- Intergenerational equity principle
    - The cost of the asset should be spread over the period over which the benefits between those that use it
- Exacerbator/polluter pays principle
    - The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity, and
- Costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

This considers the efficiency or ability to separate and identify costs and then collect revenue, and the impact on demand for services.

Differentiation of private and public goods is not easy because very few goods and services can be treated as purely private or public; most goods and services have characteristics of both private and public goods.

The following policy positions have been set by Council and are used with the principles above:

- Where the benefit accrues to the whole city, general rates will be used
- Where benefits accrue to certain groups within the city, user charges, differentials or targeted rates will be used if it is efficient to do so
- User pays is also recognised as a tool to achieve Council's goals e.g. charging for refuse collection to encourage waste minimisation
- In some cases, e.g. wastewater, targeted rates are used as a surrogate for user charges as Council considers this to be a more efficient and effective method of funding than individual user charges
- Rates are at least partly a tax. While effort is made to link payment of rates to benefits received or costs generated it is not possible to do this on an individual ratepayer basis
- Subsidies from central government recognise that some services, e.g. roading, form part of a national infrastructure and only central government can levy user charges
- The Uniform Annual General Charge recognises that most services are available to all properties regardless of value and that all properties should contribute a reasonable amount to the running of the city.

The process for funding the operating costs of these activities is as follows:

- Any operating grants or subsidies for a particular activity are used to reduce the gross cost
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are

set at levels designed to achieve this, provided there are no legislative constraints on doing this

- Where a fee or charge is not practical, targeted rates may be set in accordance with Council's rating policies

- Any net income from investments or petrol taxes may then be applied and any residual requirement will be funded through general rates and/or uniform annual general charges (UAGC) – the latter rates and charges will be set on a differential basis in accordance with Council's rating policies. For the purposes of this policy any reference to general rates as a funding source is considered to include UAGCs

- Rating policies including the details of targeted rates, the level of the UAGC, the choice of valuation base for the general rate and the details of the differential system will be outlined in the Funding Impact Statement in the 10 Year Plan or Annual Plan as appropriate.

In this document we use the words "public" or "private" to reflect who benefits from the services Council provides. When the word "public" is used it means the community at large will receive benefits and generally it is more efficient to charge for those through a rate. When the word "private" is used it means that either an individual or an identifiable group of individuals will receive benefits and generally this group can be charged either directly through user charges because it is efficient to do so or by using a targeted rate.

The tables which follow show this analysis for each activity within the groups of activities. A summary is provided on page 26 of the Policy.

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Group - Transport							
Community Outcomes – Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and dsustainably managed. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supporte by an innovative and sustainable economy. Our communities have acc ess to a range of social, educational and recreational faci lities and activities.							
Road and footpath network	All road and footpath users benefit from Council providing these services (motorists, pedestrians, cyclists, transport operators and all those who have goods shifted by road transport). Utility service providers also use the road reserve for their services. While the users of the network receive the majority of benefits from this activity, the network is non-excludable and all properties have access. Other personal and public safety aspects are the provision of streetlights which help to prevent crime and prevent injury, and the road safety education initiatives.	High Road network maintenance provides both short and long term benefits. Assets such as bridges provide benefits to be enjoyed by future generations of ratepayers as well.	Heavy vehicles place a higher cost on maintenance of the roading network. This is recognised through Road User Charges. All individuals who have high usage of the network also pay more through excise fuel taxes. These users pay more towards the funds that Wake Kotahi provides through grants to the Council.	Roading and Footpaths is a mandatory Activity as defined in the LGA 2002. Costs have to be identified and reported separately in order to meet the requirements of the Waka Kotahi.	General rates Fees and charges Grants and subsidies Borrowings Development contributions Financial contributions	All residents and businesses benefit from Council funding a road network. People from outside the City also benefit. The roading network is a vital service that underpins the movement of people, goods and services. People who do not drive still derive an indirect benefit, for example, roads are used for street parades and fairs, festivals and other activities. Council collects the local share of costs through general rates. The Council has no practicable method of charging for usage. It is impractical (and illegal) to charge for road use by any direct mechanism such as tolls. The Waka Kotahi grant, funded by fuel taxes and road user charges, is a proxy for user charges. The residual cost should be borne by whole City through the general rate with a differential applied to business to reflect the additional costs heavy vehicles place on the roading network.	Private 10-30% Public 70–90%
Inner City Enhancement	Inner city properties receive benefits from extensive carparks for customers. Inner City businesses also benefit from a higher standard of surface, regular cleaning, amenity plantings and street furniture. The majority of benefits from carparking are attributable to the individual user therefore it is seen as a private benefit. There are wider benefits from parking enforcement from ensuring people have access to carparks.	Medium – High Carparks are mostly provided as part of the road reserve.	People who park for longer than allowed reduce the availability of carparks for others. This is managed through fines.	Carparks, street furniture and footpaths deliver particular benefits to the commercial sector. Footpaths do not receive Waka Kotahi funding and so have different funding sources. It is not feasible or legal to identify and charge all individual users of Council City Centre services.	Fees and Charges General Rates Borrowings	Council provides these services to support a vibrant and successful commercial centre. The higher levels of service for commercial properties are recognised by a higher commercial general rate differential. The balance of funding comes from carparking fees, which are set at levels which are appropriate to manage demand, rentals and fines. Any court costs are paid by the person who received the fines.	Private 40-60% Public 40-60%

Public transport and total mobility	A number of individuals and groups benefit from this activity: All users of public transport Members of our community with disabilities Total mobility and Super Gold cardholders Those users without access to motor vehicles School students who don't comply with Ministry of Education passenger transport criteria General motorists due to reduction in vehicles using the roading network.	Mostly short term	People without disabilities using the mobility carpark spaces generate the need for enforcement. Costs are partly recovered through fines.	Separate funding from Waka Kotahi and Ministry of Transport requires identification of costs within the Transport Activity.	General Rates Grants and subsidies Fees and charges Borrowings	The Council delivers total mobility and public transport services as part of a national service. Council receives a Waka Kotahi subsidy, as well as funding from the Ministry of Transport for Super Gold Card users. The balance of funding comes from general rates and a grant from Tasman District Council for its share of the Total Mobility service and a share of public transport costs.	Private 60-80% Public 20-40%
Group - Water Supply							
Community Outcomes - Our unigue natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our communities are healthy, safe, inclusive and resilient. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy.							
Water Supply Source - Maitai and Roding rivers Treatment Reticulation network	The benefits from expenditure on water supply services are mainly private. However, there are some public health advantages from the community having a supply of safe drinking water and the assured availability of water for firefighting purposes. Water is also required by business and manufacturing for the production and processing of food and goods.	High The water supply network has components that last for 80 years or more therefore the benefits are spread over multiple generations.	Excessive use of water by some could reduce the amount available for others. Water is metered so it is used efficiently and supply costs are shared fairly. Those who use more are charged more. There are administrative costs in a user-pays approach from the transaction cost of collecting water charges, but this cost is small in relation to the benefits of applying this system.	This is a mandatory Activity as defined in the LGA 2002. Funding this activity on a user-pays basis provides an incentive for water conservation, which is a significant benefit.	Fees and charges (meters) as a targeted rate Development contributions Financial Contributions Borrowings	While there is wide public benefit in the provision of clean water, this needs to be practically managed and funded. The benefit of clean water is directly to individuals and businesses. Benefits vary dependent on the volume of water used. Demand management is important to manage the available water resource during dry periods, and to minimise the water network costs. For this reason, the cost is recovered through an annual fixed charge and a metered charge for each property that is connected or can be connected to the water supply based on usage. All consumers of water are metered and charged for the actual amount used. In areas of new subdivision development, levies (development contributions) are also used.	Public 0% Private 100%
Group - Wastewater							
Community Outcomes – Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our communities are healthy, safe, inclusive and resilient. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy.							

Wastewater	The benefits from wastewater are largely equally spread across all households within the wastewater network area. Other commercial and industrial users benefit over and above this based on their volume and composition of wastewater. Their usage results in commercial benefits not associated with basic human health. There are recreational and environmental benefits associated with both inland and marine waters and protecting land from effects of wastewater seepage.	High. The timeframes of benefit are both short (e.g. each time the system is used) and ongoing with intergenerational benefits as an asset and in its protection of health and the environment. The network has components that last for 80 years or more therefore the benefits are spread over multiple generations.	Commercial volumes of waste can result in higher costs to run the network, as do industrial waste discharges to the network. Trade waste charges based on volume, biological loadings and chemical composition are set to reflect the costs of reticulation and treatment of commercial / industrial waste. Non-complying discharges require monitoring and enforcement. Stormwater infiltration through incorrectly installed downpipes requires monitoring and action by and on behalf of Council.	This is a mandatory Activity as defined in the LGA 2002.	Fees and charges (trade waste) Targeted rates Development contributions Financial Contributions Borrowings	While there is wide public benefit in the management of wastewater, this needs to be practically managed and funded. The cost is generally recovered through a targeted rate for each property that is connected or can be connected to the waste water network. Trade waste charges make up 20-30% of operational costs to reflect the additional loading these discharges have on the network. Costs of running the joint venture (NRSBU) trunk mains, pumping stations and treatment plant are shared between Nelson City Council and Tasman District Council in proportion to their respective use of the infrastructure. The apportionment of capital and the allocation of sewage drainage capacity are	Public 70-80% Private 20-30%
Group - Stormwater							
Community Outcomes – Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy.							
Stormwater Pipes, channels, natural waterways, pumps,	All properties within the serviced areas benefit from management of stormwater. Stormwater management protects private property from flooding and erosion. There is also a public benefit with regard to health, safety and reducing inconvenience by maintaining access to properties during periods of high rainfall and flooding.	High. Stormwater includes assets that have very long lives servicing multiple generations.	Property developments that fail to provide appropriate stormwater collection and discharge to the stormwater network (if in the area serviced) could result in adverse impacts on neighbouring or downstream properties. These issues are managed through the Environment Group activities of Council.	This is a mandatory Activity as defined in the LGA 2002	Targeted rates Development contributions Financial Contributions Borrowings	Stormwater management is largely a public benefit but applies only to those properties in the serviced areas. Therefore a targeted rate is the most appropriate funding source. The main objectives are the protection of public health and to protect private property. A fixed charge to recover 50% of the rate and 50% based on capital value is considered fair.	Public 100% Private 0%
Group - Flood Protection							
Community Outcomes - Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our infrastructure is efficient, cost effective and meets current and future needs. Our region is supported by an innovative and sustainable economy. Our communities are healthy, safe, inclusive and resilient.							
Flood Protection	This activity provides protection from floods and keeps urban areas (roads, land, amenities, shops etc) free from floodwaters. This contributes to public health and safety, maintains quality of life and enhances amenity and property values. All landowners protected from flood waters receive a private benefit. However these	High. Flood protection works are long life assets.	None	This is a mandatory Activity as defined in the LGA 2002	Targeted rates Financial Contributions Borrowings	The benefits of funding Council's flood protection activity apply to all those who live in the areas where Council provides flood protection works. The benefit is split between public benefit to provide protection of public health and to protect private property.	Public 100% Private 0%

	benefits vary considerably and are very hard to quantify at the individual property level.					Therefore a targeted rate is the most appropriate funding source.	
Group – Solid Waste							
Community Outcomes - Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy. Our communities are healthy, safe, inclusive and resilient.							
Solid Waste Refuse Disposal and Recycling collection	The benefits from refuse and recycling collection are for every household within collection areas by giving access to an affordable collection system. Further public benefit arises from transfer station operations as this promotes public health and sanitation and controls pollution. Additional individual benefits are received by those who dispose of more waste. Solid waste management contributes to a tidy, clean, healthy and safe environment. A well-managed landfill results in less pollution, reduces waste and prolongs the life of the landfill. All residents and businesses benefit from access to a local well managed landfill that reduces disposal costs. The landfill is managed to reduce gas emissions and increase revenue with a methane gas collection facility. All residents benefit from access to recycling services that reduce waste and prolong the life of the landfill. Council has also assessed that the whole community benefits from waste minimisation as stated in the Joint Waste Minimisation Management Plan.	Benefits are long term as this activity reduces the impact of solid waste on the environment. Refuse collection services benefits are more short term in nature. The current landfill is expected to last to around 2031.	Exacerbators include: manufacturers who use excessive packaging those who produce unnecessary and unrecyclable waste those who dispose of hazardous waste inappropriately those who produce excessive hazardous substances. It is difficult to track and identify those who dispose of waste inappropriately and there is no suitable mechanism for charging manufacturers who use excessive packaging. This needs to be addressed at a national level. Those who recycle more create additional costs. However this actually supports the outcomes sought by government and the Council.	This activity is funded on a user pays basis that requires separate identification.	Fees and charges Grants Methane gas sales from landfill Borrowings Reserves	The cost of operating the York Valley Landfill (jointly owned with TDC), Pascoe Street Transfer Station, recycling and associated infrastructure is funded from user charges collected at the landfill and transfer station. Methane gas from the landfill is sold. User charges are set at levels that cover the costs of the solid waste activity and also encourage reductions in the volumes of solid waste. The solid waste activity is managed as a closed account with any surplus transferred to a financial reserve and any deficit funded from the financial reserve or from debt.	Public 0% Private 100%
Group - Environment							
Community Outcomes - Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy. Our communities are healthy, safe, inclusive and resilient.							
Solid Waste Recycling							
Animal / dog control	The benefits from animal control are mainly private through providing administration and licensing services for dog owners. Dog owners benefit as work volume is directly proportional to number of dog owners. There is also a degree of public benefit in increased public safety. There are also benefits for the SPCA and dog owner associations (animal welfare, education of dogs' needs). Neighbouring	Benefits are short term, often requiring rapid responses to wandering dogs and stock.	Dog owners who do not control their dogs or do not register them create enforcement costs and endanger public health. These costs are partly recovered through fines, but some of these costs cannot be recovered.	Council is legally required to operate a dogs database and a register of dangerous dogs. The dog license fee also acts as a demand management tool to promote good dog ownership.	General rates Fees and charges Reserves Borrowing	The large majority of benefits are private and this is reflected in almost all costs being funded through the dog license fee, with some funding from fines and impounding fees. A small amount is funded through the general rate to reflect those costs that are a public good. These are usually associated with rural stock control.	Private 90-100% Public 0-10%

	landowners stock is protected from the effects of wandering dogs. Some costs are the result of animals wandering from their home locations that are not directly caused by their owners. A dog education service is provided to schools and community groups. In these cases the costs are carried by the general public.						
Building consents	The community benefits from safety and health protection on buildings over time. Individuals benefit from certainty of the quality of building (minimum standards), and occupiers gain the protection of consistent standards. People seeking advice about building and related requirements receive a private benefit. The benefits from building consents can be directly related to the individuals or organisations that apply for the building consent. Full cost recovery is not always possible because some fees are set by law or regulation and the fee needs to be weighed against the cost of fee avoidance.	Short to long term.	Those who fail to obtain building consents, and those who do not build in accordance with a consent. Additional inspection costs from poor project design and / or management are passed on to the building owner.	User charges recover the majority of costs for this activity. The activity is delivered in accordance with the Building Act 2004.	General rates Fees and charges Borrowings	The majority of costs benefit private users, so user charges reflect this. Some costs associated with accreditation and general advice to residents is more of a public good and is charged through the general rate. Council has to balance the affordability of consent costs and public advice to residents against the impact on the general rate.	Private 60-80% Public 20-40%
Environmental Policy	The activity provides the District Plan and the strategies and policies that guide and regulate development in the City, based on the principles of the Resource Management Act. The benefits are attributable to the whole community and are therefore mainly a public benefit.	Medium to long term. Each District Plan has to be reviewed every 10 years. Development decisions made can result in very long term benefits to individuals and businesses.	Those seeking changes to the District Plan can initiate private plan changes. These costs can be charged to the initiator. Individuals and / or businesses who create the need for additional rules in the District Plan cannot be charged - the costs become a public good cost.	It is not possible to identify individuals or businesses that create the need for policy planning. Costs cannot be allocated to individuals and businesses using these services in any one year as the benefits and costs apply across the community differently each year. Charges are made in accordance with the provisions of the RMA 1991.	General rates Fees and charges	The benefits apply to the community in general and as such general rates are used to fund most of these costs. User charges are set for private plan changes, and for service requests that generate significant administration time.	Private 0-20% Public 80-100%

Resource Consents	The focus of this activity is to allocate the use of natural resources to consent holders and to protect the quality of Nelson's natural and physical environment, now and into the future. The resource consent holders benefit by obtaining approval for the use of resources. Benefits for the wider community are prevention of inappropriate development, informing people on resource consent processes, the monitoring of permitted activities and the avoidance of adverse environmental effects. In cases where there is non-compliance with the District Plan the exacerbator pays.	Short to long term. Some resources can only be used once and decisions can have a long term impact. Benefits are usually medium term.	Resource consent applicants who do not properly research proposed changes create additional costs. Submitters to plans whose submissions are on vexatious grounds. Consent holders who do not meet the consent conditions create the need for monitoring and enforcement.	User charges recover the majority of costs for this activity, as benefits are clearly defined.	General rates Fees and charges	Direct benefits are charged through user charges to the people applying for resource consents. Some of these consents include regular monitoring which are also charged. Council has to balance the affordability of consent costs and the provision of information to the public against the impact on the general rate.	Private 40-60% Public 40-60%

Food and Public Health	Residents are assured minimum health standards apply in a range of businesses controlled by regulations. There is a private benefit arising from individual licences that certify individuals or owners of premises. These businesses create the need for the inspection and enforcement activity.	Short term. There are some longer term public benefits from a healthy resident population, and the attractiveness of the City to visitors.	Businesses that do not meet the legal minimum standards create the need for enforcement actions.	Council's policy is to charge these activities on a user pays basis where possible. These activities have a common focus on licensing and inspections.	Fees and charges General rates	Council sets fees for the registrations, licences and inspections within the limits set by legislation and bylaws. In some cases these fees are at levels that do not cover the costs of the service. The public good benefits of health and safety result in the general rate being the choice for the remainder of the costs.	Food Premises Private 40-60% Public 40-60%
Pollution Response	Public benefits arise from the response to any pollution events to minimise harm to the environment, ensuring safety of users of the coastal marine area, as well as the enforcement of statutory requirements.	Short term. There are some longer term public benefits from ensuring the safe and healthy environment for visitors and residents of the City.	Polluters and those not complying with regulations create the need for enforcement actions.	Council's policy is to charge the polluter where this is known.	General rates Subsidies Enforcement Income	There is recovery of the cost where the polluter has been identified. The public good benefits of providing a healthy and safe environment result in the general rate being the choice for the majority of the costs.	Pollution Response Private 40-60% Public 40-60%
Enforcing Bylaws Navigation Safety	Public benefit to provide a quality urban amenity and safety on our waters. Those breaching bylaws can be fined.	Short term. There are some longer term public benefits from ensuring the safe and healthy environment for visitors and residents of the City.	Individuals breaching bylaws can be fined.	Council's policy is to charge the offender where this is known.	General rates Grants Enforcement Income	There is recovery of the cost where the offender has been identified. The public good benefits of providing a healthy and safe environment result in the general rate being the choice for the majority of the costs.	Private 10-20% Public 90-100%

Alcohol Licensing	There is a significant private benefit arising from individual licences that certify individuals or owners of premises. These businesses create the need for the inspection and enforcement activity.	Short term. There are some longer term public benefits from ensuring the safe and healthy environment for visitors and residents of the City.	Businesses that do not meet the legal minimum standards create the need for enforcement actions.	Fees and charges are set by central government on a user pays basis and are administered by Council.	Fees and charges General rates	Central government sets fees for the licences, certificates and inspections. In some cases these fees are at levels that do not cover the costs of the service administered by Council. The public good benefits of health and safety result in the general rate being the choice for the remainder of the costs.	Alcohol licensing Private 80-100% Public 0-20%
Environmental Pest management Non-regulatory activities	There is a public benefit from having public land free from pest infestations. Rural landowners (pastoral farmers and foresters) gain increased productivity, economies of scale and efficiency from a joint effort. Such initiatives also reduce encroachment and re-infestation from neighbouring land. While there are private benefits pests and weeds are not constrained by property boundaries.	Short to medium term.	Landowners who do not undertake adequate pest control. Those who pollute the environment.	The cost of administering a separate rate outweighs the benefits.	General rates Fees and charges	Pest management requires concerted joint actions across property boundaries – otherwise re-infestation occurs. It is not feasible to allow individual property owners within an affected area to opt in or out.	Private 0-20% Public 80-100%
Group - Social							
Community Outcomes - Our urban and rural environments are people-friendly, well planned and sustainably managed. Our region is supported by an innovative and sustainable economy. Our communities have access to a range of social, educational and recreational facilities and activities. Our communities have opportunities to celebrate and explore their heritage, identity and creativity.							
Libraries	Users of the library gain a private benefit in that, with membership, they are able to access reading material. Other private benefits come from access to computers and the internet, audio-visual items and holiday programmes. There is a wider community benefit in the provision of reading material, the availability of reference material and protection of heritage documents. Increasing the reading abilities of children and adults increases the overall knowledge and skills of the entire community, including the availability of skilled employees for local businesses. However, the majority of benefits are seen as private.	Facilities provide both short and long term benefits. Facilities such as library buildings accrue benefits to be enjoyed by future ratepayers as well. The benefits to residents from knowledge are long term.	Books and other items not returned mean others are disadvantaged. Fines are the tool used to reduce this behaviour.	This is a significant cost activity for Council. Charging for usage is only feasible through item charges as usage varies substantially between individuals and properties.	General rates Fees and charges Grants and subsidies Borrowing	The rationale is to encourage life-long learning, therefore membership fees and item rental costs could create a barrier to that goal. Charging for general book issues at a level that would generate substantial income would result in significant declines in usage and issues. Internet and digital books may change funding options in the future but for the medium term general rates and a small proportion of user charges are the preferred options.	Private 0-10% Public 90–100%

Art and Culture, Museums, Theatres and Art Galleries -	Providing arts and heritage activities fosters community pride and identity. The entire community benefits from the educational opportunities & cultural awareness that the provision of activities and facilities brings. The whole community (including particular	Short to long term. Facilities tend to be civic buildings that last multiple generations. Art works and	The need is created by the whole community. Sector artistic groups and private users also create a demand for facilities.	This is a significant cost activity for Council. Charging for usage is only feasible through entrance charges.	General rates Fees and charges Grants and subsidies	The need and spread of benefits for Museums, Theatres and Art Galleries is largely a political decision. The significant public good aspect of these activities supports the funding through the	Overall Private 10-20% Public 90 – 100%

Suter Art Gallery	sector groups e.g. schools) benefit from the Museum through the provision of cultural services, information and education, exhibition and management of the museum collection. The business community benefits from spending by visitors attending facilities & events. Individual benefits accrue to those who use facilities and attend activities. Grants and heritage activities provided to groups exclude other groups from receiving funding. This is modified to some degree as Council applies criteria to grant funds that moves the benefits towards the whole community. Overall there is a fairly even split of public and private benefits.	museum items usually last a very long time. Grant benefits are short term although they do build community capability for the longer term.	The community creates the need by requiring a facility to store and display museum collections as well as have access to cultural services, information and education. Groups of individuals with specific interests in heritage and arts.	Most art and heritage activities funded involve partnerships with community groups and volunteers. Charging for these activities would significantly reduce community involvement.	Borrowing	general rate. Some of these costs are attributed to the business sector to recognise the number of residents and visitors who are attracted to the City centre. The private benefit component is funded through sponsorship (as a proxy for community support) and user charges for special exhibitions. Entrance charges for the general facilities would significantly reduce usage and past investments in this activity would be poorly utilised. These facilities also provide activities for visitors. Because of these issues Council has decided to reduce the proportion to be funded by individuals. Grant funding and heritage activities benefit the whole community. Private and group benefits funded through external grants and sponsorships that are often required by Council.	Founders Park Private 40-60% Public 40-60%
Cemeteries and Crematorium	These services provide appropriate and safe cemetery and crematorium services. The cemeteries also provide public open space, often with heritage value. Individual users / groups benefit, particularly families of the deceased. The entire community benefits adequate provision for interring the deceased in an appropriate manner and that cemeteries are maintained as a place of remembrance.	Long term	None	New users of the services are charged on a user pays basis. Historical burials and cremations created ongoing costs that cannot be charged for in retrospect.	General rates Fees and charges Borrowing	Council is faced with maintaining these facilities in perpetuity to a high standard. New users pay for the burial / cremation costs plus the ongoing costs of maintaining the plot. This is the private benefit funding proportion. The costs of maintaining historical burial areas, and some of the costs of public spaces, are a public good and are therefore funded through general rates. Crematorium fees have to meet market competition.	Cemeteries Private 40-60% Public 40–60% Crematorium Private 70-90% Public 10-30%
Motor Camps	Visitors to the City benefit from affordable camping facilities and other accommodation options. The Motor Camps also offer semi-permanent low-cost residential options. Businesses benefit from the attraction of visitors who can stay overnight due to the availability of a range of accommodation for residents and visitors. The whole community benefits from providing serviced camping spaces and not having	Short to long term.	None	This activity is operated as a business and funding is separate from core Council operations.	General rates Fees and charges Borrowing	Motor Camps are provided to allow campers and other visitors to stay in the City. While the whole community, and businesses in particular, benefit from this, the users of the motor camps gain the most benefit. These facilities use reserve land but are operated as a business. Funding is largely from user charges and the balance is from general rates. Any surplus funds can be used to	Private 90-100% Public 0-10%

	visitors camping illegally and generating litter and pollution issues.					reduce the general rate requirements.	
Social Development	Council has a role in supporting community groups which promote community development. The community benefits from the existence of a strong co-ordinated voluntary sector, and improved social services that better match the needs of the community. Community groups gain funding to proceed with their projects, and beneficiaries of those projects receive a range of benefits. Some individual benefits are excludable but many of the programmes aim to support groups or the community as a whole. Migrants and intending migrants to the region gain support. Members of the Youth Council gain civic engagement experience and it provides an opportunity for the youth voice to be heard.	Generally short term.	Vulnerable and disadvantaged members of the community.	It is not possible to charge the costs to individuals who benefit, as they often have limited incomes. Community groups use volunteers and are not personally receiving the benefits of the funding.	General rates Grants and subsidies Borrowing	The purpose of the funding is to address social issues and to help those residents who are the most disadvantaged. In many cases the net cost to the community from these grants is positive. As the entire community benefits from improved social outcomes the general rate is used to fund grants and programmes. Council encourages community groups to maximise government funding and other grants. Council funding (general rates) are only used where these other sources are not sufficient to fund these approved grants / activities. Council limits the funds available as the demand is always more than what Council deems is affordable through rates. Council also funds social policy and monitoring in order to know the current and expected state of social needs in the City. This is a Council-run function which is funded through the general rate.	Private 0-20% Public 80-100%
Community Properties – public toilets, halls etc	Benefits flow to the whole of the community through the provision of community buildings for leisure, arts, and cultural and community events. The whole community benefits from clean public toilets. There are economic benefits to businesses by providing facilities for visitors and residents, and community buildings that attract people to events and for recreational purposes.	Short term for events and activities. Long term from the provision of buildings.	People and groups who want community spaces to meet or carry out an activity. People (visitors and residents) away from their home or workplaces needing toilets.	Council funds this activity through a mixture of user charges, rents and general rates. A specific rate could be used but the amount is not significant for the Council. The general rate is seen as appropriate to fund	Fees and charges General rates Borrowing	Council provides a range of community buildings and public toilets to support community groups, activities and a more community orientated City. Many of these facilities are historical and some reflect the different community needs of previous generations. Council is now faced with maintaining these facilities as the general community is very	Private 0-20% Public 80-100%

	Private benefits arise from the enjoyment received from attending community events and other activities, and from using public toilets.			the public good aspects of the activity.		supportive of retaining these facilities. Council sets charges at a level that balances income against usage. While these charges are lower than the private benefits would suggest there is little scope to significantly increase them. Public toilets are generally free in New Zealand and there is considerable resistance to setting charges for them. There is a high transaction cost through additional capital or operating costs to make charges possible. On balance Council has decided to encourage their use by making them free. Overall, Council funds this activity through a variety of user charges, rents and general rates.	
Group - Parks and Active Recreation							
Community Outcomes - Our unique natural environment is healthy and protected. Our urban and rural environments are people-friendly, well planned and sustainably managed. Our communities have access to a range of social, educational and recreational facilities and activities. Our communities are healthy, safe, inclusive and resilient.							
Premier Parks and facilities - Trafalgar Park, Trafalgar Centre and Saxton Field	This activity includes indoor stadiums, the premier sports park and grandstands, and the shared regional facility at Saxton Field. The benefits from expenditure on event venues are mainly private. The premier grounds and facilities for use by sporting groups, teams, clubs and associations is a significant private benefit to their members. The public derive benefit from having access to sports grounds for recreation other than sport. Having these regional facilities contributes a sense of community identity through inter-regional sporting contests, and provides entertainment opportunities. Benefits are shared with Tasman District and funding is jointly managed for some of these regional facilities. The community benefits from regional and national sports tournaments, commercial shows and events that occur due to the availability of these facilities. Businesses benefit from the attraction of visitors to these events. The majority of benefits are private to individuals, groups, clubs and commercial businesses, but also contain many public benefits.	Premier recreation facilities provide long term benefits to residents through improved health, social involvement and provision of visitor attractions.	Demand for commercial event space reduces their availability for community use. Regional level sports teams require higher quality sports facilities than are normally required. This provides benefits to a small number of residents.	Sporting and commercial events set entry fees and Council sets fees based on commercial private use. Many regular sports activities are funded through pay per play arrangements. The balance are public goods funded through general rates.	Fees and charges General rates Grants and subsidies Borrowing	Council operates these facilities with a mix of commercial and community users. More commercial events result in reduced access for community recreation users. There is considerable 'merit goods' in this activity and it is not feasible to set charges to match private benefits. Commercial use of the stadium and associated spaces is charged at market rates. Charges are limited by alternative costs both within and outside the Region. Top level sporting events are charged entry fees but these do not often go to Council. Council has to balance attendance and usage against the level of charges. Regular local sporting use charges are set more in line with the Sports Parks activity. Some clubs have provided additional facilities through partnerships with Council. These clubs charge on more of a 'pay per play' basis to fund those facilities. The balance of funds required to maintain the facilities	Private 10-20% Public 80-90%

						after fees and charges income is from the general rate as all people and businesses benefit.	
Sports Parks	Two main groups gain private benefits from sports parks – sporting groups and businesses involved in event organisation, hospitality and tourism. In terms of organised active sport and commercial events the benefits are private. Access to the sports fields for informal sports and recreation is not excludable. The public/whole of community benefit through the provision of formal and informal recreational opportunities that enhance and support individual and community health. The public derive benefit from having access to sports grounds for recreation other than sport, as well as the option of having access to organised club sport. The extensive open spaces created by sports parks enhances the overall attractiveness of the City. Overall there is a fairly even split of public and private benefits.	Long term. Good recreation facilities provide long term benefits to residents through improved health and social involvement.	Vandals and litterers create additional work to maintain the grounds. Sports teams and club demands for more services create pressure on Council budgets.	Recreation benefits the whole community so this activity is funded through general rates. The cost of administering a separate rate outweighs the benefits. Individual benefits are partly funded through user fees and charges	Fees and charges General rates Grants and subsidies Borrowing	While there are significant private and group benefits there are adverse impacts from imposing substantial fees and charges. Sports clubs are struggling to remain viable as adult participation in organised sport declines. Increasing charges is likely to further reduce numbers joining sports clubs. Council must balance participation numbers against rates impacts. It is possible that revenue would not increase much if charges are increased as some clubs may fold. The majority of sports parks were set aside by previous generations for recreation use. Changing recreation activities is likely to create the need to consider how these parks are allocated, as demand for indoor and court facilities increases.	Private 0-20% Public 80-100%
Neighbourhood reserves and playgrounds Includes Natureland, walkways, and cycleways planning	Individual users of the parks gain benefits from the enjoyment of the facilities and open spaces, exercise facilities and interaction with other members of the community. Adjoining landowners gain amenity value from living next to a reserve. Those who live in areas with significant densities of landscape trees gain amenity value. These benefits are often reflected in higher land values that result in higher general rates. The parks and reserves provide a venue for special events such as weddings, music events, organised picnics and promotions. These benefits can be commercial in nature and are not solely public goods. The majority of benefits public good. The exception is commercial benefits from private functions that restrict the access of the general public.	The benefits from this activity range from immediate, such as walking through the parks, to the long term benefits to individuals and the city, by having a good quality environment and heritage trees.	Vandals and litterers create additional work to maintain the grounds. Inconsiderate users create the need to increase signage and improvements (e.g. cyclist vs. walkers).	This activity includes activities which are totally for the public good. It would be costly to identify individual users and any direct charges would reduce the sense of community.	General rates Fees and charges Reserves Borrowings	It is impractical to charge users of these reserves for access. All residents and visitors have the opportunity to use the services and Council encourages their use to build a sense of community as well as improve health and fitness. These benefits are public good in nature and should be funded through general rates. Business benefits from the attraction of visitors and increased population for lifestyle reasons. These benefits are reflected in the general rate commercial differential. The exception is when the reserves are used for a commercial basis such as formal private events or business promotions. In these cases fees and charges should be set to recognise the private use of public land that has an impact on the general public access.	Private 0-10% Public 90-100%

						The Natureland Zoo is leased to the private sector and any additional funds Council allocates to the facility supports the public good elements of the Zoo.	
Marina	The main benefits are private to boat owners because it enables exclusive occupation of publicly owned space, which offers greater security than single moorings. Businesses benefit as the marina provides economic benefits from attracting visitors to Nelson. Residents benefit from passive recreation opportunities. The community as a whole benefits by managing an efficient use of scarce water space and protects marine environments, by concentrating boat moorings and marine contaminants in one area.	Medium term. Marina assets need to be renewed on a regular basis.	Mooring users need to comply with rules around contaminants and fees. The Marina needs to be managed to ensure this occurs.	This activity is operated as a business and funding is separate from core Council operations.	Fees and charges Borrowings	The marina is a stand-alone business that provides services to boat owners wishing to moor close to Nelson. While there are some benefits to the whole community, businesses and local individuals these are seen as being covered by the City providing the service. The large majority of benefits are private to the Marina users so this activity is fully funded from user charges.	Private 100% Public 0%
Recreation – including swimming pools and golf course	This activity includes recreation programmes and planning, as well as a range of assets such as a golf course and outdoor swimming pools. The community gains benefits from health and fitness, community participation, as well as some additional open space. Attractive places are provided for social interaction and club sports. Private benefits are received by recreational users, recreation programme participants and all users of Council reserves. The majority of benefits are public. The exceptions are pool users and the golf club users.	Medium to longer term.	Vandals create additional work to maintain the assets.	This activity is mainly a public good activity. It would be costly or impractical to identify individual users and any direct charges would reduce the sense of community.	General rates Fees and charges Lease / rents Borrowing	Council charges where feasible for entry to recreation assets and programmes. Charging more than a small proportion of costs would severely reduce the affordability of these services for large portions of the community. Council leases land to the Waahi Taakaro Golf Club. This lease is set at levels to support the Club and encourage public use.	Private 10-20% Public 90-100%
Group - Economic							
Community Outcomes - Our region is supported by an innovative and sustainable economy. Our Council provides leadership and fosters partnerships, a regional perspective and community engagement.							
Economic	The whole community benefits through the spin-off impacts of economic development and through having a coordinated approach to economic development. The business community primarily benefits from economic development of a region (e.g. increased income and people, are likely to increase business wealth). Sectors within the business community benefit through targeted economic development programmes. Possible new businesses gain support, information, and contact with other businesses or investors who can help them become established. The not-for-profit sector benefits through indirect effects of economic	The benefits of economic and tourism growth range from immediate, such as business profits and salaries and wages to long term economic benefits to Nelson.	None.	Council's support for the Nelson economy benefits the community as a whole and therefore Council funds this activity through the general rate. As the business sector is the primary beneficiary this is reflected in the commercial general rate differential. It is not possible to identify individual	General rates Grants and subsidies	This activity is a classic public good and as such is funded through general rates with an emphasis on the commercial general rate differential. While it is difficult to attribute outcomes from this expenditure there is general agreement that Council not providing a coordinated investment in this activity can result in a decline in the economic activity of the Region and the City.	Private 0% Public 100%

	development, such as increased sponsorship and grant availability. This activity is jointly funded with Tasman District and delivers regional strategies and programmes (Nelson Regional Development Agency and the Regional Economic Development Strategy). The benefits are a public good.			residents, properties or businesses that benefit from this activity.			
Group - Corporate							
Community Outcomes - Our Council provides leadership and fosters partnerships, a regional perspective and community engagement.							
Civic and Democracy Services	The community benefits by having a democratic system of local government as required by law. Consultation has the benefit of producing decisions and outcomes that comply with the LGA 2002 and deliver the best outcomes for Nelson. Individuals and lobbyists requesting official information receive a degree of private benefit but this is a public good process.	Good governance resulting in high quality decisions which are supported by the public delivers long term benefits.	Those making unreasonable or excessive official information requests or vexatious or frivolous appeals.	Democratic processes benefit all residents and businesses; therefore this activity is funded through the general rate. It is not practical, legal or feasible to set individual charges or targeted rates based on specific issues and processes.	General rates Fees and charges Borrowings	This is public good where the processes are set in legislation. This activity is funded through the general rate.	Private 0% Public 100%
Emergency Management	The benefits of this activity are attributable to the whole community. Recovery from disasters will benefit some individuals or groups more than others. These benefits are seen as averaging out over time as the impacts and location of natural disasters cannot be accurately predicted.	Short to long term.	People who do not or are unable to provide for themselves in the event of an emergency. Those lighting fires without permits, or who do not prepare their Civil Defence three day kits.	Given the size and political importance of the expenditure, separate funding is considered important for transparency.	Grants and subsidies General rates Borrowing	As the benefits are entirely for the public good it is not appropriate to apply separate charges or a targeted rate. The general rates are the appropriate funding tool.	Private 0% Public 100%
Investment Management	Benefits are largely attributable to the whole community and are a public benefit. There are individual benefits for those who lease or buy land from Council, or are paid by Council for associated services. Some other beneficiaries are those who use the airport and port, and forestry consultants who manage the forests.	Short and long term.	None	The returns from these investments reduce the general rates, unless particular assets produce income that goes into associated reserve accounts.	Dividends and interest Fuel tax Rent Borrowing Sale of trees	This activity manages the financial investments of Council. It produces revenue that offsets the costs of running the Council. Some of the assets are jointly owned with Tasman District Council and the revenue is split accordingly.	Private 100% Public 0%

10. Summary of Funding Targets

10.1 Funding Source Proportions for Operating Costs

	General Rates	Targeted Rates	Fees and Charges	Grants and Other Revenue
Transport				
Road and Footpath Network	70-90%			10-30%
Inner City Enhancement	40-60%		40-60%	
Public Transport and Mobility	20-40%			60-80%
Water Supply		100%		
Wastewater		70-80%	20-30%	
Stormwater		100%		
Flood Protection		100%		
Environment				
Solid Waste Collection, disposal and recycling			100%	
Animal / Dog Control	0-10%		90-100%	
Pest Management	80-100%		0-20%	
Building Consents	20-40%		60-80%	
Environmental Policy	80-100%		0-20%	
Resource Consents	40-60%		40-60%	
Pollution Response	40-60%		40-60%	
Food and Public Health	40-60%		40-60%	
Alcohol Licensing	0-20%		80-100%	
Navigation Safety	80-90%		10-20%	
Enforcing Bylaws	80-90%		10-20%	
Environmental	90-100%		0-10%	
Social				
Libraries	90-100%		0-10%	
Art and Culture	90-100%		0-10%	
Cemeteries and crematoriums	40-60%		40-60%	
Motor Camps	0-10%		90-100%	
Social Development	80-100%		0-20%	
Community Properties	80-100%		0-20%	
Parks and active recreation				
'Premier Parks and facilities' Trafalgar Centre, Trafalgar Park and Saxton Field 'Premier Parks'	80-90%		10-20%	
Sports Parks	80-100%		0-20%	
Neighbourhood Parks and Reserves	90-100%		0-10%	
Marina			100%	
Recreation	90-100%		10-20%	
Economic	100%			
Corporate				
Civic and Democracy	100%			
Emergency Management	100%			
Investment Management				100%

The funding proportions outlined in this table represent the Council's desired intentions – i.e. the share of the gross operating costs borne by each group of ratepayers / users.

Note: Council has varying levels of control over the actual revenue obtained from users of facilities that are not owned by Council. Management and operations that are carried out by other entities generally retain revenue from entry fees.