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# Rating Review April 2018

Including: Changes to rating system, Revenue and  
Financing Policy, Rates Remissions and  
Postponements Policy

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Financial impacts contained in the policy are based on the  
draft 2018/28 10-Year Plan.

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## STATEMENT OF PROPOSAL

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## OVERVIEW OF THE PROPOSAL

Hamilton City Council is proposing a change to the way rates are calculated and how they are divided up among ratepayers.

These proposals would reduce the sum total of rates existing ratepayers will pay by increasing the sum total of rates the Council gets from those benefitting from growth, and those creating more costs to the Council because of growth.

The result of these changes is the Council will collect \$40M more over the next 10 years from growth. This is money that would otherwise be paid by existing ratepayers if these rating policy changes aren't made.

There are five parts to the proposal:

- Move to capital value rating faster
- Introduce a Uniform Annual General Charge – UAGC
- Change how rural properties are rated
- Continue the Hamilton Gardens targeted rate
- Policy changes

Each part has its own section in this document, outlining the Council's preferred option, the advantages and disadvantages of the preferred option and other options considered.

A change to one element of this proposal may affect another part, and potentially change the rates increases proposed in the 2018-28 10-Year Plan.

### 1. Move to capital value rating faster

In 2014 the Council decided to move from land value to capital value over 10 years. We are in the third year of the transition and the Council is proposing to move straight to capital value rating from 1 July 2018. All land-value based transitional rates would cease.

### 2. Introducing a Uniform Annual General Charge (UAGC)

The Council is proposing to introduce a UAGC to everyone's rates. Under this proposal, a UAGC of \$500 would start from 1 July 2018 and increase each year at the same percentage as the general rate. It will be on every property on a Separately Used or Inhabited Part of a Rating Unit (SUIP) basis. This forms part of the total rates calculation for every rating unit, and is not "on top" of the rates you pay.

### 3. Changing how rural properties are rated

The Council is proposing to charge residential rates on rural properties within the Hamilton boundary. A new rating category called Other would be created for

properties not able to receive water and wastewater services.

### 4. Continuing the Hamilton Gardens Rate

The Council is proposing to continue with the targeted \$11.50 Hamilton Gardens rate which was previously scheduled to finish in 2017/18. This rate would be used for the development and maintenance of the themed gardens.

### 5. Changing Policies

The Revenue and Financing Policy, Rates Remissions and Postponement Policy, Funding Needs Analysis and Rating Policy have been updated to incorporate the proposed rating changes.

In addition, the following changes have also been made:

- Revenue and Financing Policy: a change to the existing policy to clarify a targeted rate could be set to pay for capital investments not funded from other revenue such as grants, subsidies or development contributions.
- Rates Remissions and Postponement Policy: Introduce new remissions for the UAGC.
- Update to remissions for the Council Rates Rebate, excess metered water consumption, natural calamity or disaster, water wastewater and refuse services, postponement and Maaori freehold land.
- Rating Policy: a change to how the targeted rates for 'Services' category properties are rated for water, wastewater and rubbish collection.

*(Full copies of the policies are attached)*

## OVERALL REASON FOR THE PROPOSAL

Since growth is higher than expected the Council must rethink the most appropriate rates options for the present and future needs of the city.

Having considered the options and many relevant factors, the proposal is the Council's preferred option because these changes would collect \$40 million more over the next 10 years from growth. This is money that would otherwise be paid by existing ratepayers if these rating policy changes aren't made.

## 10-YEAR PAN CONSULTATION DOCUMENT

For the past six years, the Council has been borrowing to pay for some of the everyday costs of running the city.

This is not sustainable and rates increases are proposed to address this.

The changes to the rates proposed in the Consultation Document provide long-term financial benefits as identified above in the overall reasons for the proposal.

This rating consultation sits alongside the 10-Year Plan consultation. Consideration of submissions and decisions on those will be undertaken at the same time.

[hamilton.govt.nz/ratingreview2018](http://hamilton.govt.nz/ratingreview2018)

## HOW WILL RATES CHANGE

The options considered, and decisions on rates increases may impact the sum total of rates set on individual properties.

The Council has three ways a ratepayer can find out the impact of these policy changes and the proposed rates for their property.

### Individual letters

Every ratepayer will receive a letter for each property they own showing the impact of the Council's preferred option for the next three years.

These letters should be received by 6 April 2018.

### Council's website

Ratepayers will be able to search individual properties on the Council's website to see the impact of each of the six options the Council is considering.

[hamilton.govt.nz/ratingreview2018](http://hamilton.govt.nz/ratingreview2018)

### 10-Year Pan Consultation Document

A sample of rates for a range of values and rating categories is included in the consultation document for six options the Council is considering.

## Overview

### PROPOSED OPTION

The Council is proposing a change to the way rates are calculated and how they are divided up among ratepayers. These changes include moving to capital value faster, introducing a UAGC, changing how rural properties are rated and extending the Hamilton Gardens targeted rate.

The graphic on this page shows the overall impact of the proposed changes in the 2018/19 financial year on categories of ratepayer based on an average rate rise to existing ratepayers of 9.5% rates rise (the amount the Council is proposing in the 10-Year Plan Consultation document).

There are 57,400 existing ratepayers in Hamilton. Across all these ratepayers, 51% (29,300) would have rates changes less than the average of 9.5% and of the 29,300, 12,200 would decrease or not change from current 2017/18 rates.

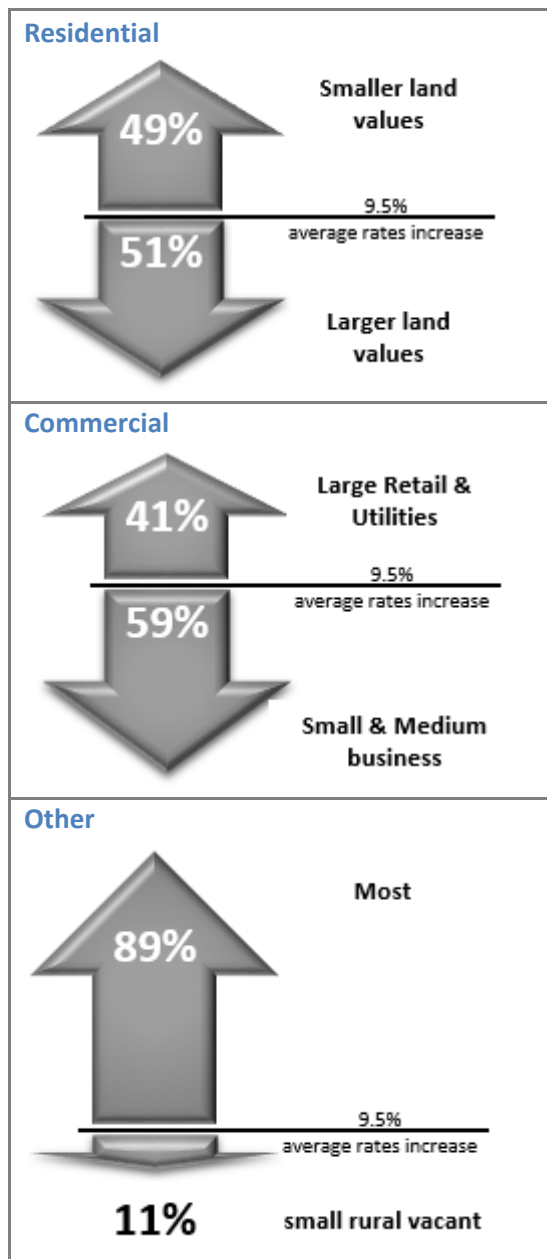
The remaining 49% (28,100) would receive an increase greater than the average of 9.5%.

Residential ratepayers make up 90% of all ratepayers.

These movements are consistent with the Council's expectations following the decision to move to capital value rating in 2014.

The new Other category has most ratepayers (89%) paying more due to the higher general rate differential proposed in this review.

Figure 1: Rates movements from average increase of 9.5% within each rating sector as a result of the proposal



## 1. Move to capital value rating faster

### PROPOSED OPTION

In 2014 the Council decided to move from land value to capital value for the general rate.

Under a land value rating system, rates are calculated based on the land value of a property only. Under a capital value rating system, rates are based on the total value of the property (i.e. land and buildings combined).

We are currently in the third year of a 10-year transition from land value to capital value rating. The transition was designed to mitigate the impact of high rates increases on high value properties.

We are now proposing to complete this transition faster and move to full capital value rating in the 2018/19 financial year commencing 1 July 2018. This would mean that properties with relatively high value buildings are likely to contribute a higher share of the total rates, while properties with relatively low value buildings are likely to contribute a lower share of total rates. As most new properties tend to have higher value buildings, we expect to receive an extra \$40m in rates from these properties over 10 years, reducing the cost to existing ratepayers.

All land value based transitional rates would cease.

### REASON FOR CHOOSING THIS OPTION

Growth paying for growth has been a guiding financial principle for the Council in its development of the 10-Year Plan.

Moving to capital value rating faster would provide the biggest impact for new properties to contribute more toward the cost of growth.

### Advantages of moving to capital value rating faster:

All of the advantages of moving to capital value as identified in 2014 remain. They were:

- A simpler, more transparent rating system
- Rates are applied to the full value of each property
- There is greater accuracy at revaluations due to sales evidence
- Utilities networks (e.g. electricity or fibre network companies) are included

- Better alignment with household incomes and ability to pay.

The advantages to moving to capital value rating faster are:

- New properties built would pay higher rates, contributing more to the costs they create
- Increased revenue from utility networks (e.g. electricity or fibre network companies), and as they grow they would pay more rates
- Reduces the rates paid by existing ratepayers by 1% in 2018/19
- More than half of all ratepayers will benefit from paying lower rates than they would under the transition, with 48% of commercial ratepayers getting rates decreases in 2018/19
- Extra revenue from these new properties of \$40 million over the 10 years
- More certainty for ratepayers about their future rates change
- Closer alignment of rates increases on a property to Council's stated average rates increase.

### Disadvantages of moving to capital value rating faster:

The disadvantages of moving capital value rating faster are:

- Ratepayers may have planned for the transition
- Higher-value properties would be impacted sooner than they would have under a transition
- Combined with the proposed rates increase, the top 10% of residential ratepayers would pay some of the highest rates for the value of the property when compared with other councils (*see Appendix 2*).

### OTHER OPTIONS CONSIDERED

#### Continuing with the transition (status quo)

In 2018/19, the transition would be at year four of ten - 40% of the rate collected on capital value and 60% collected on land value.

### Advantages of continuing the transition

- It would be the least disruptive and is well established
- High-value properties benefit from paying lower rates for the remaining six years.

### Disadvantages of Land Value

- Proposed rates of 9.5% for two years would have to increase to 10% for two years
- Existing ratepayers would pay \$40 million dollars more rates over the next 10 years as growth in new properties contributes less rates
- Lower value properties (51% of residential and 59% of commercial) would not gain the full benefit of capital value for the remainder of the transition.

The Council considered this option, but felt disadvantages outweighed the advantages.

### Introducing a transition remission

The Council considered an option to go to 100% capital value but to remit rates on existing ratepayers to replicate the transition.

Transition options over three and six years were considered.

### Advantages of continuing the transition, with a remission

- It somewhat replicated the status quo for existing ratepayers but allowed new properties to pay full capital value rates and therefore providing the \$40 million financial benefit

### Disadvantages of land value

- A remission is very complicated to implement across such a large portion of the city
- The total rates budget increases to pay for the transition remissions. There was no clear rationale for who would pay for the very large cost of the remission
- It was even more complicated for ratepayers to understand.

The Council considered this option, but felt the disadvantages outweighed the advantages.

### Targeted Rates for Community Infrastructure and Transportation

The Council considered an option to collect rates to pay for community infrastructure and transport projects in

advance of the projects being completed. The targeted rates were proposed to be rated on capital value.

### Advantages of targeted rates for community infrastructure and transportation

- There would be a transparent connection between what is paid in the rates and the spending of that money
- There would be no increase in debt.

### Disadvantages of land value

- The proposal would increase rates to unsustainable levels
- Projects funded by these rates would take longer to happen as funding would be limited to rates collected
- Capital revenue would be excluded from the Council's balancing the books measure, reducing the income available to fund the deficit in funding everyday costs.

## 2. Introducing a UAGC

### PROPOSED OPTION

The Council is proposing to introduce a UAGC to everyone's rates as the change to full capital value increases the spread of rates paid between low and high value properties.

Under this proposal, a UAGC of \$500 would start from 1 July 2018 and increase each year at the same percentage as the general rate. It will be on every property on a Separately Used or Inhabited Part of a Rating Unit (SUIP) basis. This forms part of the total rates calculation for every rating unit, and is not "on top" of the rates you pay.

If the UAGC was a flat rate of \$500 each year, the general rate would need to increase in 2019/20 by 11.3% so that the average total rates increase remains at 9.5%. Increasing rates this way means higher value properties would pay a bigger share of total rates and lower value properties would pay a lower share of the rates. Each year this lessens the advantages of introducing the UAGC.

The definition SUIP is contained in the Council Funding Impact Statement in the Annual Plan each year. The definition has been revised for next year. *(see Appendix 1).*

The UAGC smooths out these extremes, making rates more comparable to other cities. *(see Appendix 2).*

## REASON FOR CHOOSING THIS OPTION

This has been chosen as the preferred option as a UAGC would lessen the impact of rates increases on the higher value properties. This somewhat lessens the impact of removing the transition rate on these properties.

### Advantages of a UAGC

The advantages of a UAGC would be:

- High value properties would pay rates more comparable with similar value properties in other councils
- Low-value properties would pay rates more comparable with similar value properties in other councils
- A UAGC is commonly used by other councils
- A UAGC will somewhat minimise the impact of revaluations
- A UAGC set at \$500 UAGC means the fixed rates are 15% of total rates, well below the Government's limits of 30%.

### Disadvantages of a UAGC

The disadvantages of a UAGC would be:

- Lower-value properties pay more
- A UAGC is a regressive rate more likely to impact lower income ratepayers than higher income ratepayers. This is somewhat mitigated by the rebates to lower income earners available from the Government and the Council Rates Rebate Schemes
- As a UAGC is applied to SUIP's which is not well understood by current ratepayers and is more difficult to administer
- Reduces the rates collected under full capital value from new properties estimated at \$10m over 10 years.

## OTHER OPTIONS CONSIDERED

### No UAGC (status quo)

- Council would continue collect rates based on capital value
- The Council considered this option, but felt the disadvantages outweighed the advantages.

### Different values for UAGC

The amount of the UAGC could be set at any amount from \$0 to \$1,000.

Different levels of the UAGC would change the impacts on ratepayers. The greater the UAGC the more rates are flattened (i.e. the less rates vary between properties).

The total UAGC cannot exceed the government 30% cap on fixed rates, which limits the maximum UAGC to about \$1,000.

## 3. Changing how rural properties are rated

### PROPOSED OPTION

The Council is proposing a new rating category called Other. The rural category has been removed.

Another category property would be any property which is not residential or commercial and where water (except by meter) and wastewater are unavailable. (*see Appendix 3*)

The rate would be set at 72% of the residential rate. This recognises water and wastewater services not available to these properties.

There are 637 of these properties (less than 1% of the rating units).

### REASON FOR CHOOSING THIS OPTION

As part of the investigation into meeting the Council's guiding financial principle that growth should pay for growth, we identified a significant investment was being made each year to allow for the development of the future city.

This investment between \$8 to \$10 million per annum is the operating costs of planning for how and where the future city's new suburbs will be built. It does not include the cost of any infrastructure investment.

With Hamilton facing its highest sustained growth period the city's rapid growth places a heavy burden on the city to fund the infrastructure needed. The land within the city is zoned to be part of the future city so the Council decided it was no longer appropriate to discount rates due to a rural use and has removed the rural category.

### Advantages of changing how rural properties are rated

- Properties would make a more appropriate contribution to the costs of running the city, particularly those costs leading to the future development of this land
- It adjusts for the impact of capital value rating which reduces the rates on undeveloped land
- It increases total rates revenue, reducing the overall rates increase to other ratepayers
- It recognises Hamilton is an urban city, unlike most other NZ city councils which administer vast areas of rural land
- It encourages development as it deters land banking, which assists in responding to central government expectations on local government.
- It allows for adjustments for properties where water and wastewater services not provided
- It is less complex than options considered and not preferred by the Council

### Disadvantages of changing the rural rate

- High rate increases for most properties previously rated rural.

### OTHER OPTIONS CONSIDERED

The Council explored several other options.

#### Status Quo

The Council considered continuing with the current Rural rating category.

The move to capital value results in reduced rate collection from undeveloped or low capitalised land.

The Government has encouraged councils to do more to address housing shortage issues, including increasing availability of land.

The Council concluded rural rates are too low and do not provide incentives for development of the city.

#### Targeted Developer Ready Land Rate

The Council considered establishing a targeted rate on land ready for development, where the Council had provided the necessary infrastructure to allow for the land to be subdivided easily.

Investigations identified it was problematic to identify each parcel of land that could be developer ready and there was a considerable element of subjectivity to this.

The Council deemed it was not reasonably practicable to identify and rate this land and as such abandoned further investigation into this option.

## 4. Continuing the Hamilton Gardens Rate

### PROPOSED OPTION

The Hamilton Gardens targeted rate was originally intended to cease after 2017/18.

The Council is proposing to continue the development of the Hamilton Gardens with four new themed gardens and improvements to toilets, courtyards and car parks.

The Hamilton Gardens Rate will contribute to the building and maintenance of these developments.

### Advantages of Continuing the Hamilton Gardens Rate

- The rate would assist in developing the Hamilton Gardens further
- The rate would show a commitment to the projects
- The Council rate will encourage and supports other funders to assist in the projects
- The rate is well received, transparent and understood.

### Disadvantages of Continuing the Hamilton Gardens Rate

- The rate prioritises Hamilton Gardens over other projects
- The rate reduces the extra rates collected from new properties by a small amount.

## 5. Policy Changes

### PROPOSED OPTION

To implement revenue and rates the Council must have appropriate policies. These policies are:

- Funding Needs Analysis
- Revenue and Financing Policy
- Rates Remissions and Postponements Policy
- Rating policies



- Full copies of the policies are included in appendices 4 to 7

## REASON FOR CHOOSING THIS OPTION

These policies have been updated to reflect the following significant policy changes:

- Incorporate the Council's guiding Financial Principles into the Revenues and Financing Policy
- Change to capital value rating (including removal of the transitional rate)
- Introduce a UAGC
- Remove the rural rating differential
- Add the Other rating differential
- Continue the Hamilton Gardens targeted rate
- Change the calculation of rates for water, wastewater and refuse collection for non-rateable
- Add a maximum remission amount for water, wastewater and refuse collection for un-serviced properties
- Make clear the Council's intention to use all revenue sources for the collection of revenue to offset growth costs (including targeted rate options)
- Improve definitions for rating categories
- Improve the definition of the SUIP
- Rename the Council Hardship remission to the Council Rates Rebate
- Update the policies for a change in community outcomes, activities and to align with the Council's 10-Year Plan budgets
- Recognise the Housing Infrastructure Fund loan where appropriate.

## APPENDIX 1

### DEFINITION OF SEPARATELY USED OR INHABITED PARTS OF A RATING UNIT (SUIP)

#### SEPARATELY USED OR INHABITED PART OF A RATING UNIT (SUIP)

A SUIP is every rating unit and, without limitation, every additional dwelling, commercial or community activity. This includes:

- a) any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.
- a) any parts, whether or not actually occupied at any particular time, which are used for rental (or other form of occupation) on an occasional or long-term basis.
- b) vacant land and vacant premises offered or intended for use or habitation and usually used as such are defined as 'used'.

As part of this definition, the list below defines the Council's intent in the application of SUIPs to rating units that are used as for residential purposes:

- The second and each additional SUIP must have a separate bathroom, bedroom or living area and separate sink.
- Any part of a rating unit as described above (a-c) and is inhabited by virtue of a tenancy, lease, license or other agreement on an occasional or long-term basis.
- Single dwelling with flat attached.
- Two or more houses, flats or apartments on one rating unit.
- Ancillary flat or detached dwellings (as defined in the Hamilton District Plan)
- Individually surveyed lots of vacant land on one Certificate of Title offered for sale separately or in groups
- Residential accommodation rented individually per room. For a residential property to be classified as having additional SUIPs, each part must have a separate bathroom, bedroom or living area and separate sink.

As part of this definition, the list below defines the Council's intent in the application of SUIPs to rating units that are used for commercial activities:

- A commercial activity is any activity involving the exchange of goods or services for reward (whether for profit or not).
- Any part of a rating unit as described above (a-c) and is being inhabited by virtue of a tenancy, lease, license or other agreement on an occasional or long-term basis.
- Commercial building where there are clearly defined vacant parts, advertised for lease or tenancy.
- Business premise with separate permitted residential activity.
- Home based business (as defined in the Hamilton District Plan)
- Each use within a single rating unit that involves a different activity conducted by a person, company, or organisation different to the ratepayer (i.e. a large store which has a café operating within it, where the café is a separate business entity)
- Commercial building leased, or sub-leased, to multiple tenants
- A separate dwelling used for short-term accommodation.
- Commercial accommodation provided on a single rating unit for short-term stays (where average occupancy is limited as prescribed within Councils District Plan) will be one Separately Used or Inhabited Part.

In addition to the primary use, the list below defines the Council's intent in the application of SUIPs to rating units that are used as community activities:

- A community activity is any activity operated by an organisation (including clubs and societies).
- Any activity that meets the definition of Schedule 1 of the Local Government Rating Act 2002.

## APPENDIX 2

### RATES COMPARISON GRAPH

The graph below is based on 100% capital value rating with a 16% rate increase. Although there are different rates increase options in the 10-year Plan, including the preferred option to spreading the change over two years the outcome of these options is the same.

The two sets of columns on the left (red and green) show Hamilton's rates for a range of values (\$310,000, \$410,000, \$550,000 and \$750,000).

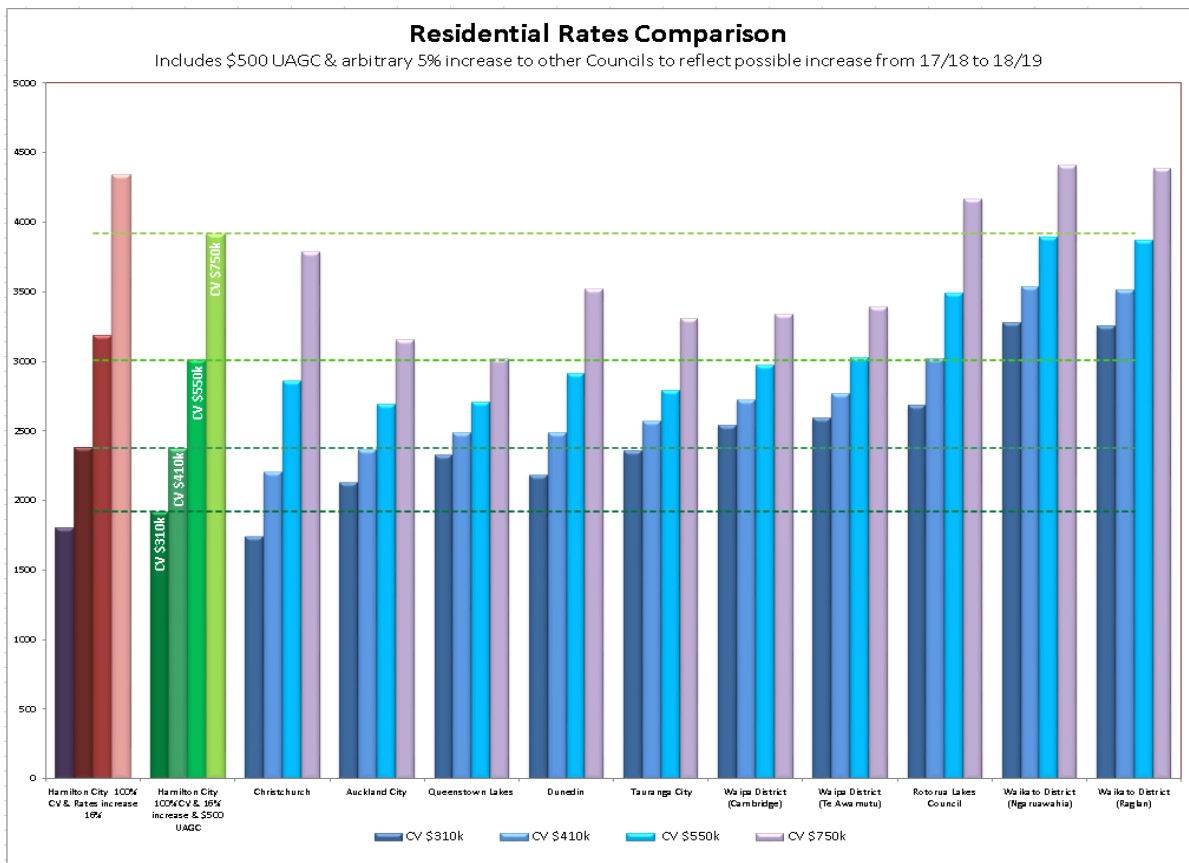
The red columns are 100% capital with a 16% capital value increase.

The green column is 100% capital value with a \$500 UAGC. It collects the same total sum of rates as the red column.

The blue columns are other comparator councils, with rates calculated for these same four values. To compare 2018/19 rates a 5% rate increase was assumed for the other councils above the rates they charged in 2017/18.

From this data the Council concluded:

- The proposed move to 100% capital value (red columns) shows the highest value (\$750,000) properties will pay some of the highest rates and the lowest value (\$310,000) properties pay the lowest rates (except Christchurch).
- The introduction of a \$500 UAGC (green columns) reduces the rates on the highest value \$750,000 and increases the rates on lower value properties. Note the rates around the median (middle) value property \$410,000 have minor changes.

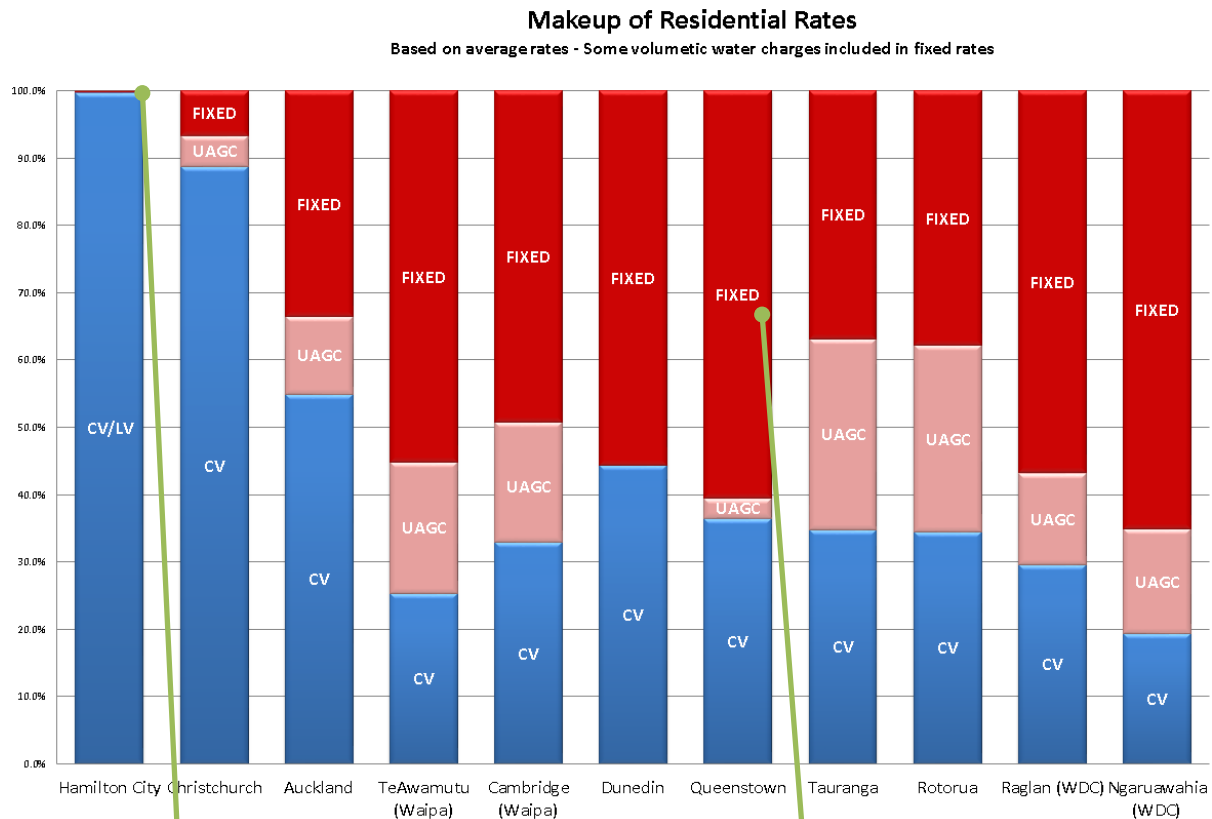


This graph represents information obtained via councils' websites and includes a number of assumptions with regard to water consumption (where applicable), and in the case of Auckland Council, a reduction allowing for an approximation of regional council rates equivalent. It is acknowledged that definitions of residential rates, property rating valuations and levels of service vary across councils.

APPENDIX 2 (CONT)

HOW COMMON IS THE UAGC AND FIXED TARGETED RATES?

The use of UAGC and fixed targeted rates for comparable cities are shown in the graph below.



In 2017/18 only the Hamilton gardens rate is fixed.

Fixed rates often water, sewerage and refuse

**After introducing the UAGC Hamilton's fixed rates are approximately 15% of total rates. Less than all comparator councils except Christchurch City**

## APPENDIX 3

### DEFINITION OF THE “OTHER” RATING CATEGORY

GENERAL RATE CATEGORY	DESCRIPTION
<b>Commercial</b>	<p>All rating units:</p> <ul style="list-style-type: none"> <li>i. Used solely or principally for commercial or industrial purposes; or</li> <li>ii. Used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hostels. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months; or</li> <li>iii. The area of a chartered club used for the restaurant, bar and gaming machines; or</li> <li>iv. The commercial portion of a rating unit which has mixed use; or</li> <li>v. Land developed or under development for a commercial use; or</li> <li>vi. Land where a commercial development is marketed for sale or lease, but where works have not yet commenced, whether or not wastewater services are currently available; or</li> <li>vii. Vacant land located in any District Plan zone that is predominantly used for Commercial or industrial purposes; or</li> <li>viii. Show homes; or</li> <li>ix. Utility Networks.</li> </ul>
<b>BID Commercial</b>	All rating units that meet the definition of Commercial above and are located within the Business Improvement District as shown on the 'Business Improvement District (BID) and Central City areas map' in Schedule one of the Rating Policy.
<b>Other</b>	<p>All rating units that do not meet the definition of Commercial or BID Commercial rating categories and where:</p> <ul style="list-style-type: none"> <li>i. Connection to Council's wastewater network is not available; and</li> <li>ii. Water supply is through a metered connection or connection to Council's water network is not available.</li> </ul>
<b>Residential</b>	<p>All rating units that do not meet the definition of Commercial, BID Commercial, or Other rating categories, or:</p> <ul style="list-style-type: none"> <li>i. Land under development intended for a residential use, or</li> <li>ii. Land where a proposed residential development is marketed for sale, whether or not water and wastewater services are currently available.</li> </ul>

**APPENDIX 4**

**FUNDING NEEDS ANALYSIS**

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## Funding Needs Analysis

### Purpose and scope

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) the Council must determine the appropriate sources of funding for each activity. In determining this, they 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.

### Previous reviews

6. The Council last reviewed the FNA in 2015, prior to the consultation on the Revenue and Financing Policy. The FNA had a minor amendment in 2017.
7. The review in 2018 is based on the 2015 policy (as amended in 2017). Changes have been made reflecting the considerations of the Council as they considered the funding of activities in developing the 2018-28 10-Year Plan.

### Funding sources for operating costs

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

10. The funding sources for operating costs include:

- a. User charges.
- b. Grants, sponsorship, subsidies and other income.
- c. Investment income.
- d. Development Contributions
- e. Reserve funds.
- f. Rates
  - General rate
  - Targeted rates.

11. Each funding source and how the 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 2: Consideration of legal requirements for operating expenses**

Headings-s.101(a) reference	Matters Council might consider
<b>Community outcomes s.101(3)(a)(i)</b>	- The 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.
<b>Distribution of benefits s.101(3)(a)(ii)</b>	- The distribution of benefits is given consideration by the Council having regard to the small geographic area of the City and the Council's preference for a simple rating system. The Council has considered how the benefit of activity applies to households, businesses and the community as a whole.
<b>Period of benefit- s.101(3)(a)(iii)</b>	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 the Council may choose to fund the activity over that period.
<b>Who creates the need- s.101(3)(a)(iv)</b>	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, the 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 the Council's opinion, this does not contribute to improved transparency and accountability.

**Analysis for operating costs by activity**

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

**Funding sources for capital costs**

13. 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.
- f. Proceeds from the sale of assets <sup>1</sup>.
- g. Reserve funds.
- h. Borrowing.
- i. Rates
  - General Rate
  - Targeted Rates.

14. Each funding source and how the 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**

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

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

- a. The Council sets the annual rate increase.
- b. The existing rating base plus an estimate for growth determines the rates income.

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<sup>1</sup> 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.”*

- 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. The Council sets the limit on debt, which determines the maximum debt funding available for capital costs.
17. 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 Hamilton Gardens' development (Activity: Hamilton Gardens) and Business Improvement District (BID) improvements (Activity: Tourism and Events Funding).
  - 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.
18. 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 Financial and 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.
19. A single project may have a mix of each of these funding options.
20. Whenever the 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, the 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 three.

**Table 3: Consideration of legal requirements for capital expenses**

Headings-s.101(a) reference	Matters Council might consider
<b>Community outcomes s.101(3)(a)(i)</b>	- 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 the Council resolves otherwise.
<b>Distribution of benefits s.101(3)(a)(ii)</b>	- 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 the Council resolves otherwise.  The Council may target those people or organisations who primarily benefit through financial and development contributions, lump sum options or Targeted Rates.
<b>Period of benefit- s.101(3)(a)(iii)</b>	For most capital projects, the benefit is received over the life or the capacity life of the asset. The Council will have regard to the equitable distribution of costs to each generation for the building and renewal of the asset.
<b>Who creates the need- s.101(3)(a)(iv)</b>	Some capital costs the Council spends because of the actions or inactions of individuals or groups create the need to undertake the activity.  The Council may choose to target these people or organisations through financial and development contributions or Targeted Rates.
<b>Separate funding- s.101(3)(a)(v)</b>	The 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.

21. 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

22. After considering the section 101(3)(a) components, the 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, the Council has decided to band the percentages into the categories listed in table four.
23. 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 the Council will be able to secure additional funding that may be become available.
24. 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.

**Table 4: Funding bands**

Name	Percentage range
<b>None</b>	0%
<b>Minimal</b>	0% - 20%
<b>Low</b>	20% - 40%
<b>Moderate</b>	40% - 60%
<b>High</b>	60% - 80%
<b>Most</b>	80% - 100%
<b>All</b>	100%

### **Funding sources and rationale**

25. This column of Schedule 1 identifies which of the funding sources the 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).
  26. 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 the Council's preferences for using these sources. The Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.
  27. The funding source for an activity may be modified by the 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.
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## Schedule One: Activity Funding Needs Analysis 101(3)(a) – operating costs

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Water Supply</b>							
<b>Water Treatment and Storage</b>	A city that embraces growth	<p>The primary benefit for having a safe and adequate volume of water is to households and business.</p> <p>The Council considers that each household receives a similar benefit from a safe and adequate storage of water.</p>	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.	Council considers that there is little benefit of separate funding.	<p><b>ALL</b> General Rates</p> <p><b>UNLIKELY</b> All other funding sources</p>	General Rates are the appropriate funding source for households as they are easy to administer and users receive a similar benefit from the quality and quantity of supply.
<b>Water Distribution</b>	A city that embraces growth	<p>The primary benefit for having an outstanding water distribution network and water demand management is to households and business.</p> <p>The Council considers that each household receives a similar benefit from a safe, reliable and adequate storage of water.</p> <p>1700 properties outside the district are supplied with water.</p> <p>Business and non-developed and out of district water users have variable benefit from different water consumption from connection to connection.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Very limited impact of the actions or actions of others.	The Council considers that there is little benefit of separate funding.	<p><b>MODERATE</b> General Rates Targeted Rates</p> <p><b>MINIMAL</b> User Charges</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>General Rates are the appropriate funding source for households as they are easy to administer and users receive the same benefit from the supply of water including the benefits of demand management.</p> <p>Metered Water Rates (Targeted Rates) are appropriate for funding business and rural consumers.</p> <p>Where bulk water or out of district water is supplied it is charged on a User Charges basis.</p>

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Wastewater</b>							
<b>Wastewater Collection</b>	A city that embraces growth	<p>The collection of sewage is primarily a benefit to households and business that are connected to the schemes by removing the waste from properties.</p> <p>The Council considers that each household and business receives a similar benefit from the removal of sewage.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Very limited impact of the actions or actions of others.	Council considers that there is little benefit of separate funding.	<p><b>MOST</b> General Rates.</p> <p><b>MINIMAL</b> Targeted Rate User Charges.</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>In most cases it is not practicable to measure the quantity of each individual's contribution to the sewerage system.</p> <p>General Rates are the appropriate funding source for households and business as they receive a similar benefit from sewage collection.</p>
<b>Wastewater Treatment and Disposal</b>	A city that embraces growth	<p>The treatment and disposal of sewage are primarily a benefit to the whole community, by removing the health risks.</p> <p>The protection of the environment is a benefit to the serviced communities.</p> <p>The Council considers that each household and business receives a similar benefit from the treatment and disposal of sewage.</p>	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.	The Council considers that there is little benefit of separate funding.	<p><b>MOST</b> General Rates.</p> <p><b>MINIMAL</b> User Charges.</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>In most cases it is not practicable to measure the quantity of individual's contribution to the sewerage system.</p> <p>There are some businesses that produce abnormal sewage where direct charging is appropriate. This is required by the Trade Waste Bylaw 2016 in addition to the General or Targeted Rate. Their share of costs is recovered by way of trade waste user charges.</p> <p>The community benefits from the safety and environmental effects of sewage treatment and disposal.</p> <p>General Rates are the appropriate funding source for households and business as they receive the same benefit from wastewater collection.</p>

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Stormwater</b>							
<b>Stormwater Network</b>	A city that embraces growth	<p>Stormwater collection benefits households and business by minimising and removing stormwater from properties. This benefit extends to the wider community in public spaces.</p> <p>Stormwater treatment provides a community benefit particularly in improving river health.</p> <p>Council considers that each household and business receives approximately the same benefit from the stormwater network.</p>	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	The Council considers that there is little benefit of separate funding.	<p><b>MOST</b> General rates.</p> <p><b>MINIMAL</b> User Charges</p> <p><b>UNLIKELY</b> All other funding sources.</p>	<p>There is no practical way to charge individuals or groups for any direct benefit.</p> <p>General Rates are the appropriate funding source for households and business as they are easy to administer and users receive the same benefit from the stormwater network.</p>
<b>Transport</b>							
<b>Transport Network</b>	A city that embraces growth	<p>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.</p> <p>The Council considers that each household and business receives approximately the same benefit from the transport network.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	<p>There is an impact of the actions or inactions of others.</p> <p>Costs are driven by traffic volumes and size. Large vehicles, wear roads out more quickly than motorcars.</p>	The Council considers that there is little benefit of separate funding.	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> Subsidy &amp; other Targeted Rate User Charges Investment income</p> <p><b>UNLIKELY</b> All other funding sources.</p>	<p>While individuals benefit by using the transport network there is no practical means available to charge for this. Subsidies sourced from the New Zealand Transport Agency (NZTA) are funded from licensing revenue that represents some element of user pays, as in the case of Road User Charges, which are based on road kilometres travelled. The Council receives a minimal amount of regional petrol tax.</p> <p>The subsidy revenue from the NZTA is available to fund both operating and capital costs.</p> <p>A targeted rate applied to businesses within the CBD funds a share of the operating costs of the Access Hamilton Strategy.</p>

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Parking Management</b>	A city that embraces growth	<p>Parking provides a direct benefit to users. Having parking available in business areas provides an indirect benefit to businesses.</p> <p>The Council considers that users receive the primary benefit of parking management.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	<p>There is an impact of the actions or inactions of others.</p> <p>Demand is driven by volumes and time parked.</p>	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<p><b>HIGH</b> User Charges</p> <p><b>LOW</b> General Rates</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>Balancing user charges, demand management and the impact of businesses is challenging and requires close monitoring.</p> <p>There are well established user charges methodologies for city parking that assist in demand management.</p> <p>Fines revenue is included in user charges and results in this activity operating at a surplus.</p>
<b>Rubbish and Recycling</b>							
<b>Refuse Collection</b>	A city that embraces growth	<p>Removal of refuse provides a benefit to households.</p> <p>Introducing new options for refuse collection enable better environmental management of waste and contribute to waste minimisation goals.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	<p>Some households create more waste than others. This is managed by rules on volumes of waste.</p> <p>Refuse varies across business. This is managed by the Council not providing service and leaving pricing to market forces.</p>	The Council considers that there is little benefit of separate funding.	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> Targeted Rates User Charges</p> <p><b>UNLIKELY</b> All other funding sources</p>	General Rates are the appropriate funding source for households as they are easy to administer and users receive a similar benefit from refuse collection.
<b>Waste Minimisation</b>	A city that embraces growth	The whole community benefits from action in this area to minimise the negative impacts of waste.	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.	The Council considers that there is little benefit of separate funding.	<p><b>ALL</b> Grants, Subsidy &amp; other.</p> <p><b>UNLIKELY</b> All other funding</p>	General Rates are the appropriate funding source for households as they are easy to administer and users receive a similar benefit.
<b>Landfill Site Management</b>	A city that embraces growth	The whole community benefits from the responsible management and monitoring of closed landfills	The benefit of most operating costs is expected to arise in the year the funding is	The actions of individuals or groups have a minor impact	The Council considers that there is little benefit of separate funding.	<p><b>ALL</b> General Rates</p> <p><b>UNLIKELY</b> All other funding sources</p>	General Rates are the appropriate funding source for households as they are easy to administer and users receive a similar benefit.



## Venues, Tourism and Major Events

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Claudelands</b>	A great river city	<p>Claudelands provides venues for events that are attended by large numbers of people including high performance sport, conferences, functions, concerts and shows.</p> <p>The community is enriched by the range of events and activities at the venue.</p> <p>Events provide direct and indirect benefits to businesses.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	<p>The actions of most individuals or groups have some impact on this activity.</p> <p>Each sport has their own specifications and requirements for stadia.</p>	Identifying separate user pays funding assists in the accountability and transparency of the Council's expenditure on this activity.	<p><b>HIGH</b> General Rates</p> <p><b>LOW</b> User Charges</p> <p><b>MINIMAL</b> Investment</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>User Charges are made for hireage, events and retail sales.</p> <p>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.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from Claudelands.</p>
<b>FMG Stadium</b>	A great river city	<p>FMG Stadium provides a venue for high performance sport 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 sport to our cultural and social wellbeing.</p> <p>Sporting events provide direct and indirect benefits to businesses.</p> <p>The community is enriched by national and regional events.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	<p>The actions of most individuals or groups have some impact on this activity.</p> <p>Each sport has their own specifications and requirements.</p>	Identifying separate user pays funding assists in the accountability and transparency of the Council's expenditure on this activity.	<p><b>HIGH</b> General Rates</p> <p><b>LOW</b> User Charges</p> <p><b>MINIMAL</b> Investment Income</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>User Charges are made for admission, events and retail sales.</p> <p>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.</p> <p>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.</p>

<b>Seddon Park</b>	A great river city	<p>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 sport to our cultural and social wellbeing.</p> <p>Sporting events provide direct and indirect benefits to businesses.</p> <p>The community is enriched by national and regional events.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of most individuals or groups have some impact on this activity.</p> <p>Each sport has their own specifications and requirements.</p>	<p>Identifying separate user pays funding assists in the accountability and transparency of the Council's expenditure on this activity.</p>	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> User Charges Investment Income</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>User Charges are made for admission, events and retail sales.</p> <p>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.</p> <p>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.</p>
<b>I-Site</b>	A great river city	<p>I-site provides services to visitors and promotes Hamilton.</p> <p>General promotion provides benefits to all businesses while referrals and bookings provide direct benefits to business.</p> <p>The I-site is part of a national network providing a benefit to households and businesses when planning travel.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of most individuals or groups have minor impact on this activity.</p>	<p>Identifying separate user pays funding assists in the accountability and transparency of the Council's expenditure on this activity.</p>	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> User Charges</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>User Charges are made for commissions, events and retail sales.</p> <p>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.</p> <p>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.</p>

<b>Tourism and Events Funding</b>	A great river city	<p>Tourism and Events Funding promotes Hamilton as a tourism destination including supporting events which attract visitors.</p> <p>General promotion provides benefits to all businesses while referrals and bookings provide direct benefits to business.</p> <p>The community is enriched by national and regional events</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of most individuals or groups have minor impact on this activity.</p>	<p>The Council considers that there is little benefit of separate funding.</p>	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> User Charges</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>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.</p>
<b>Visitor Attractions</b>							
<b>Hamilton Gardens</b>	A great river city	<p>The gardens are for the recreational enjoyment of the amenity by visitors. They are the region's largest visitor attraction.</p> <p>The households benefit for the recreation and amenity of the gardens.</p> <p>Business benefits from the visitor activity created by the attraction.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of individuals or groups have some impact.</p>	<p>The Council considers that visitors are getting considerable benefit from the visitor attractions.</p>	<p><b>HIGH</b> General Rates</p> <p><b>MINIMAL</b> Targeted Rate User Charges</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>A small amount of user charges is achievable for private use of the facility such as weddings, festivals and retail sales.</p> <p>User charges to the themed gardens are appropriate for non-resident visitors. It is not practical to charge casual users.</p> <p>It is budgeted that all costs associated with the Gardens development meet from the Gardens targeted rate will be for both operating and capital costs.</p>

<b>Waikato Museum</b>	A great river city	<p>The museum provides for exhibitions and use of the archives by visitors to the museum.</p> <p>Businesses benefit from this visitor attraction.</p> <p>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.</p>	<p>The benefit of most operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of most individuals or groups have a minor impact on this activity.</p>	<p>Identifying separate user pays funding assists in the accountability and transparency of the Council's expenditure on this activity.</p>	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> User Charges Grants &amp; subsidies</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>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.</p> <p>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.</p>
<b>Hamilton Zoo</b>	A great river city	<p>The primary benefit of the Hamilton Zoo is to users. An indirect benefit to business occurs as the zoo attracts regional tourism.</p> <p>Zoological activities assist the international protection species.</p> <p>Regional visitor uses the facilities providing indirect benefits to business.</p> <p>The Council considers that households receive a similar</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of most individuals or groups have some impact on this activity.</p>	<p>Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.</p>	<p><b>HIGH</b> General Rates</p> <p><b>LOW</b> User Charges</p> <p><b>MINIMAL</b> Grants &amp; subsidies Investment Income</p> <p><b>UNLIKELY</b> All other funding sources.</p>	<p>User Charges are made for admission, events and retail sales.</p> <p>User Charges do not fully recover the private benefit and rates funding is required ensure the viability of the facilities.</p> <p>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.</p>

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Parks and Recreation</b>							
<b>Community Parks</b>	A great river city	<p>Community parks create amenity with green spaces and playgrounds throughout the city.</p> <p>The whole community benefits from this activity.</p> <p>There are some tenancies on community parks.</p>	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.	The Council considers that there is little benefit of separate funding for community parks.	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> Investment income</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>There is no practical way to collect revenues from private benefit of using these parks.</p> <p>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.</p> <p>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.</p>
<b>Natural Areas</b>	A great river city	<p>Natural areas include gullies and native plantings create amenity with green spaces.</p> <p>The whole community benefits from this activity.</p>	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.	The Council considers that there is little benefit of separate funding for natural areas.	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> Grants &amp; subsidies</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>Some external funding is available for improving these areas.</p> <p>General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from for natural areas.</p>
<b>Streetscapes</b>	A great river city	<p>Streetscapes create amenity with green spaces.</p> <p>The whole community benefits from this activity.</p>	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.	The Council considers that there is little benefit of separate funding for streetscapes.	<p><b>ALL</b> General Rates</p> <p><b>MINIMAL</b> Subsidies</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from streetscapes.</p>

<b>Sports Parks</b>	A great river city	<p>Sports parks provide active recreation for training and competition for all levels of sport. Users benefit directly from having the facilities available.</p> <p>The whole community benefits from the amenity values, the health and wellbeing benefits. The community is enriched by the sports performance and events.</p> <p>Business benefits indirectly from the events.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced</p>	<p>The actions of most individuals or groups have a minor impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of the Council's expenditure on this activity.</p>	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> User Charges Investment income</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>User Charges set at an appropriate level to promote and provide the sustainable use of these facilities.</p> <p>General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from sports parks.</p>
<b>Cemeteries &amp; Crematorium</b>	A great river city	<p>The provision of burial facilities and services is for individuals.</p> <p>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.</p> <p>The crematorium is a regional facility and benefits those who choose cremation.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of some individuals or groups have some impact on this activity.</p>	<p>Identifying separate funding assists in the accountability and transparency of the Council's expenditure on this activity.</p>	<p><b>MOST</b> User charges</p> <p><b>MINIMAL</b> General Rates Reserve funds Investment Income</p> <p><b>UNLIKELY</b> All other funding sources.</p>	<p>Individuals pay user charges for the initial acquisition and use of a burial site (burial fees and plot charges) or the crematorium.</p> <p>The Cemetery Plot Maintenance in Perpetuity Reserve Fund contributes to maintenance costs.</p>

<p><b>Pools</b></p>	<p>A great river city</p>	<p>The primary benefits from the leisure facilities are to the users of the pools for recreation, social, sporting, educational, and water safety purposes.</p> <p>Regional visitors use the facilities providing indirect benefits to business.</p> <p>The Council considers that households receive a similar benefit from the availability of leisure facilities.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of most individuals or groups have some impact on this activity.</p> <p>There is a correlation between the numbers of people using the pool and operating costs.</p>	<p>Identifying separate user pays funding assists in the accountability and transparency of the Council's expenditure on this activity.</p>	<p><b>HIGH</b> General Rates</p> <p><b>LOW</b> User Charges</p> <p><b>MINIMAL</b> Grants Sponsorship Investment Income</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>The Active Hamilton Strategy encourages participation. Appropriate pricing of access contributes to this.</p> <p>User Charges are made for casual recreation, programmes, swim school, and retail sales.</p> <p>User Charges do not fully recover the private benefit and rates funding is required to ensure the viability of the facilities.</p> <p>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.</p>
<p><b>Indoor Recreation</b></p>	<p>A great river city</p>	<p>The primary benefits from the indoor recreation are to users of the Te Rapa Sportsdrome for recreation, social, sporting, and educational purposes.</p> <p>Regional visitor uses the facilities providing indirect benefits to business.</p> <p>The Council considers that households receive a similar benefit from indoor recreation facilities.</p>	<p>The benefit of operating costs is expected to arise in the year the funding is sourced.</p>	<p>The actions of most individuals or groups have some impact on this activity.</p> <p>There is a correlation between the numbers of people using the facilities and operating costs.</p>	<p>Identifying separate users pays funding assists in the accountability and transparency of the Council's expenditure on this activity.</p>	<p><b>HIGH</b> General Rates</p> <p><b>MINIMAL</b> Investment Income</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>The Active Hamilton Strategy encourages participation. Appropriate pricing of access contributes to this.</p> <p>User Charges are made for casual recreation use and fees for recreation programmes.</p> <p>User Charges do not fully recover the private benefit and rates funding is required ensure the viability of the facilities.</p> <p>General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from indoor recreation facilities.</p>

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Arts and Community</b>							
<b>Community Development</b>	A great river city	The community development activity 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.	The Council considers that there is little benefit of separate funding for community development.	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> User Charges Grants &amp; subsidies. Investment income</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>This activity includes grants administration on behalf of others. This shows as an income and expense.</p> <p>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.</p>
<b>Libraries</b>	A great river city	<p>The primary benefits from libraries are to those that borrow and use library material and resources.</p> <p>Waikato ratepayers get the benefit of free access, which is funded from the Waikato District Council.</p> <p>The libraries attract visitors which benefit local businesses.</p> <p>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.</p>	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 the Council's expenditure on this activity.	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> User Charges Grants &amp; subsidies</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>Some private good component of library activities is recovered through user charges, and fines.</p> <p>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.</p> <p>Waikato residence use is paid for by agreement with the Waikato District Council.</p> <p>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.</p>



Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Theatre</b>	A great river city	The Theatre activity provides funding to other parties to provide events and performing arts venues that assist in celebrating our arts and culture. The Founders Theatre is closed for the foreseeable future.  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 the Council to charge individuals or groups.	<b>ALL</b> General Rates  <b>UNLIKELY</b> 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.
<b>Arts Promotion</b>	A great river city	The community is enriched by art events and performances.	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 the Council's expenditure on this activity.	<b>ALL</b> General Rates  <b>UNLIKELY</b> 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 arts promotion.

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Safety</b>							
<b>Animal Education and Control</b>	A great river city	<p>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.</p> <p>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.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	<p>The actions or inactions of animal owners create costs for this activity and negatively impact on the community.</p> <p>The negative impacts affect the whole community.</p>	Identifying separate funding assists in the accountability and transparency of the Council's expenditure on this activity.	<p><b>MODERATE</b> User charges General rates</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>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.</p> <p>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.</p>
<b>Environmental Health</b>	A great river city	<p>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.</p> <p>The protection of public health by ensuring standards are met is a benefit to the community.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	<p>The actions of individuals or groups have some impact.</p> <p>The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.</p>	Identifying separate funding assists in the accountability and transparency of the Council's expenditure on this activity.	<p><b>MODERATE</b> General Rates User Charges</p> <p><b>MINIMAL</b> Grants &amp; subsidies</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>User Charges recognise the benefits to people who apply for licences.</p> <p>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.</p>
<b>Alcohol Licensing</b>	A great river city	<p>The benefits of inspection and licensing of premises trading with alcohol accrue partly to the business owner.</p> <p>The protection of public health ensuring standards are met is a benefit to the community.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	<p>The actions of individuals or groups have some impact.</p> <p>The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.</p>	Identifying separate funding assists in the accountability and transparency of the Council's expenditure on this activity.	<p><b>MOST</b> User Charges</p> <p><b>LOW</b> General Rates</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>User Charges recognise the benefits to people who apply for licences. Charges are restricted by regulation.</p> <p>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.</p>

<b>Public Safety</b>	A great river city	The protection of public health by ensuring standards are met 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.	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> User charges</p> <p><b>UNLIKELY</b> All other funding sources</p>	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.
<b>Civil Defence</b>	A great river city	Civil defence activities are provided for the benefit of the whole community.	<p>The benefit of operating costs is in having plans in the event of an emergency at some time in the future.</p> <p>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.</p>	The actions of most individuals or groups have a minor impact on this activity.	The Council considers that there is little benefit of separate funding for emergency management.	<p><b>ALL</b> General Rates</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>In the event of activation the Council may be entitled to subsidies for some Civil Defence costs such as welfare. Council does not budget for this income or the expense.</p> <p>The planning for an emergency benefits the whole community and is fully rate-funded.</p>

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>City Planning &amp; Development</b>							
<b>City Planning</b>	A city that embraces growth	<p>City 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.</p> <p>The whole community benefits from this activity.</p>	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.	<p><b>MOST</b> General Rates</p> <p><b>LOW</b> User Charges</p> <p><b>UNLIKELY</b> All other funding sources</p>	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.
<b>Planning Guidance</b>	A city that embraces growth	<p>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.</p> <p>These activities also provide benefit to persons other than the applicant such future owners and occupiers of the land (a property-based benefit).</p> <p>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.</p>	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 the Council's expenditure on this activity.	<p><b>HIGH</b> User Charges</p> <p><b>LOW</b> General Rates</p> <p><b>UNLIKELY</b> All other funding</p>	<p>A User Charge recognises the benefits to people who apply for resource consents.</p> <p>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.</p>
<b>Building Control</b>		Individuals that apply for consents and use the other	The benefit of operating costs is	The actions of most individuals or groups	Identifying separate funding assists in the	<b>MOST</b>	User Charges are favoured for those that apply for building

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
	A city that embraces growth	<p>services in this area directly drive the majority of the costs.</p> <p>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.</p> <p>Information is supplied to the public through inquiries.</p> <p>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.</p>	expected to arise in the year the funding is sourced.	have a minor impact on this activity.	accountability and transparency of Council's expenditure on this activity.	<p>User Charges</p> <p><b>LOW</b> General Rate</p> <p><b>UNLIKELY</b> All other funding</p>	<p>consents, code compliance certificates, PIMs or LIMs.</p> <p>Some other income is collected in commissions.</p>
<b>Democracy Services</b>							
<b>Governance &amp; Public Affairs</b>	A Council that is best in business	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.	The Council considers that there is little benefit of separate funding for this activity.	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> User Charges</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>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.</p> <p>A small amount of income is received every three years for providing election services to other organisations.</p>

Activity	Community outcomes	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Partnership with Maaori</b>	A Council that is best in business	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.	<b>ALL</b> General Rates <b>UNLIKELY</b> 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.

**APPENDIX 5**

**REVENUE AND FINANCING POLICY**

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# REVENUE AND FINANCING POLICY

## PURPOSE AND SCOPE

1. This Policy outlines the choices the Council has made to determine the appropriate funding of operating and capital expenditure from the sources<sup>1</sup> of funds listed in the Local Government Act 2002 (LGA). The Policy also shows how the Council has complied with section 101(3)<sup>2</sup>. The comprehensive section 101(3) analysis is separately documented in the Funding Needs Analysis.
2. Determining the appropriate way to fund the Council activities is complex. The process of complying with this legislation that takes account of many matters including, but not limited to:
  - Legal.
  - Social.
  - Competition.
  - Affordability.
  - Impact of change.
  - Efficiency.
  - Equity.
  - Cost.
  - Intergenerational equity.
  - Transparency.
  - Accountability.
  - Business.
  - Strategic Alignment.
  - Benefit.

## PRINCIPLES

3. Council has determined the following guiding principles to be applied when considering the appropriate use of funding sources:

### Growth

- a. Growth cells will be completed to an approved level of service.
- b. Growth will pay for growth.

### Levels of Service

- c. Asset sale proceeds will be used to pay down debt.
- d. Council will fund maintenance and renewals as per approved Asset Management Plans.
- e. Council should explore external funding options for new discretionary projects whenever possible.

### Financial Strategy

- f. The everyday costs of running the city will be met from everyday revenues.
- g. The main source of our everyday revenue will be general rates.
- h. Targeted rates could be used to fund the council portion of new projects where the costs of these activities can be easily identified.
- i. When a private benefit can be identified and it is efficient to collect the revenue user charges will be considered.
- j. Rates certainty will be a key consideration.
- k. Affordability of rates will be considered.

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<sup>1</sup> The sources of funds are listed in section 103(2).

<sup>2</sup> All legislative references are to the Local Government Act 2002 unless otherwise stated.



- I. Council will adopt a prudent Financial Strategy which supports its current credit rating.
4. Complying with these principles can at times be challenging. The Council must apply judgment in assessing many options to determine appropriateness in its development of budgets or acquisition of assets and the choice of funding sources to implement these.

## POLICY

### Funding sources for operating costs

5. Operating costs are the everyday spending that maintains the services delivered by the Council. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.
6. The Council must consider the funding of each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges, such as swimming pool admission fees, others with Targeted Rates, such as a Business Improvement District Rate, and others from the General Rate, such as road maintenance.
7. The funding sources for operating costs include:

### User charges

8. User charges are used for services where there is an identifiable benefit to an individual or group. User charges are a broad group of fees charged directly to an individual or entity. It includes:
 

▪ Entry fees.	▪ Regulatory charges.	▪ Memberships.
▪ Service charges.	▪ Fines and penalties.	▪ Planning and consent fees.
▪ Hire.	▪ Connection fees.	▪ Statutory charges.
▪ Rent, lease, licences for land and buildings.	▪ Disposal fees.	▪ Retail sales.
▪ Deposits.		
▪ Private works.		
▪ Permits.		
9. The price of the service is based on a number of factors, including:
  - a. The cost of providing the service.
  - b. The estimate of the users' private benefit from using the service.
  - c. The impact of cost to encourage/discourage behaviours.
  - d. The impact of cost on demand for the service.
  - e. Market pricing, including comparability with other councils.
  - f. The impact of rates subsidies if competing with local businesses.
  - g. Cost and efficiency of collection mechanisms.
  - h. The impact of affordability on users.
  - i. Statutory limits.
  - j. Other matters as determined by the Council.
10. The Council's ability to charge User Charges is limited by the powers conferred on it by many statutes and regulations. As a general rule, fees for statutory functions should be set at no more

than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (e.g. Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. The Council considers it appropriate to incorporate overhead charges in the determination of the cost of providing a service.

11. Where goods or services are sold commercially, the Council's preference is to charge a market price, having regard to the powers conferred on it referred to above. This includes leases, rents and licences for land and buildings.
12. Fees and charges may be set by Council at any time and are reviewed by Council annually. A list of current fees and charges is maintained on Council's website.
13. User charges revenue is allocated to the activity which generates the revenue.

#### Grants, sponsorship, subsidies and other income

14. Grants, sponsorship and subsidies are used where they are available. Many of these items are regular and predictable and therefore can be budgeted. Some items of other income are unexpected or unpredictable and may not be able to be prudently budgeted (e.g. reparation payments, civil defence and other reimbursements, legal settlements and insurance claims).
15. The Council expects to continue receiving substantial subsidies for road maintenance from government or its agencies.

#### Investment income

16. The Council's investment policy is documented in its Investment and Liability Management Policy. These investments generate income such as dividends, interest, and rents.
17. Income from assets is receipted to the activity that owns the asset.

#### Development contributions, financial contributions, proceeds from the sale of assets and lump sum contributions

18. The Council primarily does not collect revenue from these funding sources to fund operating costs. Development Contributions revenue funds the interest cost on debt for growth related capital projects.

#### Reserve funds

19. The Council maintains a small number of cash-funded reserve funds. Some of these reserve funds are available to meet operating costs (e.g. cemetery maintenance).
20. Generally, these funds are used for the purposes that the reserve was created.

#### Borrowing

21. Borrowing is generally undertaken at a whole of council level subject to the constraints on rates increases and debt levels set by the Financial Strategy.
22. The Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

## Rates

23. Having appropriately exhausted all other funding sources, the Council funds its remaining operating expenses from rates. For many activities this is the main funding source.
24. These matters were considered by Council when determining the funding requirements from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by section 101(3)(a).
25. The Council may establish Targeted Rates to fund operating costs.
26. Further information on rates can be found from paragraph 60.

## Summary of sources of funding for operating costs by activity

27. The Council has applied the above preferences for the use of the funding sources to each activity in its Funding Needs Analysis. Table 1 indicates the extent each funding source is used to fund operating costs following the s101(3)(a) assessment.
28. This assessment may be modified by the s101(3)(b) assessment, which requires the Council to consider the overall impact of allocation of liability for revenue needs on the community. The Council consideration of s101(3)(b) is documented in paragraph 59 of this policy.
29. These ranges are expressed as a percentage of the revenue required to fund each activity.
30. 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.

Table 1: Summary of funding sources by activity s.101(3)(a) only

KEY			User Charges	Grants, subsidies & other	Investment income	Financial Contributions	Development Contributions	Reserve Funds	Borrowing	General Rates	Targeted Rates
Range name	Range	Key									
Unlikely	0%	x									
Minimal	0% - 20%	✓									
Low	20% - 40%	✓									
Moderate	40% - 60%	✓									
High	60% - 80%	✓									
Most	80% - 100%	✓									
All	100%	✓									
Activity											
Community Development	✓	✓	✓	x	x	x	x	x	✓	x	
Libraries	✓	✓	x	x	x	x	x	✓	x		
Theatre	x	x	x	x	x	x	x	✓	x		
City Planning	✓	x	x	x	x	x	x	✓	x		
Planning Guidance	✓	x	x	x	x	x	x	✓	x		
Building Control	✓	x	x	x	x	x	x	✓	x		
Claudlands	✓	x	✓	x	x	x	x	✓	x		
FMG Stadium	✓	x	✓	x	x	x	x	✓	x		
Seddon Park	✓	x	✓	x	x	x	x	✓	x		
iSite	✓	x	x	x	x	x	x	✓	x		
Tourism and Events Funding	✓	x	x	x	x	x	x	✓	x		
Hamilton Gardens	✓	x	x	x	x	x	x	✓	✓		
Waikato Museum	✓	✓	x	x	x	x	x	✓	x		
Hamilton Zoo	✓	✓	✓	x	x	x	x	✓	x		
Animal Education and Control	✓	x	x	x	x	x	x	✓	x		
Environmental Health	✓	x	x	x	x	x	x	✓	x		
Alcohol Licensing	✓	x	x	x	x	x	x	✓	x		
Public Safety	✓	x	x	x	x	x	x	✓	x		
Civil Defence	x	x	x	x	x	x	x	✓	x		
Governance and Public Affairs	✓	x	x	x	x	x	x	✓	x		
Partnership with Maaori	x	x	x	x	x	x	x	✓	x		
Community Parks	x	x	✓	x	x	x	x	✓	x		
Natural Areas	x	✓	x	x	x	x	x	✓	x		
Streetscapes	x	x	x	x	x	x	x	✓	x		
Sports Parks	✓	x	✓	x	x	x	x	✓	x		
Cemeteries and Crematorium	✓	✓	x	x	x	✓	x	✓	x		
Pools	✓	✓	✓	x	x	x	x	✓	x		
Indoor Recreation	x	x	✓	x	x	x	x	✓	x		
Landfill Site Management	x	x	x	x	x	x	x	✓	x		
Refuse Collection	✓	x	✓	x	x	x	x	✓	x		
Waste Minimisation	x	✓	x	x	x	x	x	x	x		
Stormwater Network	✓	x	x	x	x	x	x	✓	x		
Transport Network	✓	✓	✓	x	x	✓	x	✓	✓		
Parking Management	✓	x	x	x	x	x	x	✓	x		
Wastewater Treatment and Disposal	✓	x	x	x	x	x	x	✓	x		
Wastewater Collection	✓	x	x	x	x	x	x	✓	x		
Water Treatment and Storage	x	x	x	x	x	x	x	✓	x		
Water Distribution	✓	x	x	x	x	x	x	✓	✓		

### Funding sources for capital costs

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

### User charges

33. User charges are generally not available for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions to capital costs.
34. The Council does charge for capital works that are solely for private benefit (e.g. a network extension to a single dwelling) or where capital works are undertaken outside of asset management plans at the request of individuals (e.g. a rural seal extension for dust suppression).

### Grants, subsidies, and other income

35. The Council relies on significant subsidies for capital works in its roads and bridges activity. Other activities are able to access grants and subsidies from time to time. Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.
36. Grants, subsidies and other income are used wherever they are available.

### Development contributions

37. The Council collects development contributions to fund capital costs necessary to service growth.
38. The Council has a Development and Financial Contributions Policy (DC Policy). Most contributions received are repay debt<sup>3</sup>. Development contribution funds received will be applied on an activity and catchment basis as identified by the DC Policy. Projects identified in the DC Policy may be either completed projects (with debt yet to be repaid from future development contributions) or future projects planned to be undertaken.
39. Note that, in addition to the requirements of sections 101(3) and 103 the Development and Financial Contributions Policy additionally describes funding matters further as stipulated by section 106(2)(c).

### Financial contributions

40. The Council collects financial contributions under the Resource Management Act 1991 to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the Operative and Proposed Hamilton

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<sup>3</sup> Many growth developments are undertaken in anticipation of growth. The growth portion of the project is funded from borrowing. When this occurs the development contribution receipts are then used to repay the debt and interest on that debt.

District Plans. Most contributions are received as revenue by the vesting of assets in the Council; some contributions may be paid to the Council.

### Proceeds from the sale of assets

41. From time to time assets are disposed of. Many of these are low value items and the revenue is received by the activity that owns the assets.
42. The Council holds some higher value assets for investment purposes which although not budgeted for could be sold. Unrestricted proceeds from the sale of these assets will be used to repay debt, unless resolved otherwise by Council<sup>4</sup>. Restricted revenues will be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction (e.g. Municipal Endowments reserve).

### Reserve funds

43. The Council maintains some reserve funds for capital projects and will approve the use of the funds when a project meets the specific criteria for the reserve.

### Borrowing

44. The Council must borrow to fund its asset programme. The amount of borrowing available is restricted by Council's financial strategy debt limits.
45. Borrowing, both the capital (principal) and interest components, is generally repaid by future rates.
46. Borrowing spreads the cost of the project over a longer period, smoothing changes in rates and ensuring that ratepayers who enjoy the benefit of long-lived assets contribute to their costs.
47. The Council has budgeted to borrow from the Housing Infrastructure Fund (HIF) in the 2018-28 10-Year Plan to fund some capital expenditure on Growth. This loan is treated the same as other borrowing except that it is interest free.

### Lump sum contributions

48. The Council has the option when undertaking a major project to seek lump sum contributions to the capital cost of the project from those who are identified in the projects "capital project funding plan"<sup>5</sup>. Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have requirements placed on how they are used. Where a lump sum payment option is proposed ratepayers choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.
49. Council does not presently plan to seek lump sum contributions.

### Rates

50. Rates are primarily used to fund everyday expenses including depreciation and borrowing interest costs. Each year, the Council calculates its operating cash surplus which determines the amount of rate funding available to fund capital projects or debt repayment.

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<sup>4</sup> As required by the Investment and Liability Management Policy.

<sup>5</sup> Local Government (Rating) Act 2002 - s.117A

51. The greatest portion of this funding is rates assessed to pay for depreciation (which is a non-cash operating cost). These funds are used to fund capital replacement / renewal projects.
52. A portion of rates funds the capital (principal) repayments of debt.
53. The Council may establish targeted rates to fund capital projects. Targeted rates options are more likely to be considered where a benefit to an identifiable individual or group is identified, either arising from the use of the asset or as a consequence of a decision of the Council. For clarity, this may include the growth portion of any project or groups of projects that are unable to be funded from a DC Policy.

#### Summary of sources of funding for capital costs by activity

54. As described in the Financial Strategy, the Council has a challenge to manage growth, affordable rate increases and debt. To achieve the appropriate balance between these variables the Council takes the following approach:
  - a. The 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. The Council sets the limit on debt, which determines the maximum debt funding available for capital costs.
55. This process results in the following funding sources being available to fund capital costs:
  - a. Cash from General Rates, for use on all activities.
  - b. Cash from Targeted Rates, for use on Hamilton Gardens' development (Activity: Hamilton Gardens) and Business Improvement District (BID) improvements (Activity: Tourism and Events Funding).
  - 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.
56. The Council uses the following guidelines 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 Financial and Development Contributions Policy.

- c. Reserve funds for other purposes are considered. The Council has a small number of cash funded reserves available for capital costs projects.
  - d. Targeted rating options may be considered
  - e. Projects that have exhausted previous funding sources are funded from General Rates and/or debt.
57. A single project may have a mix of each of these funding options.
58. Whenever the Council resolves to consider funding a separate project, they will consider the sources of funds above, the Revenue and Financing Policy and section 101(3) to determine an appropriate funding policy for the project. Generally, the 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.

### **Overall funding consideration**

59. The Council is required by section 101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. It allows the Council, as a final measure, to modify the overall mix of funding that would otherwise apply after the s 101(3)(a) analysis.
60. The following adjustments have been made:
- a. The Council will modify the allocation of the rates liability between sectors of the rating base by the use of differentials on the General rate. The allocation proposed in 2018 is linked to the allocations in place through the transition from land value to capital adjusted for growth within sectors.
  - b. The Council's has the guiding financial principle - that growth will pay for growth. Growth drives operating and capital costs. To ensure that all opportunities to have those who benefit from or create growth contribute an appropriate share of those costs the Council will seek to use all funding sources available to it. This includes financial contributions, development contributions, user charges and general and targeted rates.
  - c. The Council considers the benefits of services associated with the development of land are realised from the time the development is started. Rate categories will be changed from the start of the next rating year to reflect these benefits.
  - d. The Council may waive or discount fees and charges where it considers it appropriate to do so. Some matters the Council may consider in deciding whether it is appropriate to waive fees are for social reasons, for the promotion of events and facilities, for commercial reasons, due to poor service or to minimise risk.
  - e. The Council may remit rates where it considers it appropriate to do so and as documented in the Rates Remissions and Postponements Policy. These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (e.g. additional or no provision of some services).
  - f. The Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years for smoothing the cost to users and ratepayers.
  - g. The Council may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 in the Financial and Development Contributions Policy.



## Rates

61. The Council's final consideration of funding by rates comes:
  - a. After considering how the other funding sources will be used to fund operating and capital costs.
  - b. After that has been applied to activities in the Funding Needs Analysis.
  - c. After being adjusted for the overall funding considerations.
  
62. The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read having regard to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

## General Rates

63. The General Rate is allocated to all rateable properties based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part of all rating units.
64. The Council has determined in its Funding Needs Analysis that all or part of the following activities should be funded from the General Rate and the UAGC:

<ul style="list-style-type: none"><li>▪ Planning Guidance.</li><li>▪ Animal Education and Control.</li><li>▪ Stormwater Network.</li><li>▪ Refuse Collection.</li><li>▪ Landfill Site Management.</li><li>▪ Arts Promotion.</li><li>▪ Cemeteries and Crematorium.</li><li>▪ City Planning.</li><li>▪ Theatre.</li><li>▪ Wastewater Collection</li><li>▪ Wastewater Treatment and Disposal.</li></ul>	<ul style="list-style-type: none"><li>▪ Hamilton Gardens.</li><li>▪ Libraries.</li><li>▪ Waikato Museum.</li><li>▪ Community Development.</li><li>▪ Community Parks.</li><li>▪ Natural Areas.</li><li>▪ Streetscapes.</li><li>▪ Sports Parks.</li><li>▪ Governance and Public Affairs.</li><li>▪ Partnership with Maaori.</li><li>▪ Environmental Health.</li><li>▪ Public Safety.</li><li>▪ Alcohol Licensing</li></ul>	<ul style="list-style-type: none"><li>▪ Water Treatment and Storage.</li><li>▪ Water Distribution.</li><li>▪ Transport Network.</li><li>▪ Parking Management.</li><li>▪ Hamilton Zoo.</li><li>▪ FMG Stadium.</li><li>▪ Seddon Park</li><li>▪ I-site</li><li>▪ Tourism and Events Funding</li><li>▪ Claudelands.</li><li>▪ Pools.</li><li>▪ Indoor Recreation.</li><li>▪ Civil Defence.</li><li>▪ Building Control</li></ul>
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65. Council has chosen to differentiate the general rate into four differential rating categories based on the use and location of rating units. The categories are:
  - a. Residential,
  - b. Commercial,
  - c. Commercial Business District (CBD) Commercial
  - d. and Other.
66. The full definition of these categories is contained within the Rating Policy.
67. The General Rate differential factors will be calculated as shown in the Rating Policy with the result contained within each years Funding Impact Statement.
68. In setting the differential categories, and the differential factors, the Council considered the requirements of the Local Government Act and a number of other considerations, including:

- a. The activities funded by the General Rate and the s101(3) considerations for the activities.
  - b. The impact of any change, or rate of change to the differential.
  - c. The views of those impacted by the differentials.
  - d. Other reasonable options, and the advantages and disadvantages of those options.
  - e. The overall impact of the differential on ratepayers.
69. In 2018, the Council removed the “rural” rating category and created a new “other” rating category. The Council considered that in a high forecast growth environment it is no longer appropriate to rate properties for their rural use. The Council recognised that all land in the City was zoned for future city and that there is no land zoned for exclusively for rural uses. Council also considered it was making a large annual investment in planning for land in the “other” category to become developable into the future city.
70. The Council also identified that rates growth was lost by strict adherence to the historic relationship between differential groups. From 2018 rates collected from each differential category will be increased in accordance with the growth in that rating category. This means the portion of total rates paid by a category will change depending on where growth occurs.
71. The UAGC was implemented in 2018. The amount of the UAGC is determined by the Council based on the overall impact of rates. Other changes proposed in 2018 meant that higher value properties were paying higher rates than comparable properties in other comparable places and lower value properties were paying lower rates when compared with others. The value of the UAGC was determined by the Council having regard to this. There is no direct allocation of any activity nor is there a calculation methodology for determining the UAGC amount.

### Targeted Rates

72. The following targeted rates are indicative of the Council’s intentions. The Council will finalise its targeted rating when adopting the Funding Impact Statement in a 10-year or annual plan.

### Transitional Rate

73. The Council collected a transitional rate from 2015/16 to 2017/18. The Council decided in 2018 this approach did not align with the guiding principle of “growth paying for growth”. Activities funded from the Transitional Rate are now collected from the General Rate and UAGC.
74. The Council collects some Targeted Rates either to fund activities as identified in the Funding Needs Analysis or because of the Council’s overall funding considerations.

**Table 4: Targeted rate types**

Name	Activities funded	Basis for rate
<b>Central City</b>	Access Hamilton Strategy projects and finance costs in the Transport Activity.	Fixed amount per SUIP <sup>6</sup> .
<b>Business Improvement District (BID)</b>	BID projects as part of the Tourism and Events Funding Activity.	Fixed amount per SUIP <sup>6</sup> and a rate per dollar of capital value for all properties in the BID area <sup>7</sup> .

<sup>6</sup> SUIP or Separately used or inhabited part of a rating unit is as required, defined each year in the Funding Impact Statement.

<b>Hamilton Gardens</b>	Gardens development projects in the Hamilton Gardens activity.	Fixed amount per SUIP across the whole city.
<b>Metered water supply</b>	Water Distribution and Water Treatment and Storage activities.	Fixed amount per water connection supplied with water and a charge per unit of water consumed or supplied to non-residential properties.
<b>Commercial Non-metered Water Supply</b>	Water Distribution and Water Treatment and Storage activities.	Fixed amount per SUIP with water supplied or available.
<b>Services water</b>	Water Distribution and Water Treatment and Storage activities.	Fixed amount per property and a rate per dollar of Land Value for connected land used for certain purposes as defined in the Rating Policy.
<b>Services refuse</b>	Refuse Collection Activity.	Fixed amount per property and a rate per dollar of land value for connected land used for certain purposes as defined in the Rating Policy.
<b>Services sewerage</b>	Wastewater Collection and Wastewater Treatment and Disposal activity.	Fixed amount per property and a rate per dollar of Land Value for connected land used for certain purposes as defined in the Rating Policy.

75. The Council may introduce new targeted rates when setting rates in any funding impact statement and rates resolution.

<sup>7</sup> The BID area map is in the Rating Policy.

## REFERENCES

- Funding Needs Analysis, section 101(3), provides the background and analysis to explain the funding decisions made by Council. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
- The Development and Financial Contributions Policy provides further analysis, as required by section 106(2)(c). This explains why Council has chosen to use development and financial contributions to fund the capital costs needed to meet increased demand for community infrastructure.
- The Investment and Liability Management Policy places restrictions on the use of the proceeds from asset sales.
- The Rating Policy further clarifies the funding requirements of the Council by documenting matters not included in the Funding Impact Statement, rates resolution or this Policy. It includes, detailed definitions and maps for rating areas.
- The Funding Impact Statement is included in each 10-year Plan and Annual Plan as required by clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation for the first year of the Plan.
- Together the above documents form the necessary components to lawfully charge under the Local Government Act 2002 for the revenue requirements of the Council. The Council must also comply with other legislation in regard to the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

**APPENDIX 6**

**RATES REMISSIONS AND  
POSTPONEMENTS POLICY**

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# Rates Remissions and Postponements Policy

## Policy objectives and scope

1. To have a rating system which:
  - a. Appropriately spreads the incidence of rates.
  - b. Provides sufficient revenue to cover costs.
  - c. Complies with relevant legislation.
  - d. Is transparent to the ratepayer and promotes accountability.
2. Rates remissions modify the rates liability on rating units in order to ensure an appropriate rate liability.
3. Postponements allow for the delay in payment of rates in certain specific circumstances.
4. The Council must comply with the requirements of the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (LGRA).

## Definitions

Definition	Detail
Ratepayer	is the person or persons identified in Council's rating information database as the person liable for rates – generally that person is the owner of the rating unit.
Remission	means the requirement to pay the rate for a particular financial year is forgiven in whole or in part in accordance with the Remissions Policy.
Remitted rates	means rates for which the requirement to pay is remitted.
Postponed rates	means rates for which the requirement to pay is postponed.
Maaori freehold land	means land whose beneficial ownership has been determined by the Maaori Land Court by freehold order.
Maaori freehold land in multiple ownership	means Maaori freehold land owned by more than two persons.

## Remissions policy guidelines

5. When considering any remission Council will consider the circumstances at the time the rates are set. Rates remissions are not made retrospectively. For those remissions which require application or declaration for the following rating year, remission will not be applied should this not be received prior to 31 May.

### Not-for Profit Community Organisations

6. The Council extends the status of non-rateable to not-for-profit community organisations beyond that provided for in Schedule 1 of the Local Government (Rating) Act 2002.
7. The objective of this policy is to assist these organisations in delivering social benefits to the community where neither government nor business is best or appropriately placed to do so.
8. Where parts of a rating unit meet the criteria of more than one differential category, a division of the rating unit will be undertaken for rating purposes.
9. The policy is that these rating units will have all rates remitted except for water, refuse and sewerage services supplied.

### Conditions and Criteria

10. A qualifying not-for profit community organisation must meet all the following conditions:
  - a. The organisation must be either a registered Charitable Trust or an IRD approved donee organisation.
  - b. The organisation and anyone using the organisation's property must not be operating any activity for private pecuniary profit.
  - c. The organisation must deliver social benefits as a substantial part of its activities.
  - d. The organisation must complete and provide all information requested on the application form and respond to any further enquiry for information to support the application.
  - e. Applications must be received by Council by 31 May, and successful applications will take effect from the following 1 July.
  - f. An annual declaration form is required to be completed confirming that the organisation still occupies the property and meets the objective of this policy.
11. The Council does not consider professional associations to be Community organisations.

### Penalties Remission

12. The objective of the policy on penalties remissions is to consider requests for remission of penalties added to unpaid rates.

### Conditions and Criteria

13. The policy is that rates instalment penalties may be remitted under the following criteria:
  - a. Remission may be granted where payment has been received after the due date for payment, provided that none of the previous four instalments were similarly received late.
  - b. Remission may be granted where a ratepayer either:
    - Makes satisfactory arrangements for regular and substantial reduction of arrears. (These arrangements are to include the remission of penalty charges as long as such arrangements are fully met); or,
    - provides sufficient information which, if considered genuine and if substantiated with reasonable excuse for late payment, would justify remission for late penalty charges.

14. An application for remission is required.
15. Where it facilitates the payment of future rates, arrears penalties may be remitted based on the criteria as shown above.

#### **Uniform Annual General Charge**

16. 2018/19 represents a change in the Council's rating system, with the introduction of a Uniform Annual General Charge (UAGC). The objective of this policy is to allow for the effective implementation of the UAGC by ensuring the appropriate rates are invoiced.
17. The Council intends that all rating units, additional dwellings and businesses on rating units are liable for one or more UAGCs. This is not always straightforward and for a few circumstances requires an individual review to ensure Council's intent is implemented.

#### **Conditions and criteria**

18. The Rates and Revenue Manager will assess all applications for remission of rates against Council's definition of Separately Used and Inhabited Parts of a rating unit (SUIP). This assessment will have regard for the intent of Council in establishing the definition. The remission will remove the full extent of any rates charged on SUIP's determined to have been inappropriately recorded in the Rating Information Database (RID).

#### **Council Rates Rebate**

19. The objective of this policy is to consider applications for rates remission in the cases where ratepayers may require financial assistance in the payment of rates.
20. The Council staff will work with applicants to assess their eligibility for this remission at the time of processing the Government Rates Rebate.

#### **Conditions and Criteria**

21. Rates relief will be provided for the rates owing on a rating unit where qualification is established in accordance with the following criteria:
  - a. Ratepayers must apply in writing to be considered for a remission.
  - b. The applicant must be the owner of the rating unit, must reside at the property and the property must be categorised as residential. Companies, trusts and other similar ownership structures of these properties do not qualify for this remission;
  - c. The Council must be satisfied that financial hardship on any individual exists or would be caused by requiring payment of the whole or part of the rates;
  - d. The applicant must declare total household income and their total financial position for the purposes of the remission calculation;
22. All applications for rates remission will be treated on a case-by-case basis. The Council shall consider whether postponement of rates is a more suitable option.
23. The following calculations are reviewed annually:
  - The maximum remission is \$528 - (indicative - based on 9.5% rates increase in 2018/19). This is to be increased by the average percentage general residential rates increase annually.



- For the purposes of calculating the remission the basic allowable income factor is set at \$24,882 (updated for 1 July 2018). This will be adjusted by the annual percentage change in the NZ Super Single Living Alone payment each year.
- The applicant's total assets must not exceed the total assets formula as described in the 'Postponement due to Financial Hardship' Policy (refer paragraph 66).

### Property affected by Natural Calamity or Disaster

24. The objective of this policy is to enable rate relief to be provided to assist ratepayers experiencing extreme hardship due to a calamity or natural disaster that affects their ability to pay rates.

### Conditions and Criteria

25. Remissions approved under this policy do not set a precedent and will be applied only for each specific event and only to properties affected by the event.
26. The Council may remit all or part of any rate on any rating unit (based from the time of application) where the application meets the following criteria:
- Where erosion, subsidence, submersion or other natural calamity or disaster has affected the use or occupation of any rating unit:
    - It is applicable for each single event and does not apply to erosion, subsidence or other incidences that may have occurred without a recognised major natural calamity or disaster.
    - The extent of this remission will be determined on a case by case basis.
  - Where in the cases of Residential property, an accidental fire has caused the inability to inhabit the house to such an extent where the dwelling must be demolished.
    - The remission is calculated on the rates charged from the time of application to the end of the current rating year only.
    - These rates will receive a remission equivalent to that if rates were set based on the value of the affected improvements being excluded.
    - The remission would be apportioned on the balance of the rating year and will only be applicable for the rating year for which event occurred.
27. The Council can set additional criteria for each event where it considers it to be fair and reasonable to do so. This is because the criteria may change depending on the nature and severity of the event and available funding at the time. The Council may require financial or other records to be provided as part of the remission approval process.
28. Application for this remission must be made by the ratepayer.

### Organisation with Club Liquor Licence

29. Clause 2 of Part 2 of Schedule 1 of the Local Government (Rating) Act 2002 provides that land owned or used for games or sports is only rateable as to 50% of the rate that would otherwise be payable. However, this excludes land where a club licence under the Sale and Supply of Alcohol Act 2012 is in force.

30. The objective of this policy is to ensure appropriate sporting clubs and organisations receive a rates remission equivalent to 50% non-rateable status, should they fall under the exclusion referenced above.
31. It is difficult to determine the portion of the property to which the liquor licence applies. A further consideration is that often the liquor licence is not held to generate profit but helps to cover the operating costs of the sporting club or organisation.

#### **Conditions and Criteria**

32. To ensure consistency, sporting clubs and organisations that hold a club liquor licence, may be eligible for the 50% remission if they meet the following criteria:
  - a. Apart from the holding of a club liquor licence, the club or organisation must qualify as 50% non-rateable under Clause 2 of Part 2 of Schedule 1 of the Local Government (Rating) Act 2002.
  - b. The club or organisation must not operate for private pecuniary profit.
  - c. The club or organisation must hold the liquor licence as an incidental activity to the primary purpose of occupancy.
  - d. The restaurant, bar and gaming machines area for Chartered Clubs are excluded from this remission and will be rated at the full commercial rating.
  - e. The club or organisation will be required to complete a yearly statutory declaration confirming that they meet the conditions and criteria under the policy.
  - f. The Council may remit 50% of the rate assessed in respect of the land relating to the liquor licence where it considers it to be fair and reasonable to do so.

#### **Hardship Relief for 100% Non-Rateable Community Organisations**

33. The objective of this policy is to facilitate the ongoing provision of the Community Organisations and their services to the residents of Hamilton City where the charging of the full targeted rates for water, sewerage and refuse may affect the Community Organisations viability.

#### **Conditions and Criteria**

34. Council may remit up to 40% of the targeted rates assessed for water, wastewater and refuse in respect of the rating unit, where the application meets the following criteria, and where Council considers it to be fair and reasonable to do so:
  - a. Organisations must not operate for private pecuniary profit.
  - b. Organisations must not receive any funding from government agencies or have any contracts for fee for service with government agencies.
  - c. Organisations must operate on a voluntary basis and have no full-time or part-time paid employees or contractors operating in this capacity.
  - d. The cost of the full targeted rates for water, wastewater and refuse will cause the Organisations extreme financial hardship and/or cause the organisation to operate at a financial deficit.
35. Organisations must provide the following documents with their application:
  - a. Statement of Objectives

- b. Constitution or Trust Deed
  - c. Full financial accounts
  - d. Information showing extreme financial hardship and operating position
  - e. Information on activities and programmes
  - f. Information on funding sources
36. Each application shall be determined on a case-by-case basis.
37. Applications must be received by Council by 31 May, and successful applications will take effect from the following 1 July. Applications for this remission must be made annually by the Community Organisation.

#### **Hardship Relief for 50% Non-Rateable Sporting and Cultural Organisations**

38. The objective of this policy is to facilitate the ongoing provision of the Sporting and Cultural Organisations and their services to the residents of the City where assessing rates may affect the Sporting and Cultural Organisation's viability. The Council will remit all rates except for targeted rates for water, sewerage and refuse collection services if applicable.

#### **Conditions and Criteria**

39. The application must meet the following criteria and conditions to qualify for the above remissions:
- a. Organisations must not operate for private pecuniary profit.
  - b. Organisations must not receive any funding from government agencies or have any contracts for fee for service with government agencies.
  - c. Organisations must not hold a liquor licence under the Sale and Supply of Alcohol Act 2012.
  - d. Gross annual income of the organisation must be less than \$600,000.
  - e. Organisations must operate on a voluntary basis and have no full-time and part-time paid employees or contractors operating in this capacity.
  - f. The charge of 50% of the general rate will cause the organisation extreme financial hardship and/or cause the organisation to operate at a financial deficit.
40. Organisations must provide the following documents with their application:
- a. Statement of Objectives
  - b. Constitution or Trust Deed
  - c. Full Financial Statements
  - d. Information showing extreme financial hardship and operating position
  - e. Information on activities and programmes
  - f. Information on funding sources
41. Each application shall be determined on a case-by-case basis.
42. Applications must be received by Council by 31 May, and successful applications will take effect from the following 1 July. Applications for this remission must be made annually by the Sporting and Cultural Organisation.

### Community Organisation with Retail Shops

43. The objective of this policy is to facilitate the on-going provision of the Community Organisation and their services to the residents of Hamilton. The remission is to acknowledge the benefits these community groups deliver to the city by way of helping those in need and supplying low cost items to the community.

#### Conditions and Criteria

44. The applicant must be a legally constituted charitable trust or incorporated society not for profit which delivers social benefits to the community.
45. The community retail shops will be rated at full commercial rates with a remission of 50%.
46. Applications must be received by Council by 31 May, and successful applications will take effect from the following 1 July.

### Council Owned Property

47. The objective of this policy is to be administratively efficient by minimising unnecessary transactions by remitting rates set for some Council owned properties. The Council assesses rates on all rateable properties and under this remission policy remits the rates on those properties that are used for non-commercial purposes. Commercial and investment properties are rated on the same basis as the private sector.

#### Conditions and Criteria

48. Hamilton City Council owned properties that are used for non-commercial purposes, and are not leased, will attract 100% rates remission (excludes water by meter). These include but are not limited to:
  - Council infrastructural assets
  - Community & Administrative Buildings
  - Sporting and Event facilities

### Water, Sewerage and Refuse Services

49. The objective of this policy is to provide a remission in respect of part of the general rate where water, sewerage or refuse collection services are funded by the general rate but where the services are not available to the relevant rating unit, or in the case of a residential water supply, Council is collecting the service charge via a water meter rate.
50. For the purposes of clarity:
  - a. water, wastewater and rubbish collection is funded from the Residential Category general rate,
  - b. wastewater is funded from the Commercial and BID Commercial Categories general rate (i.e. water and rubbish collection are not funded),
  - c. rubbish collection is funded from the Other Category general rate. (i.e. water and wastewater are not funded),

#### Conditions and Criteria

51. A service is not available when:

- a. Council's water supply network is not available for connection;
  - b. Council's wastewater network is not available for connection;
  - c. Refuse collection is not able to be provided to the property.
52. The remission is calculated as a single rate in the dollar (for each water, wastewater and refuse) based on the net cost to Council to provide the service, and the total Capital Value receiving the service.
53. The maximum remission will be capped at \$15,000 per service (if applicable) per rating unit.
54. Application for remission is required.

#### **Excess Metered Water Consumption Remission (following a leak)**

55. The objective of this policy is to enable the Council to consider requests for remission on excess metered water consumption following a leak.
56. It is the ongoing responsibility of the property owner and/or ratepayer to monitor consumption.
57. This policy excludes extraordinary supply.

#### **Conditions and Criteria**

- a. The property owner and/or ratepayer must ensure the leak is fixed within one calendar month of being identified (unless evidence is provided showing that an appropriate repairer could not be obtained within that period).
- b. A remission will only be considered on receipt of a completed "Excess Metered Water Consumption Remission (following a leak)" application form.
- c. A brief report from a licensed or certifying plumber is required as outlined on the application form.
- d. Each application will be considered with those which demonstrate good water supply management (having regard to the nature of the connection) and responsive corrective actions being considered favourably.
- e. Applications will be declined where the water supply has been poorly maintained, damaged through negligence or where multiple applications for remission have been made.
- f. As a guide, consecutive applications, or more than two applications within any five-year period would be considered unfavourably.
- g. The maximum remission for a Not for Profit organisation is 85% of the excess water consumption resulting from a leak on the first affected water rates invoice and 50% on any subsequent water rates invoice.
- h. The maximum remission for all other metered connections is 50% of the excess water consumption resulting from a leak on the first affected water rates invoice and 35% on any subsequent water rates invoice.
- i. Where a remission has been applied previously, Council will require the property owner and/or ratepayer to get a condition assessment of the property's pipes prior to approval of any subsequent remissions.
- j. 'Excess Water consumption' is defined as a significant increase in water consumption based on the normal consumption rate (average of last 4 readings), that is directly attributable to a leak in the internal reticulation of a property (with a water meter) connected to the Council

water supply. *This does not include non-essential (extraordinary) supply infrastructure such as swimming pools or troughs.*

### **Change of Use – Commercial to Residential**

58. The objective of this policy is to adjust the rates on Commercial properties to residential rates where the property has changed use part way through the financial year.

#### **Conditions and Criteria**

59. Show homes:

- a. Where a show home is sold, or rented solely for residential use, Council will calculate the difference in the commercial and residential rates from the next instalment after Council was notified in writing of the change of use.
- b. The difference between the commercial and residential rates amounts will be remitted starting from the next instalment quarterly period after application. Should the application be received during the last quarter, Council will adjust the rating category for the start of the following rating year.

60. Home occupation - Commercial:

61. Where a division has been created for a commercial activity in a rating unit that is otherwise categorised residential, and:

- a. the commercial activity has ceased, and
- b. the property has been reverted to full residential use, and
- c. full residential use is a permitted activity under Councils District Plan, and
- d. an application is received

62. Council will calculate the difference in the commercial and residential rates from the next instalment after being notified in writing of the change of use.

63. The property will be inspected to establish the criteria have been met.

64. The difference between the commercial and residential rates amounts will be remitted starting from the next instalment quarterly period after application. Should the application be received during the last quarter, Council will adjust the rating category for the start of the following rating year.

#### **Exceptions**

65. Rates may be fully or partially remitted where it is considered that the characteristics of land use, location or special circumstances warrant a remission. Any remission granted under this section is to be reported to the appropriate Council Committee.

## Postponement policy guidelines

### Rates Postponement - Postponement due to Financial Hardship

66. The objective of this policy is to provide a measure of rating relief to property owners where the full payment of rates would otherwise cause financial hardship.
67. Section 110 of the Local Government Act 2002 and Section 87 of the Local Government (Rating) Act 2002 provides for the Council to postpone rates.
68. The Council has authority to grant relief after full enquiry and on being satisfied that financial hardship exists or would be caused by non-postponement.
69. Postponed rates are a charge against the property and become payable at the end of the postponement term or when the property is sold, whichever is the earlier.
70. When considering whether financial hardship exists, the ratepayer's personal circumstances will be taken into consideration.
71. All applications for postponement will be treated on a case-by-case basis.

### Conditions and Criteria

72. Rates may be postponed when in the Council's opinion, all of the following aspects are present:
  - a. The ratepayer is the property owner and is a natural person.
  - b. The ratepayer should first qualify for the Government Rates Rebate and Council Rates Rebate.
  - c. The property is used by the ratepayer as his or her permanent place of residence, and has been for at least 5 years.
  - d. The property is used solely for residential purposes.
  - e. The ratepayer has not less than 25% equity in the property.
  - f. The total assets of the household are not more than those specified by the Total Assets Formula.
  - g. The ratepayer be unable to clear rates due over an extended timeframe.
73. The ratepayer must enter into a payment agreement for rates which remain payable.
74. Each application will be considered on its individual merits.

### Total Assets Formula

75. The total asset formula is:
  - a. Property owner(s) would be eligible for rates postponement relief if the total assets held did not exceed:
    - The property to which the application for rates postponement relief relates;
    - Normal household chattels;
    - A car;
    - Other assets of whatever nature (including cash and investments) with a total value of more than \$20,241 - (updated for 1 July 2018, to adjust annually by CPI index).

### **Household Income Formula**

76. The annual income formula proposed would have three elements to calculate the value of rates postponed:

a. Initial Contribution

- i. An initial contribution towards the cost of rates is charged before any relief is calculated. This sum is a contribution towards utility services to residential properties. This amount is \$825 - (updated for 1 July 2018).

The initial contribution figure is adjusted annually by the movement in the CPI.

b. Additional Contribution

- i. The ratepayer is required to pay at least one-third of the remainder due, i.e. one third of the amount by which the rates exceed the initial contribution payable by the ratepayer.

c. Abatement

- i. Where the annual income is more than the household income limit, the postponed amount is reduced by \$1 for each \$20 of excess income. Council's current household income limit is \$24,882 - (updated for 1 July 2018).

77. The household income limit is adjusted annually by the movement in the CPI.

78. Council can determine the formula used to establish the amount of postponed rates. This is based on the above, combined with the general method used in the calculation of Government Rates Rebate.

### **Applications for Rates Postponement**

79. All applicants will be required to complete an application annually.

80. Staff will interview applicants, supported where considered necessary, by advice and assistance from a Budget Advisory Service.

81. Rates may be postponed in cases of extreme hardship, in accordance with this policy. When deciding that extreme financial hardship applies, consideration must be given to any guidelines approved by the Council.

82. The financial circumstances of successful applicants will be reviewed each year during the period of postponement in order to ascertain whether the situation has changed. An application will be required annually.

83. If the ratepayer's financial circumstances improve during the term that rates postponement has been granted to the extent that the conditions and criteria would no longer be met, the remainder of the period of the postponed rates may be cancelled and the applicant will be required to pay all current rates, together with postponed rates.

### **Process and Period of Postponement**

84. When an application for postponement is approved, the following provisions will apply:

- a. Postponement will first apply in the year a completed application is received. The amount of rates postponed will not incur additional charges.

- b. Any rates postponed shall be registered as a charge on the land.



c. Rates will be postponed:

- i. until the death of the property owner; or
- ii. until the ratepayer ceases to be the occupier (or one of the occupiers) of the land; or
- iii. until a date when the ratepayer ceases to use the property as his/her permanent place of residence; or
- iv. until a date when the ratepayer ceases to use the property the property solely for residential purposes; or
- v. until a date upon which any of the statements certified by the applicant in the application for rates postponement are found to have been incorrect at the time they were made; or
- vi. until a date upon which all or any part of the rates due and owing by the ratepayer from time to time, and not postponed, become overdue.

85. In any case, rates postponement will be for a period not exceeding ten years from the date of the initial application.

**Any Part of the Postponed Rates May be Paid at Any Time**

86. The applicant may elect to postpone a lesser sum than that which he/she would otherwise be entitled to postpone under this policy.

87. Any part of the postponed rates may be paid at any time.

**Ratepayers to be Given Details of Postponed Rates Each Year**

88. Ratepayers whose rates have been postponed under this policy, will be provided annually with a statement showing the total annual rates currently due and a breakdown showing year by year the total amount of the postponed rates.

89. Following the end of the financial year, a schedule of rates postponed will be provided to Council listing all the properties for which rates postponements have been granted and which remain outstanding.

90. When rates are no longer eligible to be postponed on the property, all postponed rates will be payable immediately.

## Maaori Freehold Land Policy Guidelines

### Rates Remission and Postponement on Maaori Freehold Land

91. The objective of this policy is:
  - a. To recognise situations where there is no occupier and no economic or financial benefit is derived from the land and there is no practical means of enforcing the rates assessed.
  - b. To grant remission, (where part only of a block is occupied), for the portion of land unoccupied and unproductive.
  - c. To encourage owners or trustees to use or develop the land.
  - d. Where the owners cannot be found, to take into account the statutory limitation of time for the recovery of unpaid rates.
92. The Council's current policy is that a remission of all or part of rates may be granted in respect of rating units which are Maaori freehold land in multiple ownership, where the land is both unoccupied and unproductive.
93. This policy addresses the requirements prescribed under Section 108 and Schedule 11 of the Local Government Act 2002 and Section 114 of the Local Government (Rating) Act 2002.

#### Conditions and Criteria

94. Maaori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Maaori Land Court.
95. Only land that is the subject of such an order may qualify for remission under this policy.
96. Application for remission of rates must be made by the owners or trustees of the land for which the remission is sought and must include documentation that:
  - a. Proves the land which is the subject of the application is Maaori freehold land, as defined above, and
  - b. Supports the objectives as defined in Schedule 11 of the Local Government Act 2002.
97. Rates will be remitted where:
  - a. The applications support the objectives as defined in Schedule 11, clause 2 of the Local Government Act 2002, and:
  - b. The land is unoccupied and no income or financial benefit is derived from that land, or
  - c. The land is better set aside for non-use because of its natural or cultural features, or
  - d. The land is inaccessible and is unoccupied, or
  - e. The land carries a best potential use value that is significantly in excess of the economic value arising from its actual use, or
  - f. Maaori freehold land that exceeds 2 hectares and on which a Maaori meeting house is erected.
98. Decisions as to remission of rates, and the extent of any remission, are at the sole discretion of the Council, and apply only to the rating year for which the application is made.

## DELEGATIONS

99. Implementation of this policy is delegated to the Chief Executive and General Manager Corporate. Council authorises the Chief executive and General Manager to delegate decision making and set appropriate financial limits to staff.

**APPENDIX 7**  
**RATING POLICY**

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## Rating Policy

### Purpose and scope

1. To assist in setting rates as specified within the requirements of the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (LGRA).
2. This Policy is to be read in conjunction with the Revenue and Financing Policy, Rates Remission and Postponement Policy and Funding Impact Statement.
3. Council must complete the following to set a lawful rate.
  - a. s.101(3) analysis (see Funding Needs Analysis).
  - b. Adopt a Revenue and Financing Policy (see the 10-Year Plan)
  - c. Adopt a Funding Impact Statement (see either an Annual or 10-Year Plan).
  - d. Adopt an Annual or 10-Year Plan.
  - e. Adopt a rates resolution consistent with everything above.

### Policy

4. 2018/19 represents the first year of the 2018-28 10-Year Plan. Several changes to Council's Rating system are proposed, with the intention that these represent the most appropriate rates options to address the present and future needs of the City.
5. These changes include:
  - General rate move to 100% Capital Value - ending the Land Value to Capital Value transition earlier
  - introduction of a \$500 Uniform Annual General Charge (UAGC)
  - change how rural properties are rated
  - continuing the Hamilton Gardens rate.

### General Rate

6. The General rate is set on Capital Value (differentially) and the UAGC is set per separately used or inhabited part of a rating unit (SUIP).
7. The General rates provide for the majority of the total rate requirement of Council.
8. The General rate definitions apply for the purposes of all rates within this policy.

## Description of differentials

9. The General rate is set differentially on the matters as prescribed in Schedule 2 of the LGRA, and as listed in the Funding Impact Statement.
10. The LGRA Schedule 2 allows councils to set its general rate based on each of these matters.

## General Rate differentials

11. Rating units assessed for the General Rate are categorised into one of four differential categories:
  - Commercial
  - BID Commercial
  - Other
  - Residential
12. These differential categories are defined as follows:

**Table 1: General Rate rating categories**

GENERAL RATE CATEGORY	DESCRIPTION
<b>Commercial</b>	All rating units: <ol style="list-style-type: none"><li>i. Used solely or principally for commercial or industrial purposes; or</li><li>ii. Used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hostels. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months; or</li><li>iii. The area of a chartered club used for the restaurant, bar and gaming machines; or</li><li>iv. The commercial portion of a rating unit which has mixed use; or</li><li>v. Land developed or under development for a commercial use; or</li><li>vi. Land where a commercial development is marketed for sale or lease, but where works have not yet commenced, whether or not wastewater services are currently available; or</li><li>vii. Vacant land located in any District Plan zone that is predominantly used for Commercial or industrial purposes; or</li><li>viii. Show homes; or</li><li>ix. Utility Networks.</li></ol>
<b>BID Commercial</b>	All rating units that meet the definition of Commercial above and are located within the Business Improvement District as shown on the Business Improvement District (BID) and Central City areas map in Schedule one of the Rating Policy.
<b>Other</b>	All rating units that do not meet the definition of Commercial or BID Commercial rating categories and where: <ol style="list-style-type: none"><li>i. Connection to Council's wastewater network is not available; and</li><li>ii. Water supply is through a metered connection, or connection to Council's water network is not available.</li></ol>
<b>Residential</b>	All rating units that do not meet the definition of Commercial, BID Commercial, or Other rating categories, or: <ol style="list-style-type: none"><li>i. Land under development intended for a residential use, or</li><li>ii. Land where a proposed residential development is marketed for sale, whether or not water and wastewater services are currently available.</li></ol>

## Intention of Category Definitions and Guidelines

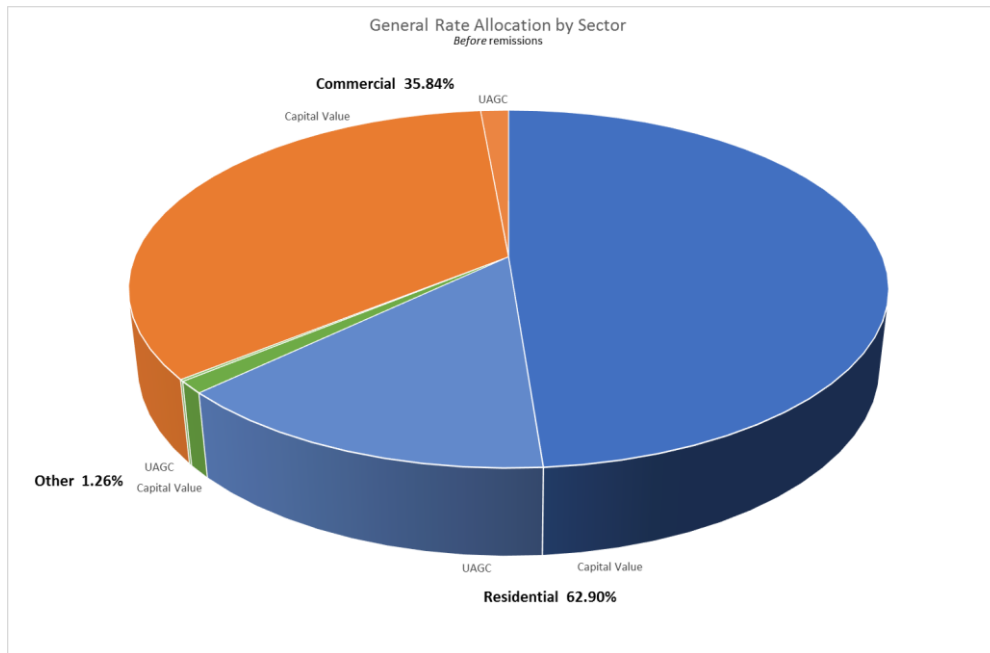
13. The Commercial and BID Commercial rating categories are predominantly based on the use of the rating unit.
14. The General rate for Commercial and BID Commercial rating categories does not include recovery of costs for the provision of water and rubbish & recycling collection.
15. The Other rating category is for those rating units which do not meet the definition of Commercial or BID Commercial and are not connected, or are unable to be connected, to both Council's water (ordinary supply) and wastewater networks.
16. Generally, the properties in the Other category will have water supplied via a water meter.
17. Primarily the Other category is land which is zoned to allow for future development. Often this land is used for lifestyle or rural purposes.
18. The Residential category incorporates all rating units not allocated to the Commercial, BID Commercial, or Other categories.
19. Generally, the properties within the Residential category will be connected to Council's water network (ordinary supply), wastewater network, and receive a rubbish & recycling collection.
20. Often as part of a subdivision and development, part of the developed land may be designated to Council, which occurs when new titles are issued, and is generally upon completion of subdivision works. When assigning differential categories of a rating unit, divisions will not be undertaken for this reason, as this is simply deemed as part of the process of developing land.
21. An allocation for stormwater is incorporated as part of the general rate within all rating categories. Although it is understood that individual properties manage stormwater in different ways, the contribution provides for the management of stormwater services throughout the city.
22. Where the Rating Information Database (RID) identifies a rating unit has more than 1 SUIP it does not imply or represent that a rating unit is getting more than 1 supply of any service.

## Differential Category Rate calculations

23. Revenue allocations between rating sectors were determined in 2014 as part of the 2014/15 rating review, where Council adopted transitioning the General rate from Land Value to Capital Value.
24. As a result, the allocation of rates from that point has been set by maintaining these percentage yields within the three rating sectors (Commercial, Residential and Rural (now Other)) not by a specific cost allocation method.
25. For the purpose of the allocation, the BID Commercial rating category is included within the Commercial rating sector.
26. The percentage sector yield contribution acts as the starting point for calculating rates from 2018/19. Rating growth is then applied which will have the effect of naturally adjusting the sector yield allocations.
27. Considering the overall impacts as a result of a direct move of the general rate to full Capital Value from 2018/19, and the introduction of a UAGC, Council has chosen this as the appropriate model for the allocation.

28. The allocation of cost to each of these differential categories is as follows for 2018/19:

**Figure 1: General Rate allocation model**



29. The Other rating category General rate is calculated based on the Residential category rate less an appropriate adjustment for wastewater services and ordinary water supply not provided.

### Uniform Annual General Charge

30. A portion of the General rate is assessed as a UAGC. This is set as a fixed amount per SUIP (as defined within the Funding Impact statement). The UAGC modifies the impact of rating on a city-wide basis.
31. The rationale for setting the UAGC is documented in the Revenue and Financing Policy.
32. The UAGC is not a direct allocation of any services. This is not adjusted where any service, including water, wastewater or refuse is not provided.

### Targeted Rates

#### Hamilton Gardens

33. This rate is set and assessed on all rateable property as a fixed amount per SUIP.
34. This rate was introduced in 2014/15 as Council's contribution towards delivering new themed gardens within the Hamilton Gardens. Council's contribution was one third of the projected total cost of the initial project.
35. When first established this targeted rate was intended to end in 2018. With the extension of the development programme in the 2018-28 10-year Plan, Council is proposing to retain the rate in order to contribute to the funding for the development and maintenance of themed gardens as part of the Hamilton Gardens activity.



## Business Improvement District (BID)

36. This rate is set and assessed on all rating units defined within the BID Commercial General rate category and comprises both a fixed amount per SUIP and a rate in the dollar based on the Capital Value.
37. The targeted rate is adjusted annually by the inflation rate adopted by the Council.
38. The BID and Central City map is shown on Schedule 1 of this policy Rating Maps.
39. The purpose of this rate is to support the central city development as is defined within the BID Policy.

## Central City

**This rate was introduced in 2017 and is operating under a trial for review in April 2018.**

40. This rate is set and assessed on all rating units defined within the BID Commercial general rate category and is set as a fixed amount per separately used or inhabited part of a rating unit.
41. The BID and Central City map is shown on Schedule 1 of this policy Rating Maps.
42. This rate provides funding to the transportation network activity.

## Services Category

43. Services Category includes rating units that are defined by the use, for the purpose of charging water, wastewater and rubbish & recycling collection, set and assessed as targeted rates.
44. Services Category rating units are defined as rating units that are provided with one or more of water, wastewater or rubbish & recycling collection services, and are used:
  - as a reserve under the Reserves Act 1977
  - for conservation, wildlife management or preservation purposes and not for private pecuniary profit and accessible to the public
  - by Council for:
    - a. Public garden, reserve, or children playground
    - b. Games and sports
    - c. Public hall, athenaeum, museum, gallery or similar institution
    - d. Public baths, swimming baths and sanitary convenience.
    - e. cemeteries or crematorium
  - by the Queen Elizabeth the Second National Trust
  - by the Royal Foundation of the Blind, except as an endowment
  - by or for an education establishment, special school or other institution under s159(1) of the Education Act 1989
  - by a district health board for health and health related services
  - solely and principally as a place of religious worship, Sunday or Sabbath school or other form of religious worship and not for private pecuniary profit
  - as Maori meeting house that is Maori freehold land not exceeding 2ha
  - as railway or for the loading and unloading of goods or passengers from trains
  - for the free maintenance or relief of persons in need, not exceeding 1.5 hectares.

45. Where there is a Community, Sporting or Cultural activity on Council Reserve land, and the activity is subject to a lease agreement as defined within Council's Community Occupancy Policy, these targeted rates will apply.
46. Upon application, Council extends the rating treatment of the Services Use category to rating units which are operated by not for profit organisations, whom provide benefits to the wider community and where there is no private pecuniary gain. Refer to the Rates Remissions and Postponements Policy for criteria.
47. The targeted rate for rubbish and recycling collection is calculated as a fixed rate based on the net cost to provide the service and the number of SUIPs receiving the service.
48. The targeted rate for water provision is this same as the Commercial and Other Category Non-Metered Water rate and is applied where the rating unit is connected to Council's water network but not provided with a metered connection.
49. The targeted rates for the provision of Wastewater services is calculated as a rate in the dollar using both the Land Value and Capital Value of the rating unit. Using the combination of Land Value and Capital Value has regard to the variety of property types, and large range of rateable values.

#### **Metered Water Rate**

50. This is set and assessed for metered and restricted flow water supply on a differential basis to all rating units that are metered (as defined by Hamilton City Council's Water Supply Bylaw 2013).
51. This is calculated based on the average cost to produce 1,000 litres of water.

#### **Commercial and Other Category Non-Metered Water**

52. This rate is set and assessed on Commercial and Other category properties which are connected to Council's water network but are not provided with a metered connection. The intention of this rate is to ensure a contribution towards water costs, as they are not otherwise allocated as part of the General rate.
53. This is set as a fixed rate which represents the minimum charge which would be applied if water was otherwise supplied via a water meter.
54. This is calculated based on applying the metered water rate to an average annual consumption of 240 kilolitres.

#### **Sporting and Cultural (50% non-rateable)**

55. 50% non-rateable status is applied to those ratepayers as defined under Schedule 1, Part 2 of the Local Government (Rating) Act 2002.
56. Council assesses the Sporting / Cultural rate as 50% of the Residential General rate, 50% of the UAGC and 50% of the Hamilton Gardens Rate.
57. This represents a rates contribution from Sporting and Cultural groups as required under the Local Government (Rating) Act 2002.

58. Sporting and Cultural groups do not receive a Council rubbish and recycling collection, as this service is intended for residential households.
59. Section 9 of the LGRA provides that 50% non-rateable properties will pay targeted rates for water, wastewater and refuse collection. Metered water is a targeted rate and is payable in addition to the calculated 50% rate.

### **Rates based on location**

60. Council has established two rates based on the location of a rating unit. Rating boundaries have been drawn with the intention of encompassing entire rating units. Should a boundary split a rating unit, Council will rate the property based on the predominant rating category definition.
61. Schedule 1 of this policy, Rating Maps defines the BID Commercial General rate area, and is used to set the BID targeted rate and the Central City targeted rate.

### **Separately used or inhabited parts (SUIP)**

62. Council has elected to assess all fixed amount rates based on SUIP.
63. Council defines SUIPs in the Funding Impact Statement in its Annual Plan or 10-Year Plans. That definition only applies to the rating year of the Funding Impact Statement.

### **Divisions**

64. Council has elected to undertake the division of rating units, where different parts of a rating unit are included in different differential categories, or part of the rating unit is non-rateable (under Schedule 1 of the LGRA), or a remission or postponement applies.
65. A division is the separation of a property record within the RID into two or more parts. A division is done only for the purpose of assessing rates correctly.
66. Where a division is required, Council determines the area of the property put to each use and requests its valuer to value the parts of the property.
67. Each part will be deemed a SUIP for the purposes of assessing rates.

### **Rates payable by instalments**

68. Council provides for rates to be payable in four equal instalments. In addition to quarterly, a ratepayer may elect to pay weekly, fortnightly or monthly. Direct debits are available as a payment method over these frequencies. Additionally, payments may be made on the internet or in person at Council offices.
69. Cheque payments are also accepted when mailed with the remittance slip in the freepost envelope provided with the invoice.
70. Any payments received for rates are applied to the oldest debt first.

### **Minimum economic rate**

71. Council will not collect the rates payable on a rating unit if the sum of those rates is so small as to be uneconomic to collect. Council has determined that it is uneconomic to collect rates owing on any rating unit of less than \$25.00 (including GST) per annum.

## Rates penalties

72. Council sets penalties for overdue rates as part of its rates resolution.
73. Generally, Council adopts the following penalties regime:
  - a. A 10 percent penalty is applied on the next working day to any balance of any instalment not paid by due date.
  - b. A 10% penalty is added to any balance that remains unpaid from previous years. This is added on 1 July of each year, or five working days after Council has passed the rates resolution (whichever is the later).
  - c. A further 10 percent penalty will be added to rates that remain unpaid from previous years. This will be added six months after the penalty made in (b) above.
74. Any payments received for rates are applied to the oldest debt first.

## Three-yearly Revaluations of property values

75. Council has chosen to revalue every rating unit every three years, the maximum timeframe allowed by the Rating Valuations Act 1998.
76. The next revaluation is to be undertaken this year (and values will be as at 1 September 2018) and these values will be used for setting rates from 2019/20.
77. The revaluation may affect the amount of rates assessed against individual rating units relative to other rating units.

## Calculating differentials

78. In year one of the 10 Year Plan, rates will be in set in accordance with the decisions made by Council.
79. 2019/20 is the first year where rates will be set and assessed using the 2018 revaluations.
80. In 2019/20 the differential factor will be adjusted to maintain the differential yield of the rating sectors from the previous rating year (for existing ratepayers).
81. For the year 2020/21, it is intended that the combination of the General Rate and UAGC will be adjusted by the budgeted rate increase as determined within the Annual Plan.
82. To ensure all existing properties within the rating sectors uniformly increase at the percentage adopted by Council; the General rate and UAGC will increase by the same percentage. The intention is that this provides certainty to existing ratepayers. This excludes other sector specific targeted rates.

## Existing Ratepayers

83. Council defines existing ratepayers where a rating unit is assessed in the current year, and where there has been no change to rating category, the number of SUIPs, or rating valuation (except as a direct result of the city-wide revaluation).
84. In 2018/19 as a consequence of changes to rates Utility networks and properties previously rated as Rural (now Other) are excluded. This is to ensure there is the intended distribution of changes across the Sectors, due to maintaining the sector yield differential as part of the general rate transition from Land Value to Capital Value, and increasing the Other differential factor.

## Rating Growth

85. Rating growth has been forecast using calculations based on National Institute of Demographic and Economic Analysis (NIDEA) Low population projections. Rating growth forecasting considers the expected increase in the number of rating units, SUIPs and increase in total Capital Value, which is as a result of subdivision and other consented works such as new builds, additions etc.
86. Growth forecasting will be reviewed each year factoring in the actual results from the year prior.

## Public availability of information

87. The RID is available for public inspection at Council's Municipal Building during business hours.
88. Limited rating information is also available to view on Council's website.
89. Council reserves the right to charge a fee for supplying any person with a copy of information from the RID.

## Objections and Disputes

90. The Local Government (Rating) Act 2002 provides certain rights of objection to the information contained in the RID. Any objections to the allocation of property use to the Council differential categories are to be made to the Rates & Revenue Manager for consideration.

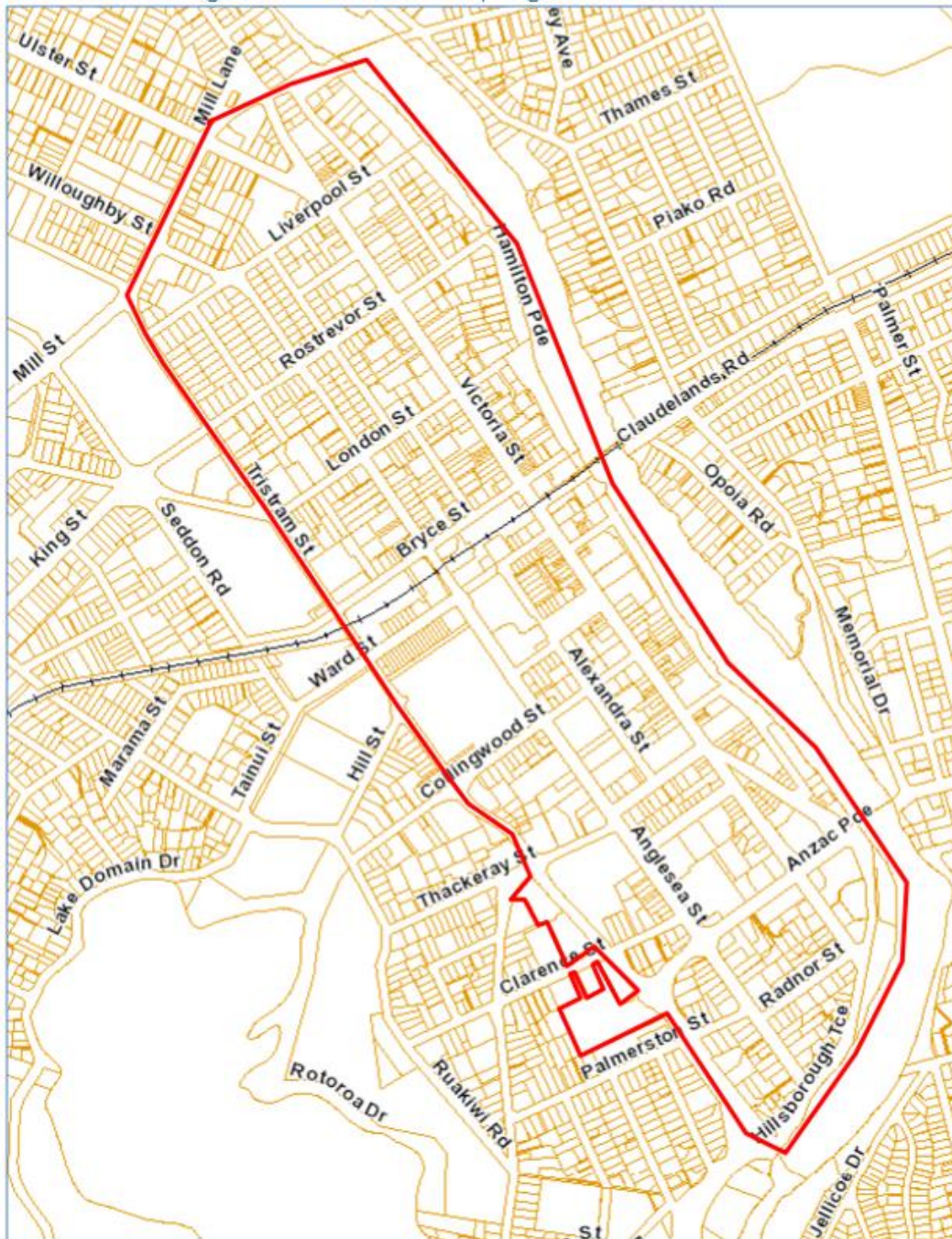
## References

- Funding Needs Analysis, section 101(3), provides the background and analysis to explain the funding decisions made by Council. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
- The Revenue and Financing Policy states Council's policies regarding funding operating and capital expenditure and shows how the Council has complied with section 101(3).
- The Funding Impact Statement is included in each 10-Year Plan and Annual Plan as required by clauses 15 or 20 of schedule 10 of the LGA. It shows the results of the detailed rates calculation for the first year of the plan.
- The Rates Remissions and Postponements Policy provides information on rates that are remitted or postponed implementing policy objectives that affect the liability for rates a rating unit has.

## Schedule One – Rating Maps

### Business Improvement District (BID) and Central City Rating areas

This map defines the rating area for the purpose of setting the BID Commercial general rate, BID Commercial targeted rates and Central City targeted rate.



**APPENDIX 8**

**FUNDING IMPACT STATEMENT**

# Council Funding Impact Statement

The Funding Impact Statement is made up of three parts:

- Rating Information for 2018/19
- Rates Samples for 2018/19
- The Whole of Council Funding Impact Statement.

The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy and Rating Policy. Figures in this statement are GST inclusive.

## RATING INFORMATION FOR 2018/19

Council sets and assesses the following rates under the Local Government (Rating) Act 2002:

- General Rate
- Uniform Annual General Charge (UAGC)
- Targeted Rates:
  - Business Improvement District (BID)
  - Central City
  - Hamilton Gardens
  - Services Category Water
  - Services Category Sewerage
  - Services Category Refuse
  - Metered water
  - Commercial and Other category non-metered water

Details of the amount of rates to be collected and the categories that will pay these rates are in this funding impact statement. The figures stated below are indicative based on the proposed 2018-28 10-year plan.

### GENERAL RATE

A general rate is set and assessed on the capital value of all rateable land in the City.

General rates are set on a differential basis on the categories of land identified below. The differential basis is the use to which the land is put, the provision or availability to the land of a service provided, the activities that are permitted, controlled, or discretionary for the area in which the land is situated, and in the case of the BID Commercial differential, the location of the land.

The objective of including differentials in the general rate is to achieve an appropriate distribution of the general rate, considering all factors Council believes are relevant.

This funding mechanism covers all services of Council. The total revenue sought is \$174,560,529.

The general rate is set and assessed on a differential basis as follows:

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL GENERAL RATES	GENERAL RATE IN THE DOLLAR OF CAPITAL VALUE (GST INCL)	INDICATIVE RATES REVENUE (GST INCL)
General Rate	Commercial	2.5000	32.6%	0.01054230	\$56,906,199
	BID Commercial	2.3750	8.2%	0.01001518	\$14,207,115
	Other	0.7211	1.3%	0.00304083	\$2,267,684
	Residential	1.0000	57.9%	0.00421693	\$101,179,531



**General Rate rating categories**

GENERAL RATE CATEGORY	DESCRIPTION
<b>Commercial</b>	All rating units: <ol style="list-style-type: none"> <li>i. Used solely or principally for commercial or industrial purposes; or</li> <li>ii. Used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hostels. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months; or</li> <li>iii. The area of a chartered club used for the restaurant, bar and gaming machines; or</li> <li>iv. The commercial portion of a rating unit which has mixed use; or</li> <li>v. Land developed or under development for a commercial use; or</li> <li>vi. Land where a commercial development is marketed for sale or lease, but where works have not yet commenced, whether or not wastewater services are currently available; or</li> <li>vii. Vacant land located in any District Plan zone that is predominantly used for Commercial or industrial purposes; or</li> <li>viii. Show homes; or</li> <li>ix. Utility Networks.</li> </ol>
<b>BID Commercial</b>	All rating units that meet the definition of Commercial above and are located within the Business Improvement District as shown on the 'Business Improvement District (BID) and Central City areas map' in Schedule one of the Rating Policy.
<b>Other</b>	All rating units that do not meet the definition of Commercial or BID Commercial rating categories and where: <ol style="list-style-type: none"> <li>i. Connection to Council's wastewater network is not available; and</li> <li>ii. Water supply is through a metered connection or connection to Council's water network is not available.</li> </ol>
<b>Residential</b>	All rating units that do not meet the definition of Commercial, BID Commercial, or Other rating categories, or: <ol style="list-style-type: none"> <li>i. Land under development intended for a residential use, or</li> <li>ii. Land where a proposed residential development is marketed for sale, whether or not water and wastewater services are currently available.</li> </ol>

Land described in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly land owned or used by societies for arts or sports) will be assessed at 50% of the residential rate (General rate, UAGC and Hamilton Gardens rate) that applies to the land. This General rate revenue is included within the Residential category shown in the table above.

**Uniform Annual General Charge**

A Uniform Annual General Charge (UAGC) is set and assessed on all rateable land. The UAGC is set at \$500 per Separately Used or Inhabited Part of a rating unit (SUIP). The level of UAGC has been determined by Council in order to distribute the allocation of the General rate at an appropriate level amongst all ratepayers. The total revenue sought from the UAGC is \$32,433,250.

## TARGETED RATES

Lump sum contributions are not sought or invited by Council in respect of targeted rates.

### Metered Water Rate

The rate is set and assessed for metered and restricted flow water supply on a differential basis to all rating units that are metered (as defined by Hamilton City Council's Water Supply Bylaw 2013).

The rate is:

- i. a fixed amount per connected meter, based on the nature of the connection, as follows:
  - \$452 for all metered rating units (except rating units receiving a restricted flow supply);
  - \$352 for rating units receiving a restricted flow supply.
- ii. a charge per unit of water consumed or supplied on every metered connection in accordance with the following scale:
  - All metered rating units (except rating units receiving a restricted supply) - \$1.88 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;
  - Rating units receiving a restricted flow supply - \$1.46 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities.

The total revenue sought is \$9,057,915.

### Commercial and Other Category Non-Metered Water Rate

The rate is set and assessed on Commercial and Other category properties which are connected to Council's water network but are not provided with a metered connection. The rate is \$452 per separately used or inhabited part of the rating unit.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities. The total revenue sought is \$280,240.

Properties in the Waikato District Council and Waipa District Council supplied with water under contractual arrangements will be charged according to Council's Fees and Charges schedule.

### Business Improvement District (BID) Rate

This rate is set and assessed on all rating units defined within the BID Commercial general rate category and comprises both a fixed amount per separately used or inhabited part of a rating unit and a rate in the dollar based on the Capital Value.

The Business Improvement District (BID) and Central City map is shown on Schedule 1 of the Rating Policy 'Rating Maps'. The components of this rate are:

- a) BID Fixed rate: a fixed amount of \$244 per separately used or inhabited part of a commercial rating unit within the defined area; and
- b) BID CV Rate: a rate per dollar of capital value required to meet the total revenue, after allowing for the total revenue raised by the BID Fixed Rate. The rate is \$0.00003458 per dollar of capital value.

The rate provides funding to the Tourism and Events Funding activity. The total revenue sought is \$341,338.

**Central City Rate**

This rate is set on all rating units defined within the BID Commercial general rate category and is set as a fixed amount per separately used or inhabited part of a rating unit.

The Business Improvement District (BID) and Central City map is shown on Schedule 1 of the Rating Policy 'Rating Maps'.

The rate is a fixed amount of \$137.70 per separately used or inhabited part of a rating unit.

The rate provides funding to the Transportation Network activity. The total revenue sought is \$166,755.

**Hamilton Gardens Rate**

This rate is set and assessed as a fixed amount on all rating units (excluding 100% non-rateable). The rate is set at \$11.50 per separately used or inhabited part of a rating unit.

The rate contributes funding to develop and maintain themed gardens and infrastructure as part of the Hamilton Gardens activity. The total revenue sought is \$731,055.

**Services Category Use - Water Rate**

The rate is set and assessed on properties as defined as a Services Category (see Rating Policy) and which connected to Council's water network but are not provided with a metered connection.

- a) a fixed amount of \$452 per separately used or inhabited part of a rating unit.

The rate provides funding towards the water distribution and water treatment and storage activities.

The total revenue sought is \$51,528.

**Services Category Use - Refuse Rate**

The rate is set and assessed on properties defined as a Services Category (see Rating Policy) and which are provided with refuse collection service. The rate is:

- a) a fixed amount of \$114 per separately used or inhabited part of a rating unit.

The rate provides funding towards the refuse collection activity. The total revenue sought is \$14,364.

**Service Category Use - Sewerage Rate**

The rate is set and assessed on properties defined as a Services Category (see Rating Policy) and which are connected to the sewerage network. This rate comprises two components. These are:

- a) a rate per dollar of land value set at \$0.0016036; and
- b) a rate per dollar of capital value set at \$0.0003701

The rate provides funding towards the sewage distribution and sewage treatment and storage activities. The total revenue sought is \$1,270,917.

**FUTURE RATES**

Council intends to set and assess rates from the sources listed above in each year of the plan.

### **SEPARATELY USED OR INHABITED PART OF A RATING UNIT (SUIP)**

A SUIP is every rating unit and, without limitation, every additional dwelling, commercial or community activity. This includes:

- a) any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.
- b) any parts, whether or not actually occupied at any particular time, which are used for rental (or other form of occupation) on an occasional or long-term basis.
- c) vacant land and vacant premises offered or intended for use or habitation and usually used as such are defined as 'used'.

As part of this definition, the list below defines the Council's intent in the application of SUIPs to rating units that are used as for residential purposes:

- The second and each additional SUIP must have a separate bathroom, bedroom or living area and separate sink.
- Any part of a rating unit as described above (a-c) and is inhabited by virtue of a tenancy, lease, license or other agreement on an occasional or long-term basis.
- Single dwelling with flat attached.
- Two or more houses, flats or apartments on one rating unit.
- Ancillary flat or detached dwellings (as defined in the Hamilton District Plan)
- Individually surveyed lots of vacant land on one Certificate of Title offered for sale separately or in groups
- Residential accommodation rented individually per room. For a residential property to be classified as having additional SUIPs, each part must have a separate bathroom, bedroom or living area and separate sink.

As part of this definition, the list below defines the Council's intent in the application of SUIPs to rating units that are used for commercial activities:

- A commercial activity is any activity involving the exchange of goods or services for reward (whether for profit or not).
- Any part of a rating unit as described above (a-c) and is being inhabited by virtue of a tenancy, lease, license or other agreement on an occasional or long-term basis.
- Commercial building where there are clearly defined vacant parts, advertised for lease or tenancy.
- Business premise with separate permitted residential activity.
- Home based business (as defined in the Hamilton District Plan)
- Each use within a single rating unit that involves a different activity conducted by a person, company, or organisation different to the ratepayer (i.e. a large store which has a café operating within it, where the café is a separate business entity)
- Commercial building leased, or sub-leased, to multiple tenants
- A separate dwelling used for short-term accommodation.
- Commercial accommodation provided on a single rating unit for short-term stays (where average occupancy is limited as prescribed within Councils District Plan) will be one Separately Used or Inhabited Part.

In addition to the primary use, the list below defines the Council's intent in the application of SUIPs to rating units that are used as community activities:

- A community activity is any activity operated by an organisation (including clubs and societies).
- Any activity that meets the definition of Schedule 1 of the Local Government Rating Act 2002.

**INSPECTION OF RATING INFORMATION DATABASE**

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, Garden Place, Hamilton, between the hours of 7:45 am and 5.00 pm on all business days of the week.

**RATING BASE**

Total Land Value for 2018/19 is \$14,536,037,687

Total Capital Value for 2018/19 is \$32,623,711,103

The projected number of rating units for the following 10 years are:

<b>2018/19</b>	58,940
<b>2019/20</b>	60,050
<b>2020/21</b>	61,200
<b>2021/22</b>	62,350
<b>2022/23</b>	63,500
<b>2023/24</b>	64,640
<b>2024/25</b>	65,800
<b>2025/26</b>	66,950
<b>2026/27</b>	68,110
<b>2027/28</b>	69,280

**2018/19 RATES - SAMPLE PROPERTIES**

2017/18 Differential Category	SUIPs	2015 RATING VALUES			2017/18 RATES			2018/19 RATES			Total Rates Change (\$)	Total Rates Change (%)		
		Land Value	Capital Value	Land Value Transitional Rates	Capital Value General Rates	Other Rates	Total Rates	Land Value Transitional Rates	Capital Value General Rates	Other Rates			Total Rates	
<b>RESIDENTIAL SECTOR</b>														
Residential	1	250,000	250,000	1,703	359	58	2,120	Residential	500	1,054	12	1,566	-555	-26.2%
Residential	1	140,000	240,000	954	344	57	1,355	Residential	500	1,012	12	1,524	169	12.5%
Residential	1	210,000	405,000	1,431	581	87	2,099	Residential	500	1,708	12	2,219	120	5.7%
Residential	1	300,000	720,000	2,044	1,033	147	3,223	Residential	500	3,036	12	3,548	324	10.1%
Multi Unit Residential	4	240,000	710,000	2,446	1,019	179	3,644	Residential	2,000	2,994	46	5,040	1,396	38.3%
Multi Unit Residential	10	570,000	910,000	5,809	1,305	286	7,400	Residential	5,000	3,837	115	8,952	1,552	21.0%
Rural Residential	1	345,000	750,000	1,336	1,076	152	2,564	Residential	500	3,163	12	3,674	1,110	43.3%
<b>OTHER SECTOR</b>														
Rural Small	1	360,000	360,000	1,028	248	79	1,355	Other	500	1,095	12	1,606	251	18.5%
Rural Small	1	330,000	660,000	942	455	135	1,532	Other	500	2,007	12	2,518	986	64.3%
Rural Small	1	710,000	960,000	2,027	662	192	2,880	Other	500	2,919	12	3,431	550	19.1%
Rural Large	1	1,850,000	1,850,000	2,180	1,275	359	3,814	Other	500	5,626	12	6,437	2,323	60.9%
Rural Large	1	2,500,000	2,990,000	2,946	2,061	573	5,580	Other	500	9,092	12	9,604	4,023	72.1%
<b>COMMERCIAL SECTOR</b>														
Commercial	1	570,000	570,000	11,569	1,502	118	13,189	Commercial	500	6,009	12	6,521	-6,669	-50.6%
Commercial	1	122,000	275,000	2,476	724	63	3,264	Commercial	500	2,899	12	3,411	147	4.5%
Commercial	1	240,000	500,000	4,871	1,317	105	6,294	Commercial	500	5,271	12	5,783	-511	-8.1%
Commercial	1	630,000	1,400,000	12,787	3,688	274	16,749	Commercial	500	14,759	12	15,271	-1,479	-8.8%
Commercial	8	1,730,000	4,230,000	35,114	11,143	886	47,142	Commercial	4,000	44,594	92	48,686	1,544	3.3%
CBD Commercial	1	111,000	510,000	2,140	1,276	466	3,883	CBD Commercial	500	5,108	411	6,019	2,136	55.0%
CBD Commercial	1	270,000	1,070,000	5,206	2,678	590	8,473	CBD Commercial	500	10,716	430	11,646	3,173	37.4%
CBD Commercial	3	720,000	2,070,000	13,883	5,180	1,517	20,580	CBD Commercial	1,500	20,731	1,251	23,483	2,902	14.1%