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Funding Needs Analysis

Ko te Puutaketanga Purpose

1. The Funding Needs Analysis (FNA) provides the background and analysis to explain the funding decisions made by the Council.
2. To comply with section 101(3) Council must determine the appropriate sources of funding for each activity. In determining this, Council must take into consideration the matters listed in s101(3)(a):
   a) The community outcomes to which the activity primarily contributes.
   b) The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
   c) The period in or over which those benefits are expected to occur.
   d) The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
   e) The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
3. Having completed the above analysis Council must then consider, under section 101(3)(b):
   "The overall impact of any allocation of liability for revenue needs on the community."
4. The legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a).
5. The following sections document the matters and approaches Council has taken to determine the funding needs of an activity and how that translates into Council's decision on the appropriate funding sources to be used.

Ko te Whaanuitanga Scope

6. This Policy applies to all funding decisions made at Council.

Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy

7. The following guiding principles will be applied when considering our use of funding sources:
   a) Council will adopt a prudent Financial Strategy which supports its current credit rating.
   b) The everyday costs of running the city will be met from everyday revenues.
   c) Council will fund maintenance and renewals as per approved Asset Management Plans.
   d) Growth cells will be completed to an approved level of service.
   e) Council should explore external funding options for new discretionary projects whenever possible.

f) When a private benefit can be identified, and it is efficient to collect the revenue user charges will be considered.

g) Growth will pay for growth.

h) Asset sale proceeds will be used to pay down debt.

i) The main source of our everyday revenue will be general rates.

j) Targeted rates could be used to fund the council portion of new projects where the costs of these activities can be easily identified.

k) Rates certainty will be considered.

l) Affordability of rates will be considered.

m) Rates increases will consider Local Government inflation and interest cost levels to ensure a prudent financial position is maintained.

8. Balancing these principles can be challenging at times. Council must use its judgement in assessing many options in the development of budgets or acquisition of assets and the choice of funding sources to enact these.

Ko ngaa Tikanga Policy

Funding sources for operating costs

9. Operating costs are the everyday spending that maintains the services delivered by Council. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.

10. The Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges such as swimming pool entry fees, others with Targeted Rates such as the Business Improvement District (BID) Rate and others from a General Rate such as road maintenance. Distinct funding enables ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine how much money is being raised for the service and spent on the service, which promotes transparency and accountability.

11. The funding sources for operating costs include:

    a) User charges.
    b) Grants, sponsorship, subsidies and other income.
    c) Investment income.
    d) Financial Contributions.
    e) Development Contributions.
    f) Reserve funds.
    g) Borrowings.
    h) Rates:
        i) General Rate
        ii) Targeted Rates

12. Each funding source and how Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Table 1: Consideration of legal requirements for operating expenses

Headings-s.101(a) reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	Council determines which of its community outcomes an activity contributes to. Council has not established a strong link between community outcomes and funding requirements for an activity.
Distribution of benefits - s.101(3)(a)(ii)	The distribution of benefits is given consideration by Council having regard to the small geographic area of the City and Council's preference for a simple rating system. Council has considered how the benefit of activity applies to households, businesses and the community as a whole.
Period of benefit- s.101(3)(a)(iii)	For most operational expenses, the benefit is received in the year the expense is incurred. For most activities, the Council cash funds depreciation (a non-cash operating expense) from revenue sources and this, along with other surplus cash flow will be used to fund capital costs for either asset renewal or debt repayments. Some operational expenses (provisions) may have a benefit over multiple years and so Council may choose to fund the activity over that period.
Who creates the need- s.101(3)(a)(iv)	Some activities the Council must do because the actions or inactions of individuals or groups create the need to undertake the activity. Council may choose to target these people or organisations through, charges or rates.
Separate funding- s.101(3)(a)(v)	Council must consider the practicalities of separate funding along with transparency and accountability. In some cases, while it may be desirable to charge individuals there may be no practical way of doing so. With regard to the rates contribution, Council is of the view that separate rating mechanisms for separate activities is not feasible, and would in any event make a complex rating system which is expensive to maintain and becomes confusing to interpret. In Council's opinion, this does not contribute to improved transparency and accountability.

Analysis for operating costs by activity

13. Schedule 1 analyses each activity against the requirements of section 101(3)(a).

Funding sources for capital costs

14. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:

    a) User charges.
    b) Grants, sponsorship, subsidies and other income.
    c) Investment income.
    d) Financial contributions.
    e) Development contributions.

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f) Proceeds from the sale of assets [1].
g) Reserve funds.
h) Borrowings.
i) Rates
    i) General Rate
    ii) Targeted Rates

15. Each funding source and how Council prefers to use that funding source for capital expenditure is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

Analysis for capital costs by activity

16. Council does not fund its capital costs on an activity-by-activity basis.

17. As described in the Financial Strategy, Council has a challenge to manage growth, affordable rate increases and debt. To achieve the appropriate balance between these variables, Council takes the following approach:

    a) Council sets the annual rate increase.
    b) The existing rating base plus an estimate for growth determines the rates income.
    c) Activity operating revenue and expenditure budgets are determined, within this constraint.
    d) An amount is budgeted for development contributions payments, which is set aside to fund growth projects or growth debt and interest, as determined by the Development Contributions Policy.
    e) The net cash operating costs is determined (net of cash revenue budgets).
    f) This leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise the funds are available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by activity and is available to fund any capital costs.
    g) Council sets the limit on debt, which determines the maximum debt funding available for capital costs.

18. Consequently, despite the potential availability of the funding sources in paragraph 13, this process results in the following funding available for capital costs:

    a) Cash from General Rates for use on all activities.
    b) Cash from Targeted Rates for use on Business Improvement District (BID) improvements (Activity: Urban and Spatial Planning).
    c) Cash from development and financial contributions, for growth projects and related interest costs.
    d) Cash from grants and subsidies, targeted to capital projects.
    e) Cash from borrowing.

[1] The Investment and Liability Management Policy states: "
Proceeds from the sale of assets or investments will in the first instance be used to repay outstanding borrowings unless otherwise specifically authorised by Council. The exception to this is in relation to the sale of endowment properties where any surplus cash is held in the Municipal Endowment Fund to be used to reinvest on behalf of the fund. If assets are subject to legislative restrictions, the proceeds are used in accordance with the provisions of the appropriate legislation."

19. The following guidelines are used when considering the funding of capital projects:
    a) All projects are first funded from grants, subsidy or other income, which are budgeted as operating revenues.
    b) Growth projects for network infrastructure to meet increased demand are funded from development contributions, to the extent provided for in the Development Contributions Policy.
    c) Reserve funds for other purposes are considered. A small number of cash funded reserves are available for capital costs projects.
    d) Targeted rate options may be considered.
    e) Projects that have exhausted previous funding sources are funded from the surplus cash available from general rates and debt.
20. A single project may have a mix of each of these funding options.
21. Whenever Council resolves to consider a separate funding policy, it will consider the sources of funds above, the Revenue and Financing Policy and section 101(3) to determine the appropriate funding sources for the project. Generally, Council will resolve the funding in setting the budget for the project at the time the project is proposed in an Annual Plan or Long-term Plan. In making its decision it shall have regard to the matters in Table 2.

Waters activities funding policy modification

22. Council is modifying its waters activities funding policy to provide supporting rates funding information for the consultation on Local Waters Done Well structural options. This transition separates the funding of the waters activities (water supply, wastewater and stormwater) from other Council activities.
23. The funding sources for operating costs remain unchanged. However, the Local Government (Water Services) Bill proposes to remove rate funding on a property value basis (land or capital value) over time.
24. The funding sources for capital costs of Water supply, wastewater, and stormwater funding will be separate from all other council activities for each activity.
25. The funding sources available for these activities for capital costs are:
    a) Cash from financial contributions for level of service, growth projects and related interest costs.
    b) Cash from development contributions for growth projects and related interest costs.
    c) Cash from grants and subsidies targeted to capital projects.
    d) Cash from borrowing.
    e) Cash from operational surpluses (including depreciation) and only from that activity.

Table 2: Consideration of legal requirements for capital expenses

Headings-s.101(a) reference	Matters Council might consider
Community outcomes - s.101(3)(a)(i)	A capital project is expected to contribute to the community outcomes in the same way as the activity from which its consequential operating costs are funded, unless Council resolves otherwise.

Distribution of benefits - s.101(3)(a)(ii)	The distribution of benefits is expected to be the same as that for the operating costs of the activity from which it is funded, unless Council resolves otherwise. Council may target those people or organisations who primarily benefit through financial and development contributions, lump sum options or Targeted Rates.
Period of benefit- s.101(3)(a)(iii)	For most capital projects, the benefit is received over the life or the capacity life of the asset. Council will have regard to the equitable distribution of costs to each generation for the building and renewal of the asset.
Who creates the need- s.101(3)(a)(iv)	Some capital costs Council spends because of the actions or inactions of individuals or groups create the need to undertake the activity. Council may choose to target these people or organisations through financial and development contributions or Targeted Rates.
Separate funding- s.101(3)(a)(v)	Council must consider the practicalities of separate funding along with transparency and accountability. In some cases, while it may be desirable to charge individuals, there may be no practical way of doing so.

26. Note that for growth- related network infrastructure a separate s.101(3) analysis is required in the Financial and Development Contributions Policy, as required by s106.

Funding bands

27. After considering the section 101(3)(a) components, Council considers to what extent each of the funding sources is able to fund each activity. This policy is intended to be in place for the next three years before it is reviewed and because things change over time, it is not possible to precisely determine the percentage allocated. For this reason, Council has decided to band the percentages into the categories listed in Table 3.
28. The assessment in Schedule 1 identifies the most likely sources of funding an activity is budgeted to receive. In all cases , rates fund the balance of the activity after all other sources have been maximised. It is likely that from time to time Council will be able to secure additional funding that may be become available.
29. Budgets will normally be set within these ranges. These ranges are expressed as a percentage of the cost of the activity and are indicative only. They may change over time because of changes in expenditure rather than changes in revenue. It is also likely that actual funding sources will be different from budgeted funding sources.

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Table 3: Funding bands

Name	Percentage range
None	0%
Minimal	0% - 20%
Low	20% - 40%
Moderate	40% - 60%
High	60% - 80%

Most	80% -100%
All	100%

Funding sources and rationale

30. This column of Schedule 1 identifies which of the funding sources Council plans to use in budgeting to fund the operating costs of each activity. It is determined by Council after consideration of each clause of section 101(3)(a).
31. The assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and Council's preferences for using these sources. Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.
32. The funding source for an activity may be modified by Council when it considers the requirements of section 101(3)(b). If this has occurred it is considered as part of the overall funding considerations set out in the Revenue and Financing Policy.

Previous reviews

33. The Council last reviewed the FNA in 2021 in conjunction with the development of the 2021-31 Long-Term.
34. The review in 2024 is based on the 2021 policy. Changes have been made reflecting the considerations of Council as it reviewed the funding of activities in developing the 2024-34 Long-Term Plan.

Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation

35. Implementation of the policy will be monitored by the Chief Financial Officer.
36. Performance against this policy will be monitored and reported.
37. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

Ko ngaa Tohutoro References

38. The Local Government Act 2002. The policy is a required by s101(3) of LGA, provides the background and analysis to explain the funding decisions Council has made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
39. The Revenue and Financing Policy. The policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA.
40. The Preamble to Te Ture Whenua Maori Act 1993 includes the principles that the policy must support as required by s102(3A)(a) of the LGA.

Council plans to modify the Revenue and Financing Policy and Funding Needs Analysis for Local Water Done Well programme. At the time of this update, the Government had repealed three waters reform legislation, enacted the Local Government (Water Services Preliminary Arrangements) Act 2024 and introduced the Local Government (Water Services) Bill.

Schedule One: Activity Funding Needs Analysis 101(3)(a) – operating costs

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Water Supply							
Water Supply	A green city	The primary benefit of having a safe and adequate volume of water, an outstanding water reticulation network and demand management is to households and business. Council considers that each household receives a similar benefit from a safe, reliable, and adequate storage of water. 1700 properties outside the district are supplied with water. Business non-developed and out of district water users have variable benefit from different water consumption from connection to connection.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Very limited impact of the actions or in actions of others.	Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.	**MOST** Targeted rates **MINIMAL** Fees & user charges **UNLIKELY** All other funding sources	Targeted rates are the appropriate funding source for households as they are easy to administer, users receive a similar benefit from the quality and quantity of supply and users receive the same benefit from the supply of water including the benefits of demand management. Metered Water Rates (Targeted Rates) are appropriate for funding business and rural consumers. Where bulk water or out of district water is supplied it is charged on a User Charges basis. .
Wastewater							
Wastewater	A green city	The treatment and disposal of wastewater are primarily a benefit to the whole community. The collection of wastewater is primarily a benefit to households and business that are connected to the schemes by removing the waste from properties. The protection of the environment is a benefit to the serviced. Council considers that each	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Some businesses have an adverse impact greater than most users due to the volume or nature of the waste produced.	Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.	**MOST** Targeted rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	In most cases it is not practicable to measure the quantity of individual's contribution to the wastewater system. There are some businesses that produce abnormal wastewater where direct charging is appropriate. This is required by the Trade Waste Bylaw 2016 (amended 2023) in addition to the Targeted Rate. Their share of costs is recovered by way of trade waste user charges.

		household and business receives a similar benefit from the treatment and disposal of wastewater.	The community benefits from the safety and environmental effects of sewage treatment and disposal. Targeted rates are the appropriate funding source for households and business as they receive the same benefit from wastewater collection.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Stormwater							
Stormwater	A green city	Stormwater collection benefits households and business by minimising and removing stormwater from properties. This benefit extends to the wider community in public spaces. Stormwater treatment provides a community benefit particularly in improving river health. Council considers that each household and business receives approximately the same benefit from the stormwater network.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact	Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.	**MOST** Targeted rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources.	There is no practical way to charge individuals or groups for any direct benefit. Targeted rates is the appropriate funding source for households and business as they are easy to administer and users receive the same benefit from the stormwater network.
Transport							
Transport Network	A city that's easy to live in	The transport network serves the whole city and everyone benefits directly in their personal use and indirectly through the supply of goods and services to businesses. Council considers that each household and business receives approximately the same benefit from the transport network.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Costs are driven by traffic volumes and size. Large vehicles, wear roads out more quickly than motorcars.	Council considers that there is little benefit of separate funding.	**MOST** General rates **MINIMAL** Subsidies & grants Fees & user charges Other Borrowings **UNLIKELY** All other funding sources.	While individuals benefit by using the transport network there is no practical means available to charge for this. Subsidies sourced from Waka Kotahi New Zealand Transport Agency (NZTA) are available to fund both operating and capital costs.

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Urban Transport	A city that's easy to live in	Parking provides a direct benefit to users. Having parking available in business areas provides an indirect benefit to businesses. Council considers that users receive the primary benefit of parking management.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Demand is driven by volumes and time parked.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** Fees & user charges **LOW** Other **MINIMAL** Borrowings Targeted rates **UNLIKELY** All other funding sources	Balancing user charges, demand management and the impact of businesses is challenging and requires close monitoring. There are well established user charges methodologies for city parking that assist in demand management. Fines revenue is included in user charges and results in this activity operating at a surplus.
Transportation Centre	A city that's easy to live in	The transportation centre provides a direct benefit to users. Having the transportation centre available in business areas provides an indirect benefit to businesses. Council considers that users receive the primary benefit of the transportation centre.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Demand is driven by users using public transport.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** General rates **MINIMAL** Subsidies & grants Other **UNLIKELY** All other funding sources	While individuals benefit by using the transport centre there is no practical means available to charge for this.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Rubbish and recycling							
Resource Recovery	A green city	Removal of refuse provides a benefit to households. Introducing new options for refuse collection enable better environmental management of waste and contribute to waste minimisation goals. The whole community benefits from action in this area to minimise the negative impacts of waste and the responsible management and monitoring of closed landfills	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Some households create more waste than others. This is managed by rules on volumes of waste. Refuse varies across business. This is managed by the Council not providing service and leaving pricing to market forces. The actions of most individuals or groups have a minor impact.	Council considers that there is little benefit of separate funding.	**HIGH** General rates **MINIMAL** Targeted rates Subsidies & grants Fees & user charges Other Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households as they are easy to administer and users receive a similar benefit.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Venues, Tourism and Events							
Claudelands Event Centre	A fun city with lots to do	Claudelands Event Centre provides venues for events that are attended by large numbers of people including high performance sport, conferences, functions, concerts and performances. The community is enriched by the range of events and activities at the venue. Events provide direct and indirect benefits to businesses.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each activity has their own specifications and venue use requirements..	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** General Rates **LOW** Fees & user charges **MINIMAL** Other **UNLIKELY** All other funding sources	Fees & User Charges are made for hireage, events and retail sales. Fees & User Charges do not fully recover the cost of the private benefit and rates funding is required to ensure cost-effective access to this service can be provided. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from Claudelands Events Centre.

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Stadia	A fun city with lots to do	FMG Stadium Waikato provides a venue for high performance sport and events attended by large numbers of people. Seddon Park provides a venue for high performance sport (primarily cricket) and events attended by large numbers of people. The benefit to households of being able to attend live high-performance sport is reflected in the importance of sports to our cultural and social wellbeing.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each sport has their own specifications and requirements.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** General rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	Fees & user charges are made for admission, events and retail sales. Fees & user charges do not fully recover the cost of the private benefit and rates funding is required ensure cost-effective access to this service can be provided. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the stadium.
Theatres	A fun city with lots to do	The Theatre activity provides funding to the Waikato Regional Property Trust to deliver the Waikato Regional Theatre. This venue will provide a new world-class multi-purpose performing arts theatre to serve the region and Hamilton community.Primary benefits are to the community which is enriched by events and performances. Businesses benefit indirectly from these events.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	There is no practical means for Council to charge individuals or groups.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the theatres.

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Tourism & Events	A fun city with lots to do	Event Sponsorship Funding promotes Hamilton as a destination including supporting events which attract visitors. Annual funding to the Regional Tourism Organisation (Hamilton and Waikato Tourism Limited) supports initiatives that strengthen the attraction of both the city and region to the visitor market. Theatre, Tourism & Funding bring economic and profile benefits to Hamilton and its communities. The community is enriched by visitation.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have minor impact on this activity.	Council considers that there is little benefit of separate funding.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.

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Hamilton Gardens	A fun city with lots to do	The gardens are for the recreational enjoyment of the amenity by visitors. They are the region's largest visitor attraction. The households benefit for the recreation and amenity of the gardens. Business benefits from the visitor activity created by the attraction.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact.	Council considers that visitors are getting considerable benefit from the visitor attractions.	**MODERATE** General rates Fees & user charges **MINIMAL** Other **UNLIKEY** All other funding sources	A small amount of user charges is achievable for private use of the facility such as weddings, festivals and retail sales. Charges to access the themed gardens are appropriate for non-resident visitors. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Museum	A fun city with lots to do	The museum provides for exhibitions and use of the archives by visitors to the museum. Businesses benefit from this visitor attraction. The community benefits from a collective sense of history due to preservation of collections of regional significance and the contribution of the museum to the regional visitor and tourism economy.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** General Rates **MINIMAL** Fees & User Charges Grants & subsidies Other **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity. Fees & user charges set at an appropriate level to promote and provide access to a range of experiences which celebrate the arts and history of the region.

Te Kaaroro (Hamilton Zoo)	A fun city with lots to do	The primary benefit of the Hamilton Zoo is to users. An indirect benefit to business occurs as the zoo attracts regional tourism. Zoological activities assist the international protection species. Regional visitor uses the facilities providing indirect benefits to business. Council considers that households receive a similar benefit from the Zoo.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** General rates **LOW** Fees & User Charges **MINIMAL** Grants & subsidies Other **UNLIKELY** All other funding sources.	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit of the Hamilton Zoo. Fees & user charges are made for admission, events and retail sales. Fees & user charges do not fully recover the private benefit and rates funding is required ensure the viability of the facilities.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Parks and Recreation							
Community Facilities	A fun city with lots to do	Community facilities provide spaces for the community to use. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community facilities.	**MOST** General rates **MINIMAL** Other **UNLIKELY** All other funding sources	There is no practical way to collect revenues from private benefit of using these facilities. Tenancies which meet the Community Use Policy may be charged for their use and tenancies outside this policy would be charged for their private benefit. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community parks.
Parks Assets	A fun city with lots to do	Parks create amenity with green spaces and playgrounds throughout the city for the community to use. Users benefit directly from having the parks available. The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for park assets.	**MOST** General rates **MINIMAL** Fees & user charges Other **UNLIKELY** All other funding sources	There is no practical way to collect revenues from private benefit of using these parks. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community parks.

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Parks Contracts	A fun city with lots to do	Parks create amenity with green spaces and playgrounds throughout the city for the community to use. Users benefit directly from having the parks available. The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for park assets.	**ALL** General rates **UNLIKELY** All other funding sources	There is no practical way to collect revenues from private benefit of using these parks. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community parks.
Parks Service Delivery	A fun city with lots to do	Parks service delivery includes mowing and maintenance of the parks throughout the city for the community to use. Users benefit directly from having the services available. The whole community benefits from the amenity values, the health and wellbeing benefits	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for parks service delivery.	**HIGH** General Rates **LOW** Fees and user charges **MINIMAL** Borrowings **UNLIKELY** All other funding sources	There is no practical way to collect revenues from private benefit of using these parks. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community parks.
Nursery & Natural areas	A fun city with lots to do	Nursery provides trees and plants which create amenity throughout the city. Users benefit directly from having the tree and plant available. The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for nursery.	**HIGH** General rates **MINIMAL** Fees and user charges Borrowings **UNLIKELY** All other funding sources	There is no practical way to collect revenues from private benefit of planting trees and plants throughout the city. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from nursery.

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Cemeteries & Crematorium	A fun city with lots to do	The provision of burial facilities and services is for individuals. The city in turn has available green space, protecting public health by ensuring the safe disposal of human remains, and in maintaining cemeteries and cemetery records for future generations to locate their ancestors' burial plots/sites. The crematorium is a regional facility and benefits those who choose cremation.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of some individuals or groups have some impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** Fees & User charges **LOW** General rates **MINIMAL** Other **UNLIKELY** All other funding sources.	Individuals pay user charges for the initial acquisition and use of a burial site (burial fees and plot charges) or the crematorium. The Cemetery Plot Maintenance in Perpetuity Reserve Fund contributes to maintenance costs.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Community Services							
Customer	A city that's easy to live in	The customer services supports resilient and readiness of communities. All members of the community benefit from these activities.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community services.	**HIGH** General rates **MINIMAL** Fees & charges Borrowings **UNLIKELY** All other funding sources	This activity includes grants administration on behalf of others. This shows as an income and expense. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community development.
Libraries	A city that's easy to live in	The primary benefits from libraries are to those that borrow and use library material and resources. Waikato ratepayers get the benefit of free access, which is funded from the Waikato District Council. The libraries attract visitors which benefit local businesses. The community is enriched by the preservation of collections of regional significance and the contribution of the library to a well-informed and literate community.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** General Rates **MINIMAL** Fees & User Charges Subsidies & Grants Other **UNLIKELY** All other funding sources	Some private good component of library activities is recovered through user charges, and fines. High levels of user charging results in a considerable drop-off in usage and has proven to not be cost- effective. User recovery is also constrained by s.142 of the Local Government Act 2002. Waikato residence use is paid for by agreement with the Waikato District Council. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the libraries.

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Aquatics	A city that's easy to live in	The primary benefits from the leisure facilities are to the users of the pools for recreation, social, sporting, educational, and water safety purposes. Regional visitors use the facilities providing indirect benefits to business. Council considers that households receive a similar benefit from the availability of leisure facilities.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. There is a correlation between the numbers of people using the pool and operating costs.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	**HIGH** General Rates **LOW** Fees & User charges **MINIMAL** Other **UNLIKEY** All other funding sources	Fees & User Charges are made for casual recreation, programmes, swim school, and retail sales. Fees & User Charges do not fully recover the private benefit and rates funding is required to ensure the viability of the facilities. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from pool facilities.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Regulatory and Safety							
Animal Control	A city where our people thrive	Dog registration is a service that benefits dog owners by allowing legal ownership of dogs and enabling lost / impounded dogs to be traced to their owners. Dog ranging, pound keeping and response to animal complaints are activities that protect the public from the negative effects of the actions or inactions of dog owners.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions or inactions of animal owners create costs for this activity and negatively impact on the community. The negative impacts affect the whole community.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MODERATE** General rates Fees & User charges **MINIMAL** Other Borrowings **UNLIKELY** All other funding sources	Fees & User Charges recognise that the benefits of registration activities are to dog owners and the costs of responding to complaints about dogs and wandering stock are driven by the actions or inactions of animal owners. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from animal control.
Environmental Health Control	A city where our people thrive	The benefits of inspection and licensing of premises (including food premises, camping grounds, hairdressers, offensive trades and funeral directors) accrue mostly to the business owner. The protection of public health by ensuring standards are meet is a benefit to the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact. The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MODERATE** General rates **LOW** Fees & User Charges **MINIMAL** Borrowings **UNLIKELY** All other funding sources	Fees & User Charges recognise the benefits to people who apply for licences. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from a safer community.
Liquor Licensing	A city where our people thrive	The benefits of inspection and licensing of premises trading with alcohol accrue partly to the business owner. The protection of public health ensuring standards are meet is a benefit to the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact. The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.	Identifying separate funding assists in the accountability and transparency of the Council's expenditure on this activity.	**MOST** Fees & User Charges **MINIMAL** General rates Borrowings **UNLIKELY** All other funding sources	Fees & User Charges recognise the benefits to people who apply for licences. Charges are restricted by regulation.

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City Safety Operations	A city where our people thrive	The protection of public health by ensuring standards are meet is a benefit both households and business creating a better environment for the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups are primarily the reason for this activity.	There is no practical way to charge the individuals and groups creating the need for this activity.	**MOST** General rates **MINIMAL** Fees & user charges Subsidies & grants Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from a safer community.
Civil Defence & Emergency	A city where our people thrive	Civil defence activities are provided for the benefit of the whole community.	The benefit of operating costs is in having plans in the event of an emergency at some time in the future. The annual operating costs ensure there are up to date plans and staff and volunteers are trained. These costs are incurred in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for emergency management.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	In the event of activation, Council may be entitled to subsidies for some Civil Defence costs such as welfare. Council does not budget for this income or the expense. The planning for an emergency benefits the whole community and is fully rate-funded.
Building Control	A city where our people thrive	Individuals that apply for consents and use the other services in this area directly drive the majority of the costs. Building control activities also provide the public passing and entering a building and future owners and occupiers of the building with the benefits arising from compliance with standards at the time of construction.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MOST** Fees & user charges **MINIMAL** General rates Targeted rates Borrowings **UNLIKELY** All other funding	User Charges are favoured for those that apply for building consents, code compliance certificates, PIMs or LIMs. Some other income is collected in commissions.

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Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Growth							
Urban & Spatial Planning	A city where our people thrive	Urban & Spatial Planning provides professional resource management advice and leadership to Council, the community and the development industry; to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	**MOST** General rates **MINIMAL** Fees & User Charges Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from City Planning.
Planning Guidance	A city where our people thrive	Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs. These activities also provide benefit to persons other than the applicant such future owners and occupiers of the land (a property-based benefit). The whole community benefits as this activity aims to protect Hamilton's unique environment and residents' quality of life as the city grows and develops.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	**MODERATE** Fees & user charges General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	Fees & user charges recognise the benefits to people who apply for resource consents. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from city planning.
Growth Funding & Analytics	A city where our people thrive	Growth funding & analytics provides management advice to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their be nefit, where separate funding would be appropriate.	**HIGH** General Rates **LOW** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from growth programmes.

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Sustainable Communities	A city where our people thrive	Growth programmes provides management advice to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	**HIGH** General Rates **LOW** Targeted rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from growth programmes. The Targeted rates portion of funding is for the Business Improvement District.
Strategic property	A city where our people thrive	Strategic property provides management of property in Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	**HIGH** Other **MINIMAL** General Rates Fees and user charges Borrowings **UNLIKELY** All other funding sources	Rental income is the main source of income through renting out the properties.

Activity	Community priority	wellbeing	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Governance								
Democracy Services	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	**MOST** General rates **MINIMAL** Fees and user charges Borrowings **UNLIKELY** All other funding sources	General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity. A small amount of income is received every three years for providing election services to other organisations.
Mayor Office	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity.
Mayoral Support Services	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity.

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Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
Partnerships, Communication & Maaori							
Partnerships, Communication & Maaori	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Amorangi Maaori	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Communication & Engagement	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	**MOST** General rates **MINIMAL** Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
Community Partnerships, Funding & Events	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	**MOST** General rates **MINIMAL** Fees & user charges Borrowings **UNLIKELY** All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.

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