

Statement of Proposal on the draft Revenue and Financing Policy

Purpose

The purpose of this document is to inform the public and seek comments on the council's draft Revenue and Financing Policy.

Background

The Revenue and Financing Policy is required as part of the Long Term Plan. It has been prepared in accordance with sections 101, 102 and 103 of the Local Government Act 2002 (LGA) and sets out how the council intends to fund its operating and capital expenditure.

The council is permitted to use the funding mechanisms set out in section 103(2) of the LGA. This section allows the following funding mechanisms to be used when funding operating and capital expenditure:

- General rates
- Targeted rates
- Lump sum contributions
- Fees and charges
- Interest and dividends from investments
- Borrowing
- Proceeds from asset sales
- Development or financial contributions
- Grants and subsidies
- Any other source (including reserves).

In setting the Revenue and Financing Policy, the council is mindful of trying to achieve the right balance and takes into consideration:

- who benefits from services
- who gives rise to the need for the service, or makes the situation worse
- who pays for services, balancing affordability and wider social benefits.

The council is required to consult on this draft policy in accordance with section 82 of the LGA.

Proposal

The council proposes to adopt a Revenue and Financing Policy to be included in its Long Term Plan 2021-2031. This draft policy is based on the Revenue and Financing Policy adopted in the 2018-2028 Long Term Plan and has been subject of review. The proposed changes and assessment of options are detailed below.

Minor editing and readability changes have been made that are not assessed below but are of no material consequence.

Proposed changes to how the council funds compliance monitoring:

For 'Monitoring: Compliance monitoring' it is proposed to differentiate between compliance monitoring, environmental incidents response, and waste management and contaminated sites.

This will more accurately show the majority funding source for:

- compliance monitoring (fee/subsidy)
- environmental monitoring (rates/general funds)

- waste management and contaminated sites (rates/general funds)

This differentiation does not represent a change to fee collection but is a better reflection of the way that compliance monitoring is funded. The difference in the three sub-categories of compliance monitoring are identified, and those activities where fees and subsidies are not the majority source of funding are separated out from compliance monitoring, where there is a majority contribution by way of compliance monitoring fees.

The reasonably practicable options for the proposed changes to the presentation of how the council funds activities are:

- make the proposed changes to funding sources for activities; or
- retain the funding sources for activities in the current policy.

The advantage of making the proposed changes is that the fees and charges reliance will better reflect the proposed charging policy 2021/22, and provide much greater clarity of activity funding.

The disadvantage of making the proposed changes to the presentation of funding sources is negligible, as the impact of these fees on the council's revenue is very small.

The disadvantage of retaining the current presentation of funding sources is that fees and charges reliance will not accurately reflect what is collected.

Preferred option:

It is considered that the proposed changes better reflect the council's proposed direction for the next 10 years. Its preferred option is to make the proposed changes.

Proposed changes to the way the council groups its activities:

The revenue and financing policy is currently grouped to match the activity grouping in the Long Term Plan 2018-2028, which is proposed to change in the Long Term Plan 2021-2031. It is proposed to realign the revenue and financing policy to match. All activity/sub-activities will be retained, but re-grouped follows:

- **Natural environment:** Planning and policy, consents, monitoring, natural hazard management, hydrology, biosecurity, biodiversity, land and water.
- **Community resilience:** River management, Civil defence emergency management, oil pollution response, harbour safety and navigation, transport.
- **Regional leadership:** Governance, Māori engagement, communication and engagement, economic development, customer services, corporate services.

These changes will not in any way change the way we fund these activities.

The reasonably practicable options for the proposed changes to the activity groupings are:

- make the proposed changes to activity groupings; or
- retain the activity groupings in the current policy (which is due to expire).

The advantage of making the proposed changes is that it will better reflect where the council's activities fit within the council's overall services and structure. The changes will not affect the way council funds these activities, it changes only where and how we report on these activities.

There are no real disadvantages to making the proposed changes, or advantages to retaining the current activity groupings.

The disadvantage of retaining the current groupings is that it reflects an out-of-date picture in terms of where these activities fit.

Preferred option

It is considered that the proposed changes better reflect contributions the activities make to council objectives and service levels. Its preferred option is to make the proposed changes.

Reasons for proposal

The current Revenue and Financing Policy was included in the 2018-2028 Long Term Plan and is outdated. In order to comply with clause 10, Schedule 10 of the LGA, it is necessary to adopt a new Revenue and Finance Policy before adoption of the Long Term Plan. The council is required to consult on the policy by section 102 of the LGA.

Other provisions in the policy

During the process of review of the draft Revenue and Financing Policy, the council has considered whether the remaining provisions in the policy should in any way be altered. It has concluded that, other than the changes discussed above, the policy works well and meets the requirements of sections 101, 102 and 103 of the LGA. It therefore proposes retaining all other aspects of the policy.

The council will consult on any future review and proposed changes to the policy.

Submission process

Full copies of the draft Revenue and Financing Policy and information about how to make a submission are available from the council website:

www.nrc.govt.nz/futureplan

The draft Revenue and Financing Policy also forms part of the supporting information to the council consultation on the Long Term Plan 2021-2031. Information on the Long Term Plan consultation and submission process can also be found on the Northland Regional Council website.

Please refer to 'Financial Policies' in the Supporting Information pack for the draft Revenue and Financing Policy.

Revenue and financing policy

Overview

The Local Government Act 2002 (LGA) requires the council to adopt a Revenue and Financing Policy, outlining the council's approach to funding its operating and capital expenses – in other words, how the council pays for what it does.

The council must manage its finances prudently and in a manner that promotes the current and future interests of the community. Generally, the council must make sure it has a "balanced budget", ensuring that operating revenue covers operating expenses.

The council can fund its activities from a range of sources outlined in section 103 of the Local Government Act. The council usually pays for activities from the following:

1. Targeted region-wide rates.
2. Specific targeted rates.
3. Income from investments.
4. Fees and charges.
5. Grants and subsidies.

The council also uses borrowing to fund some of its activities.

Sources of funding for operating expenses

Targeted region-wide rates

The council typically uses targeted region-wide rates to fund activities that provide a community benefit or public good, not benefits for specific users. In these cases it is usually impossible or impractical to identify customers or users, or to fully recover costs from those who benefit, or those who make the situation worse.

The council has elected to use six targeted region-wide rates, as it considers these to be a fairer approach than setting a general rate and uniform annual general charge. The level of targeted region-wide rates is based on the funding required to provide agreed council activities after identifying other income sources.

Specific targeted rates

The council uses specific targeted rates where it provides services to a certain area or group within the regional community, but there is no mechanism to directly charge them. The activities funded may have a wider community benefit or public good, but

a group derives a direct or greater benefit from the provision of the activity. Where it is appropriate, only this group will be targeted to pay for some or all of the service.

The council may also set a specific targeted rate for transparency and accountability.

Income from investments

The council uses its investment returns (dividends, interest and rent) to reduce targeted region-wide rates. For the purposes of this policy, we group investment returns with targeted region-wide rates, and refer to this group as 'rates/general funds'.

Some investment revenue will be diverted to the Investment and Growth Reserve to fund economic development activity.

Fees and charges

User charges are direct charges to identified individuals and/or groups:

- who use certain council services, or
- whose actions or inactions cause the council to provide the service.

In these instances, a benefit exists to clearly identifiable people and/or groups, so they are required to pay for all or part of the cost of using that service.

Fees and charges are set based on recovering either the full cost of the service, the marginal cost added by users, or a rate that the market will reasonably pay. Fees and charges are set in accordance with the council's charging policy.

Licence fees may be set by the council or by regulation, and may not always cover the full costs of the service. Enforcement fees are charged to achieve compliance and do not necessarily meet the full costs of the enforcement activity.

Borrowing

The council may use internal or external borrowing as per its Liability Management Policy to bring forward or accelerate operating expenditure. The cost and repayment of borrowing is to be funded from the same funding sources available to fund the specified activity.

Reserves and special funds

Reserve funds may be used to fund expenditure for specific purposes. In some circumstances, the reserves are a legal requirement. The council may establish additional reserves as and when required. Any funding surplus or deficit resulting from activities funded through targeted rates is set aside in a specified reserve to be used or repaid in subsequent financial years. Subject to meeting any specified conditions associated with these reserves, the council may spend money of an operating or capital nature from these reserves.

Proceeds from asset sales

Proceeds from asset sales will usually be used to provide funding to acquire assets of a similar nature. The council may also choose to use the proceeds of asset sales to fund operating expenditure. Keeping strategic and investment assets, and using investment returns (operating) to promote economic wellbeing, provides intergenerational equity. Unless the council resolves otherwise, proceeds from the sale of investment assets will be set aside for future reinvestment.

Financial contributions

The council does not require financial contributions.

Grants and subsidies

Central government and other third-party agencies provide various grants and subsidies for specified activities and projects.

Other funding sources: use of surpluses from previous financial periods

Where the council has recorded an actual surplus in one financial period, it may pass this benefit on to ratepayers in a subsequent financial period. The council will not normally carry forward surpluses in relation to the sale of assets or revenue received for capital purposes.

Sources of funding for capital expenditure

Capital expenditure is generally funded from the same sources available to fund operational expenditure. While debt or internal borrowing may sometimes be used to provide the immediate funding needed to acquire an asset, repayment of the debt will be made from the same sources as operating expenditure.

Capital expenditure is funded from depreciation, general funds, targeted rates and borrowing as outlined below:

- Replacement of an asset: funded out of rates charged to recover depreciation. If funds are insufficient, then reserves or borrowing may be used to provide funding.
- New asset or the upgrade or increase in service potential of an existing asset: internal or external borrowings.

The funding of capital expenditure from the sale of surplus assets, restricted or special funds is decided on a case-by-case basis.

If an approved capital expenditure project is not completed by the end of the financial period, the unspent funds may be carried forward to the next financial period. The council may impose a targeted rate to fund capital expenditure or repay the borrowings on an asset at a faster rate than over the full life of the asset.

Revenue and financing sources and mechanisms for the council's activities

The following table shows a summary of the funding sources for each activity, and the council's consideration of the factors under Section 101(3) of the Local Government Act 2002 when determining the appropriate funding sources for each activity. The factors considered for each activity were:

- The community outcomes to which it primarily contributes.
- The distribution of benefits between:
 - the community as a whole
 - any identifiable parts of the community, and
 - individuals.
- The period the benefits are expected to occur.
- How much the actions or inaction of individuals or a group contribute to the need for the activity.
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

We have also considered the overall impact on the community of any allocation of liability for revenue needs. Over the course of this Long Term Plan, the council will borrow funds to pay for the capital infrastructure of our river management schemes. The maximum period of these loans is 30 years, and actual loan periods are determined after considering the extent of the capital works and the period of benefit, affordability and commitment of future generations.

Specific targeted rates will be collected from 2018/19 to ensure the council has sufficient funds to repay these loans as they fall due. The council will invest rates collected in managed funds until the loans are due to be repaid. By collecting rates immediately, the council receives investment returns that will offset the borrowing costs. This approach ensures the financial cost of borrowing, and hence the impact on the community (via the targeted rates they are required to pay each year), is reasonable.

Explanation of notations made in the table

Rates/general funds: includes targeted region-wide rates and general funding (including income from investments).

Full: All, or almost all, the cost of the activity is funded from that source.

If the comment is made regarding rates/general funds, it does not preclude making minor charges for the service, but indicates that the charges are a negligible part of the total funding.

Majority: Most of the service is funded from this source.

When used in reference to fees and charges, it reflects the view that the services should be recovered from users, but that legislation imposes some constraints that may mean that full recovery is not possible.

Residual: A portion of funds comes from this source.

When used in reference to fees and charges, it reflects that in some circumstances there are constraints on council charges, or that the alternative revenue source may include enforcement revenue that is imposed to achieve compliance and may not always cover the costs of enforcement.

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
Natural environment		
<p>The entire community desires a well-structured and effective region, and benefits from integrated regional policies and plans that provide for the sustainable management of Northland's resources. This activity is a public good, which supports the enhancement of indigenous biodiversity and biosecurity, and continuous improvement in water quality and security of supply. The benefits accrue both in the immediate and long term.</p>	<p>Planning and Policy</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>For certain activities, applicants must seek consent under the Resource Management Act 1991(RMA)and the Building Act 2004. This process contributes towards safe and resilient communities, and continuous improvement in water quality and security of supply. The regional community gains assurance that activities requiring consent are in accordance with regional policies and the RMA. RMA and building (dams)consent holders directly benefit from gaining compliance and holding consent. The benefits of these services accrue both in the immediate and long term. Processing resource consent applications is considered to be largely private good, with an element of public benefit. The allocation of costs to those who benefit from the services or cause such costs is beneficial, as the community does not have to bear such costs.</p> <p>Capital costs are minor and as they do not directly relate to individual consent applications, they are funded from rates/general funds for efficiency reasons.</p>	<p>Consents activity: Consent applications</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Fee/subsidy - Majority ● Rates/general funds - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>Individuals may require information and advice on the lawfulness of intended, proposed or existing activities. The regional community benefits from informed participation and decision making. Resource users benefit from guidance on regulation, appropriate use and development of resources. These services support safe and resilient communities, and efficient and effective service delivery, and the benefits accrue both in the immediate and long term. We consider the provision of consents advice and information to be a public and private good. The public good is served by the informed ease of transacting and engaging with the council. Private good exists where advice relates to applications where individuals derive a direct benefit. Fees can be charged for some advice, as per the council's charging policy.</p>	<p>Consents activity: Consents advice and information</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full ● Fee/subsidy - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The regional community benefits from improved knowledge and management of the regional environment. This activity is a public good that supports the enhancement of indigenous biodiversity and biosecurity, and continuous improvement in water quality and security of supply. The benefits accrue in the immediate and long term.</p>	<p>Monitoring: State of the Environment monitoring</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>Need is created by individuals who have consents and those whose actions or inactions risk or harm the environment. The local and regional communities benefit from environmental protection via the</p>	<p>Monitoring: Compliance monitoring</p>	<p><i>Operating expenditure:</i></p>

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>monitoring, enforcement and clean-up actions carried out by the council. This activity supports the enhancement of indigenous biodiversity and biosecurity, and continuous improvement in water quality and security of supply. The benefits of these services accrue both in the immediate and long term. This activity is mostly a private good, however compliance provides public benefit. The allocation of costs to those who benefit from the services, or those who cause such costs, is beneficial to the community, as the community does not have to bear such costs.</p>		<ul style="list-style-type: none"> • Fee/subsidy - Majority (Licence and Enforcement fees) • Rates/general funds - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Full
	<p>Monitoring: Environmental incidents response</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Majority • Fee/subsidy - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Full
	<p>Monitoring: Waste management and contaminated sites</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Majority • Fee/subsidy - Residual <p><i>Minor capital expenditure may be required:</i></p> <p>Rates/general funds - Full</p>
<p>Individuals and communities live or plan development in areas that are subject to natural hazards. Natural hazard management supports safe and resilient communities, and the benefits accrue immediately and in the long term. Individuals and the community benefit from reduced risk to property, projection losses and loss of life. Community-wide benefits include hazard identification and risk reduction analysis throughout the region. Hazard management is primarily a public good, with an element of private benefit to individuals and groups of individuals.</p>	<p>Natural Hazard Management</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Full <p><i>Capital expenditure may be required:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Full
<p>The community wants advanced warning of water risks, and to have our water resource sustainably managed. Hydrology monitors and reports on water quantity (rainfall, groundwater, surface water, rivers and lakes), which contributes to continuous improvement in water quality and security of supply, and safe and resilient communities. Individuals and the community benefit from early notification of rainfall in significant rivers, and management of Northland's water resources. There is community-wide benefit from monitoring and understanding our various water resources and information. The benefits of these services accrue both in the immediate and long term. Hydrology activity is primarily a public good with an element of private benefit to individuals and groups of individuals. Fees and charges are levied for compliance-related activities.</p>	<p>Hydrology</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Majority • Fee/subsidy - Residual <p><i>Capital expenditure may be required:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Full

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>The community wants animal and plant pests to be controlled, and our region's unique ecosystems to be protected. The regional community benefits both in the immediate and long term from the enhancement of indigenous biodiversity and biosecurity in Northland, and from the contribution towards a thriving regional economy through increased land productivity. We consider the provision of biosecurity activities to be largely a public good, with an element of private benefit, where pest control is provided to individuals and/or groups of individuals.</p>	Biosecurity	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <p><i>Capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>Individuals and the community may compromise the environment, or may wish to foster and enhance the environment. They benefit in the immediate and long term from improved image, retention/enhancement of productive values of land, reduction in adverse effects, and enhancement of priority ecosystems/natural resources. The wider community benefits from the enhancement of indigenous biodiversity and biosecurity. The provision of biodiversity activity is considered to be a public good. However, there can be an element of private benefit, where Environment Fund grants and activities are provided to individuals or a group of individuals. Beneficiaries of the Environment Fund must also provide a significant contribution towards the projects.</p>	Biodiversity	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>Individuals and the community may compromise the environment, or may wish to foster and enhance the environment. They benefit in the immediate and long term from improved image, retention/enhancement of productive values of land, reduction in adverse effects, and enhancement of priority ecosystems/natural resources (improved water quality, reduced run-off and sedimentation, and reduced frequency of flooding). The wider community benefits from the enhancement of indigenous biodiversity and biosecurity. The provision of land and water activity is considered to be a public good. However, there can be an element of private benefit, where Environment Fund grants and activities are provided to individuals or a group of individuals. Beneficiaries of the Environment Fund must also provide a significant contribution towards the projects.</p>	Land and Water	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<h2 style="text-align: left; margin: 0;">Community resilience</h2>		
<p>Individuals and the public require flood risk reduction when living or undertaking developments in flood risk areas. The community benefits from reduced incidence of damaging floods in Northland. Individual landowners benefit from the reduction in property damage and primary projection losses. The benefits of these services support safe and resilient communities, and accrue both in the immediate and long term. We consider river management works to be both a private and public good. Where specific works are carried out, the council considers the public good element to be paramount, and also considers each community's ability to pay additional targeted rates. As such, rates/general funds fund the majority of these works.</p>	River Management: Flood protection works river management	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Targeted rates - Residual ● Fee/subsidy - Residual <p><i>Capital expenditure on river asset infrastructure is undertaken as part of this activity:</i></p>

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>The use of targeted rates to partially fund each river scheme promotes accountability and affordability, as residents and business weigh up the costs of flood protection works against the level of risk. The council recognises it may not be realistic or cost effective to precisely identify either direct beneficiaries on the floodplain or indirect beneficiaries in the economic catchment, and proxies will need to be used. It will not always be feasible for the council to recoup costs from some types of beneficiaries. Exception: should the cost of collecting a separate targeted rate on small schemes exceed the benefits, then those works will be funded from rates/general funds.</p> <p>Capital expenditure includes any interest and capital repayments where debt is raised. This includes river management infrastructure.</p>		<ul style="list-style-type: none"> ● Rates/general funds - Majority ● Targeted rates - Residual
<p>The community desires the response capability and advanced warning provided in emergency events, and benefits from these services. Maintaining a response capability and planning for major emergency events benefit the regional and national community. The benefits of these services accrue both in the immediate and long term. Civil defence and emergency response is a public good, which supports safe and resilient communities. It benefits all individuals and landowners during emergency events, so the majority is funded from rates/general funds.</p>	Civil Defence and Emergency Management	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <p><i>Minor capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community wants to have access to emergency and rescue services, and the ongoing provision of other community projects. We consider these activities to be public goods that contribute to safe and resilient communities. The wider community benefits include reduced risk to loss of life and having a safer region, and occur both immediately and in the long term.</p> <p>Given the reasonably small amount of funding, the council has deemed it appropriate to use rates/general funds to fund community organisations via the non-contestable funding process.</p> <p>To provide transparency to the ratepayers, council has deemed it appropriate to set a targeted rate for the funding of organisations involved in volunteer emergency services activities in the region.</p>	Civil Defence and Emergency Management: Funding for community projects and volunteer emergency services	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Targeted rates - Majority ● Rates/general funds - Residual
<p>Fuel tankers visit Marsden Point Oil Refinery, which constitutes a major oil spill risk. The local commercial tourism service, fishing fleets and the substantial recreational vessel fleet use the region's coastal waters and associated refuelling facilities. The council's Oil Pollution Response supports safe and resilient communities, and a thriving regional economy. The regional and wider communities benefit from clean seas and coastal environments, and commercial shipping benefits from a spill response system and the availability of resources for cleaning up spills. The benefits of these services accrue both in the immediate and long term. Where evidence permits, the council will seek to charge the exacerbator, however it is not always feasible or cost effective to do so.</p>	Oil Pollution Response	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Fee/subsidy - Majority ● Rates/general funds - Residual <p><i>Capital expenditure may be required:</i></p> <p>Rates/general funds - Full</p>

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>Recreational and commercial coastal water users create a need for harbour safety and navigation, which supports safe and resilient communities. Offering harbour safety and navigation services provides both public and private benefits, which accrue both in the immediate and long term. The regional community benefits from safer coastal areas for recreation. The public, including commercial and recreational users, benefits from safe water transport and the provision of services. Charges are levied on larger vessel and coastal structure owners, as direct beneficiaries, in accordance with the Navigation, Water Transport and Maritime Safety bylaw and the council's charging policy. The application of user charges promotes transparency and accountability, and reduces the rating requirement on the community.</p> <p>Capital expenditure is required for property plant and equipment (including cyclical renewal of vessels, vehicles and navigational aids) to carry out this activity.</p>	Harbour Safety and Navigation	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Fee/subsidy - Majority ● Rates/general funds - Residual <p><i>Capital expenditure is required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>Legislation requires, and the community desires, an integrated transport network. Regional transport management is a public good that supports efficient and effective land transport policies and public transport, and safe and resilient communities. The regional community benefits from the provision of an affordable, integrated, safe, responsive and sustainable transport system. The benefits are ongoing, however there is immediate benefit to the transport users.</p>	Transport: Regional Transport Management	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <p><i>Capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community desires access to public transport services and total mobility schemes. Passenger transport administration supports efficient and effective land transport policies and public transport, and safe and resilient communities. The entire Whangārei district benefits from the provision of community passenger transport services, including the flow-on effects of reduced congestion and improved road safety in Whangārei urban areas where passenger services operate.</p> <p>Where public transport is provided in other areas across the region, there is both community and individual benefit. The community benefits from having individuals being able to engage in day-to-day activities. The individual benefits from being able to travel and access the community when they otherwise might not be able to do so. The benefits of these services are immediate at the time of using the service/transport. The region benefits from the provision of a passenger transport system.</p> <p>Each bus service is funded from a combination of central government funding (where available), user fees and charges, and a targeted rate. This combination of funding promotes affordability and transparency, and allows the council to take advantage of available subsidies. Setting user fees at an affordable level is intended to encourage and promote use of the bus service.</p>	Transport: Passenger Transport Administration	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Fee/subsidy - Majority ● Rates/general funds - Residual ● Targeted rates - Residual <p><i>Capital expenditure may be required:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
Regional leadership		
<p>The Local Government Act 2002 requires councils to work with the community to make and implement key decisions. Both the community and council benefit immediately and in the long term from the community's contribution towards the council's decision-making. Community representation is a public good that contributes to safe and resilient communities.</p>	<p>Governance: Community Representation</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full <i>Minor capital expenditure may be required:</i> ● Rates/general funds - Full
<p>The Local Government Act 2002 requires councils to work with Māori to make and implement key decisions. Māori Engagement is a public good, which contributes to prosperous relationships with tangata whenua, and ensures safe and resilient communities. Both the community and council benefit immediately and in the long term from improved decision making and representation.</p>	<p>Māori Engagement</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community desires knowledge of, and involvement in, council activity. The council needs community buy-in with its activities. Communication is a public good that contributes to safe and resilient communities. Both the council and community benefit in the immediate and long term from better community understanding of, and engagement and involvement in, council activities.</p>	<p>Communication and Engagement: Communication</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community desires knowledge of, and involvement in, council activity. The council needs community buy-in with its activities. Online communication and engagement is a public good that contributes to safe and resilient communities. Both the council and community benefit in the immediate and long term from better community understanding of, and engagement and involvement in, council activities.</p>	<p>Communication and Engagement: Online</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Full
<p>The community wants the environment to be maintained or improved. Environmental education supports the enhancement of indigenous biodiversity and biosecurity, and continuous improvement in water quality and security of supply. The community benefits from the opportunity to learn about and participate in the sustainable use, development and protection of the region's resources. The benefits are ongoing, but there is immediate benefit to the recipients. While some individuals (children and schools) may derive private benefit, the cost of providing this activity by imposing user charges on the recipients would potentially make the programme unaffordable for the direct recipients.</p>	<p>Communication and Engagement: Environmental Education</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds - Majority ● Fee/subsidy - Residual <i>Minor capital expenditure may be required:</i> ● Rates/general funds - Full
<p>The community wants to improve regional wealth. Economic development activities support Northland having a thriving regional economy, and have public and private benefit in both the immediate and long term. The regional community benefits from an improved economic climate and the flow-on effect of increased economic growth, which includes improved economic activity, employment and income opportunities. Individuals and businesses benefit directly from increased economic opportunities, and the tourism sector</p>	<p>Economic Development: Economic Development Activities</p>	<p><i>Operating expenditure:</i></p> <ul style="list-style-type: none"> ● Rates/general funds (Investment and Growth Reserve) - Majority ● Income from Economic Development Reserve - Residual

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
benefits from sector support and promotion. Targeted rates may be set to provide transparency and accountability regarding the provision of specific activities.		<i>Capital expenditure may be required:</i> <ul style="list-style-type: none"> • Rates/general funds - Full
The community wants to improve regional wealth. Economic development projects support Northland having a thriving regional economy, and have public and private benefit in both the immediate and long term. The regional community benefits from an improved economic climate and the flow-on effect of increased economic growth. Individuals and individual businesses benefit directly from increased economic opportunities flowing out of specific initiatives. Funding these projects from targeted rates ensures transparency and accountability.	Economic Development: Projects	<i>Operating expenditure:</i> <ul style="list-style-type: none"> • Targeted rate - Majority • Rates/general funds (Investment and Growth Reserve) - Residual <i>Capital expenditure may be required:</i> <ul style="list-style-type: none"> • Targeted rates - Full
The community desires regional infrastructure, including sporting facilities. The regional community benefits from improved infrastructure and economic activity, contributing to a thriving regional economy. Individuals and businesses will benefit from direct use of the infrastructure. The benefits accrue both in the immediate and long term. Funding from targeted rates ensures transparency and accountability.	Economic Development: Infrastructure	<i>Operating expenditure:</i> <ul style="list-style-type: none"> • Targeted rates - Full <i>Capital expenditure:</i> <ul style="list-style-type: none"> • Targeted rates - Full
The community wants to access council information and services, and to transact with the council. The provision of customer services supports efficient and effective service delivery, and is also used to support prosperous relationships with tangata whenua. The community benefits from having easy access to council information and services, and the council benefits from closer relationships with the community and improvement in its reputation. These benefits accrue immediately and in the long term. We consider customer services to be largely a public good, with an element of private benefit, where information and support is provided to individuals.	Customer Services	<i>Operating expenditure:</i> Rates/general funds - Full
Corporate excellence provides corporate services to the rest of the council, including finance, human resources, health and safety, continuous improvement, information management, information technology, the Chief Executive Officer (CEO) Office and property. This activity is a public good that supports efficient and effective service delivery. Corporate services are allocated to activities based on relevant cost drivers.	Corporate Services: All except Commercial Investments and Regional Sporting Facilities	<i>Operating expenditure:</i> <ul style="list-style-type: none"> • Rates/general funds - Majority • Fee/subsidy - Residual <i>Capital expenditure is required:</i> <ul style="list-style-type: none"> • Rates/general funds - Full
Commercial investment activity supports improved returns on council investments, and a thriving regional economy. The community desires that the council's commercial investments are managed prudently for the benefit of current and future ratepayers. The regional community benefits immediately and in the long term from the direct investment income generated from commercial investments, as this revenue is applied to fund council operations, including economic development, and helps to keep rates affordable. The community also benefits from any wider economic development gains that may accrue from investment and commercial decisions.	Corporate Services: Commercial Investments	<i>Operating:</i> <ul style="list-style-type: none"> • Rates/general funds - Majority • Fee/subsidy - Residual Commercial investment provides net investment revenue funding to contribute towards rates/general funds

Group of activities and analysis	Activity: sub-activity	Funding sources and mechanisms
<p>Operating: We consider the entire revenue stream and capital growth associated with investment activities are a public good.</p> <p>Capital: Investments can be tailored to achieve a mix of financial and strategic objectives. The growth of council investments, through further investment and capital appreciation, promotes intergenerational equity, which ensures assets are available for the future benefit of the community.</p>		<p><i>Capital expenditure may relate to specific commercial development projects:</i></p> <ul style="list-style-type: none"> • Rates/general funds - Full
<p>The community desires sporting facilities across the region. This is demonstrated by the development of the Regional Sports Facilities Plan. Supporting the development of regional sporting facilities has public and private benefit both in the immediate and long term. The regional community benefits from an increased number of sporting facilities that are suitable for regional use. Individuals benefit from improved access to sporting facilities, which can benefit their health and social outcomes. Funding from targeted rates ensures transparency and accountability.</p>	<p>Corporate Services: Regional Sporting Facilities</p>	<p><i>Operating:</i></p> <p>Targeted rates - Full</p>