

Section Three: Amendments to the Revenue and Financing Policy

Introduction:

The Council has amended the Revenue and Financing Policy to take into account the following:

- The Revenue and Financing policy implications of the proposal from the Crown to invest in the Council's social housing. The proposal from the Crown contains a number of conditions that would require an amendment to the revenue and Financing Policy.
- Changes to Funding Policy targets (user charges, other revenue and rates) where the current targets are no longer considered reasonable or affordable.
- Changes to the Funding Policy targets to reflect the realignment of Council projects and activities.
- Changes to the transition of the rates differential between the business and residential sectors.

The Council considers that the above amendments are necessary in order to ensure that the Council continues to operate in a financially prudent manner, in compliance with an approved and up to date Revenue and Financing Policy that meets the expectations and demands of it.

Community Housing

In conjunction with Crown investment in the Council's social housing portfolio (refer section one) the Council has removed the capital charge allocated to this activity. This reflects the cost of capital invested in the city housing stock and is shown in an activity funding split of 70% user charges and 30% general rate funding (LTCCP Vol. 2, page 80). This is also generally consistent with the application of the 70% of market rent policy currently applied.

The removal of the capital charge will result in the funding target for the activity reverting to 100% user charges.

Appendix 2

The change to the targets is shown below:

Community Housing	Revenue and Financing Policy Funding Target	Amended Revenue and Financing Policy Funding Target
User charges	70%	100%
Other revenue	0%	0%
Targeted rate	0%	0%
General rate	30%	0%
Total	100%	100%

Development Control and Facilitation

We have transferred Noise Monitoring (which is fully rates funded) away from Development Control and Facilitation activity and into the Public Health activity. As noise monitoring is 100% general rates funded, this shift results in an increase in the User Charge funding target for the Development Control and Facilitation activity from 40% User Fees to 45%. The change to the targets is shown below:

Development Control and Facilitation	Revenue and Financing Policy Funding Target	Amended Revenue and Financing Policy Funding Target
User charges	40%	45%
Other revenue	0%	0%
Targeted rate	0%	0%
General rate	60%	55%
Total	100%	100%

Public Health

As a consequence of the transfer of the transfer of Noise Monitoring from the Development Control and Facilitation activity to the Public Health activity, we have decreased the user charge funding target for the Public Health activity from 50% to 45% to reflect the increase in 100% rates funded expenditure to be incorporated within the activity. The change to the targets is shown below:

Public Health	Revenue and Financing Policy Funding Target	Amended Revenue and Financing Policy Funding Target
User charges	50%	45%
Other revenue	0%	0%
Targeted rate	0%	0%
General rate	50%	55%
Total	100%	100%

Appendix 2

Promoting and Hosting Cultural Events

We have decreased the other revenue funding target for this activity from 35% to 25% to reflect the reduction in non-Council external grant funding received for the provision of this activity.

The change to the targets is shown below:

Promoting and Hosting Cultural Events	Revenue and Financing Policy Funding Target	Amended Revenue and Financing Policy Funding Target
User charges	0%	0%
Other revenue	35%	25%
Targeted rate	0%	0%
General rate	65%	75%
Total	100%	100%

Community Centres and Halls

We have decreased the user charges and other revenue component targets for this activity from 20% to 2%, to reflect the reclassification of rental revenue streams previously included under this activity but now more appropriately recorded as corporate revenue (which is unallocated to Council activities).

The change to the targets is shown below:

Community Centres and Halls	Revenue and Financing Policy Funding Target	Amended Revenue and Financing Policy Funding Target
User charges	10%	2%
Other revenue	10%	0%
Targeted rate	80%	98%
General rate	0%	0%
Total	100%	100%

Swimming Pools

We have decreased the user charge funding target for this activity from 45% to 40%, with an increase in the General Rates funding target from 55% to 60%. This change was introduced in conjunction with an increase in fees for these services. The objective of these changes is to appropriately manage the competing expectations of recovering an appropriate level of funding from users of the Council's swimming pools but at a level that remains affordable to all potential users.

Appendix 2

The change to the targets is shown below:

Swimming Pools	Revenue and Financing Policy Funding Target	Amended Revenue and Financing Policy Funding Target
User charges	45%	40%
Other revenue	0%	0%
Targeted rate	0%	0%
General rate	55%	60%
Total	100%	100%

Rates Differential

In 2000 the Council voted to alter the rates differential (the rates split) that decides the share of general rates paid by residents and businesses. The LTCCP proposed that over a 10 year period the balance will shift from a point where the commercial sector contributed 7.0 times more general rate (for a property of the same value) to a stage where they will end up contributing 2.8 times more general rate than the residential ratepayer by 2009/10.

The council believes it is appropriate to spread the impact of activity funding changes and that a smooth transition towards the 2.8:1 ratio continues, while also taking into account the annual impact of the differential shift on individual ratepayers.

To achieve this the Council has amended the differential transition by restating the 2007/08 general rate differential from 3.8:1 as originally proposed in the LTCCP to 4.2:1 and pushed out the timeline over which the 2.8:1 differential target will be achieved from 2009/10 to 2011/12 as follows:

2007/08	2008/09	2009/10	2010/11	2011/12
4.20:1	3.80:1	3.45:1	3.10:1	2.80:1