

*Te Kaupapahere Moniwhiwhi,  
Ahumoni Hoki*

# Revenue and Financing Policy



**Adopted 25 June 2025**

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## Policy purpose and overview

The Revenue and Financing Policy describes how Hawke’s Bay Regional Council (the Regional Council) intends to fund its expenditure. It outlines the sources of funding that the Regional Council intends to use, for each activity.

The policy is set out as follows:

- Introduction
- Section A: Summary of Funding Sources
- Section B: Two-Step Approach
- Appendix: Step One Funding Needs Assessment and Step Two outcomes

### Introduction

This policy has been prepared in accordance with Sections 101(3), 102(2)(a), 102(3A) and 103 of the Local Government Act 2002.

This policy outlines the choices the Regional Council has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also shows how the Regional Council complied with section 101(3) of the LGA which sets out a number of factors it must consider when making these decisions.

The outcome of balancing all those factors requires judgement over many facets of the Regional Council’s functions including, but not limited to, legal requirements, transparency, accountability, affordability, efficiency, social, and intergenerational equity, as well as providing for the financial sustainability of the activities undertaken.

When making funding policy the Regional Council must work through the process and matters set out in section 101(3) of the LGA including to have regard to section 101(1): Obligation to act prudently and in the interests of the community. The requirements of section 101(3) analysis is a two-step process which is set out in Section B.

The Regional Council is also required to comply with section 100T of the Biosecurity Act 1993 when deciding the extent to which it should fund the implementation of its Regional Pest Management Plan from a general rate, a targeted rate, or a combination of both, as set and assessed under the Local Government (Rating) Act 2002.

The funding sources and mechanisms will be used to finance the Regional Council’s operating and capital expenditure.

### Guiding principles

In developing this Revenue and Financing Policy, the principles applied included:

- Clear and fair – so ratepayers can understand how the source of funding was chosen and who it applies to.
- Simple – for a rates invoice that is easy for ratepayers to understand, as well as administratively efficient for staff to implement. This saves costs for the community and reduces the risk of errors.
- Consistent – a policy that treats like for like to give the community confidence they are being treated fairly.
- Flexible – a fit for purpose policy that is robust enough to avoid regular amendment but flexible enough to adapt to future changes.
- Overall impact – the council considers the overall impact on the current and future social, economic, environmental, and cultural wellbeing of the community and community outcomes.

### Other guiding principles

In addition to the matters above, Section 102(3A) of the LGA requires that the Revenue and Financing Policy also supports the principles set out in the Preamble to Te Ture Whenua Māori Act 1993, including:

- the special relationship between the Māori people and the Crown
- the spirit of the exchange of kāwanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed
- recognition that land is a taonga tuku iho of special significance to Māori people
- promotion of the retention of that land in the hands of its owners, their whānau, and their hapū, and to protect wāhi tapu (sacred sites)
- facilitation the occupation, development, and utilisation of that land for the benefit of its owners, their whānau, and their hapū.

## Available funding sources

The sources of funding applied under this policy are limited to those set out under section 103 (2) of the LGA 2022.

The Regional Council has determined the funding sources for operating and capital expenditure after considering the rationale below.

Funding source	Rationale
Fees and user charges	Fees and user charges can be applied where the users of a service can be identified and charged according to their use of the service (and those that do not pay are denied access to the service). This is based on the user-pays principle where the user pays for the benefits received. Fees are also appropriate where an individual's action or inaction creates the need for an activity (cost causation). For example, the cost of obtaining a resource consent is met by the property owner.
General rates	The general rate is used when the whole region benefits from an activity or individuals or groups cannot be identified to recover the cost. Activities can be 100% or part funded by the general rate.
Targeted rates	Targeted rates are used when groups of ratepayers benefit from an activity at a different level from ratepayers in the remainder of the region.
Investment income	The Regional Council has a range of property, equity, and cash investments that provide a source of income not related to any specific function or activity. The Regional Council's investment assets include its 100% shareholding in the Hawke's Bay Regional Investment Company Limited (HBRIC) (HBRIC owns 55% of Napier Port Holding Ltd); Napier and Wellington leasehold property investments; forestry assets and managed funds.
Borrowing	Local authorities may borrow New Zealand currency to finance their lawful functions. Borrowing is a useful method of funding the costs of a project where the benefits will accrue into the future, for example, funding the capital costs of a flood control scheme, major building project or intergenerational environmental projects. The Regional Council will periodically borrow for such purposes. Short-term borrowings may be used to smooth one-off large operational expenditure. Borrowing is generally repaid from funds collected from general or targeted rates.
Reserves	Local authorities have traditionally, and to varying degrees, developed reserve funds. Reserve funds have been used to allocate funds for special purposes such as asset replacement, future capital works, flood, and drainage schemes, and for emergencies and contingencies. The Regional Council has some reserves which help in the financial management of activities. Consideration of the appropriate reserves and reserve levels is addressed as part of the Long-Term Plan and Investment Policy.
Grants and subsidies	Grants and subsidies are generally only appropriate for funding the operating or capital costs of the particular activity that the grant or subsidy is intended to pay for. For example, NZTA Waka Kotahi transport subsidies can only be used to fund transport projects.
Other sources	Other sources of funding include proceeds from asset sales, and unexpected or unanticipated revenue such as vested assets and bequests.

## Section A

### Summary of funding sources

In the summary table below, percentages are indicative. Once rates are assessed and collected the actual percentage may differ slightly.

Activity	Fees & user charges	Grants, subsidies & other	Targeted rate	General rate
<b>Governance and Partnerships Group</b>				
<b>Community Representation &amp; Leadership</b> , including Tāngata Whenua Partnerships				100%
<b>Community Sustainability</b> Environmental education, corporate sustainability, and climate action				100%
Sustainable Homes, including Clean Heat			90%	10%
<b>Regional Economic Development</b>			100%	
<b>Policy and Regulation Group</b>				
<b>Policy &amp; Planning</b>				100%
<b>Regulatory Implementation</b>				100%
Freshwater Farm Plans				100% for Council's contribution and administration
<b>Resource Consents</b>	90% from consent applicants			10% of recoverable costs 100% of non-recoverable consents costs
<b>Compliance</b>	90% from consent holders			10% of recoverable costs 100% of non-recoverable compliance costs
<b>Pollution Response</b>				100% after the recovery of fines and penalties
<b>Maritime Safety</b> Harbour Operations	100% Napier Port/ other users			
<b>Maritime Safety</b> Education and recreational users				100% after other income
<b>Integrated Catchment Management Group</b>				
<b>Environmental Science &amp; Information</b>				
State of the Environment (SOE) Reporting				100%
Research and Grants				100%
Land Research and Monitoring			25%	75%
Air Quality				100%
Marine and Coast				100%
Water Quantity	35% from consent holders			65%

Activity	Fees & user charges	Grants, subsidies & other	Targeted rate	General rate
Water Quality	15% from consent holders		20%	65%
Water Information Services	90% from consent holders			10%
<b>Sustainable Land Management</b>			25%	75%
Soil Conservation Nursery	100%			
Erosion Control Scheme/Land for Life				100% for Council's share of costs
<b>Biodiversity</b>				100%
Primary Production Pests			100%	
<b>Asset Management Group</b>				
<b>Flood Protection &amp; Control Works</b>				
Flood protection schemes			70%	30%
Mangarau Stream flood resilience			100%	
Initial capital to build Category 2 flood schemes			0-70%	30-100%
Initial costs for Category 2 general works				100%
Drainage & pumping schemes			90%	10%
River & stream maintenance				100%
River investigations, enquiries & subsidised work				100% certain works are recovered on a proportional basis
<b>Flood Risk Assessment and Warning</b>				100%
<b>Coastal Hazards</b>				
Westshore Beach Renourishment			60%	40%
<b>Regional Water Security</b>		100%		
<b>Open Spaces</b>				
Regional Parks				100%
Hawke's Bay Trails				100% after grants & subsidies
Forestry		100% funded by harvest revenue		
<b>Emergency Management Group</b>				
<b>Hawkes Bay CDEM</b>				
			100%	
<b>HBRC Emergency Management</b>				
				100%
<b>Transport Group</b>				
<b>Transport Planning &amp; Road Safety</b>				
				100% after grants & subsidies
<b>Passenger Transport &amp; Total Mobility</b>				
			100% after fees & user charges, and grants & subsidies	

## Section B

### Two-step approach

In developing this policy, the Regional Council used a two-step approach as required by section 101(3) of the Local Government Act 2002 (the Act).

#### Step One

The first step is to consider for each activity, the five matters in s101(3)(a) of the Act. These are summarised in the table below and applied in the *Appendix: Step One Funding Needs Assessment and Step Two outcomes*.

<b>1. Community outcomes</b>	The Regional Council must identify which of its community outcomes <sup>1</sup> , each activity primarily contributes to. HBRC's community outcomes are: <ul style="list-style-type: none"><li>• Healthy environment</li><li>• Prosperous community</li><li>• Resilient community.</li></ul>
<b>2. Distribution of benefit</b>	The Regional Council must consider who benefits and by how much. It may be the community as a whole, any identifiable part of the community, and/or individuals. For example, individuals who take up the service are the primary beneficiaries from the Clean Heat programme, while parts of the community (those in the airshed) benefit from clear air, and the community as a whole benefit to a lesser degree from reduced emissions.
<b>3. Period of benefit</b>	The Regional Council must identify the period in or over which those benefits are expected to occur. In doing this, the Regional Council has identified an annual benefit matching the period of expenditure or ongoing benefits that will last for future generations.
<b>4. Whose acts create a need</b>	The Regional Council must consider if there are contributors – individuals or groups – who, through their action, or inaction, contribute to the need to undertake the activity. For example, polluters create a need for the Regional Council to clean up the mess or make rules about how it is to be reduced or cleaned up.
<b>5. Costs and benefits of funding activity distinctly</b>	The Regional Council must consider the costs and benefits, including consequences for transparency and accountability, of funding an activity separately. For example, consider whether user charges or targeted rates or a combination of these pays for this, or whether the activity should be funded by the general rate. <sup>2</sup>

#### Step Two

The Regional Council then considered the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community, as required under section 101(3)(b) of the Act.

The Regional Council particularly considered the rating impact and the amount of fees and user charges to be recovered and made the following major refinements from the initial tools selected in step one of the process. Note all changes are noted in the last column of the table in the *Appendix: Step One Funding Needs Assessment and Step Two outcomes*.

<sup>1</sup> The outcomes that a local authority aims to achieve in order to promote the social, economic, environmental, and cultural wellbeing of its district or region in the present and for the future (section 5 of the Local Government Act 2002).

<sup>2</sup> In the funding needs assessment in Appendix 1, the Regional Council sometimes summarises this requirement in terms of need for separate funding. Where it says there is no need for separate funding for an activity this means that the cost/benefit analysis of separate funding does not strongly indicate separate over general funding.

## General rate

The Regional Council considered the merits of both land value and capital value (CV) for the general rate. Having considered the overall impacts on all ratepayers, the Regional Council concluded capital value is a better tool based on the taxation principles of equity/affordability and benefit/impact and is therefore its preferred method. Higher CV properties are generally better able to bear the costs of a proportionally higher general rate, and, through the higher value of improvements, CV recognises multiple impacts of a single property.

The Regional Council considers that recovering the general rate on capital value creates a more resilient rates base better able to respond to rate changes. Capital value also better reflects the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 than land value because land that is undeveloped will generally pay less than a developed property under capital value.

The Regional Council also considered the impacts of various types and locations of properties and concluded that a general rate differential is not appropriate.

## Rates equalisation

The city and district councils within Hawke's Bay revalue their properties at different times, on a three-yearly rotating basis. Each year QV provides information to allow the Regional Council to calculate rates on equalised values. The Regional Council uses this information to adjust the rate so that each rating unit would be paying a similar amount of rates, as if all properties were valued on the same date.

## Uniform annual general charge

The uniform annual general charge (UAGC) is part of the general rate and is a fixed amount charged to all separately used or inhabited parts of a rating unit. Its effect is to reduce some rating impact on high value properties and increase rating impact on lower value properties. The Regional Council considers that a UAGC is an appropriate rating tool particularly for a CV-based general rate.

The Regional Council considers it appropriate that all properties should contribute a fixed amount towards the general rate. As the Local Government (Rating) Act 2002 limits the amount of all fixed rates (UAGC and uniform targeted rates) to 30% of total rates, the Regional Council concluded that the UAGC will be set annually as a levelling tool.

## Fees and user charges

The Regional Council has applied fees and user charges to recover part or all of the costs for the following activities:

- Resource Consents
- Compliance
- Maritime Safety – Harbour Operations
- Environmental Science and Information
- Water Information Services
- Soil Conservation Nursery
- Passenger Transport.

## Appendix: Step One Funding Needs Assessment and Step Two outcomes

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Governance and Partnerships Group</b>							
<b>Community Representation and Leadership, and Tāngata Whenua Partnerships</b>	Healthy Environment	The community as a whole benefit from democratic representation, transparent, and legally compliant Council processes, and the quality of decisions enabled by a Treaty-based partnership approach with tangata whenua.	There is an annual benefit matching the period of expenditure.	No specific, separately identifiable group causes a need.	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its quarterly and annual report/s.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source. <i>100% general rate.</i>	No change from step one.
<b>Community Sustainability</b> (environmental education, corporate sustainability, climate action)	Healthy Environment	The community as a whole benefits from a coordinated programme to drive climate action to reduce the regions and its own carbon footprint, including environmental education.	There is an annual benefit matching the period of expenditure.	No specific, separately identifiable group causes a need.	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its quarterly and annual report/s.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source. <i>100% general rate.</i>	No change from step one.
<b>Community Sustainability</b> (Sustainable Homes programme, including Clean Heat)	Resilient Community	Individuals who take up the service are the primary beneficiaries.  Parts of the community benefit from less air pollution.  The community as a whole benefits to a lesser degree from reduced emissions.	There are ongoing benefits from cleaner and more sustainable homes.	No specific, separately identifiable group causes a need.	There are benefits from funding this activity separately as separate funding enables Council to target those who benefit either from improvements to their property or from residing in a healthy airshed.	Individuals benefit from services that improve their property and those in the airshed benefit from cleaner air, therefore targeted rates are considered the most appropriate funding source. <i>90% targeted rate and 10% general rate.</i>	Urban footprint by valuation roll. Targeted rate based on land value.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Regional Economic Development</b>	Prosperous Community	The broader business community are the primary beneficiaries of regional economic development.  The community as a whole benefits to a lesser extent.	There is an annual benefit matching the period of expenditure.	No specific, separately identifiable group causes a need.	There are benefits from funding this activity separately as separate funding enables Council to apply revenue requirements that are consistent with the levels of benefit that different ratepayer categories receive. Separate funding also supports accountability and transparency to the ratepayers who fund the activity.	Businesses greatly benefit from the united approach to regional economic development. Residents benefit from the enhanced lifestyles with modern amenities, things to see and do, accessibility and a greater sense of security which is vital for health and wellbeing.  Therefore, differentiated targeted rate is considered the most appropriate funding source.	Differential targeted rate defined:  Residential & Lifestyle is 30% of total yield based on fixed charge per SUIP.  Commercial & Industrial is 75% of allocation of 70% total yield based on capital value.  All other usage is 25% of allocation of 70% of yield based on capital value.
<b>Policy and Regulation Group</b>							
<b>Policy and Planning, and Regulatory Implementation</b>	Healthy Environment	The community as a whole benefits.	There are ongoing benefits.	No specific, separately identifiable group causes a need. Everyone uses the region's natural resources to some extent.	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its quarterly and annual report/s.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source.  <i>100% general rate.</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Resource Consents</b>	Healthy Environment	Consent applicants are the primary beneficiaries. The community as a whole benefits to a lesser degree from environmental outcomes from implementing the Regional Plan via consenting. The community as a whole benefits from the advisory services provided.	There are ongoing benefits.	Consent applicants create a need to process and issue consents.	There are benefits from funding this activity separately to target those who benefit or create the need.	Council considers that those who benefit or contribute to the need for the activity should contribute to the recovery of those costs. When recovery is not possible, then the general rate is considered the most appropriate funding source after an allowance for any fees. <i>90% funded by consent applicants. 10% of recoverable consent processing costs funded by general rates. 100% of non-recoverable consent administration funded by general rates.</i>	No change from step one.
<b>Compliance</b>	Healthy Environment	Consent holders are the primary beneficiaries. The community as a whole benefits to a lesser degree from environmental outcomes from implementing the Regional Plan via compliance activities.	There is an annual benefit matching the period of expenditure.	Non-compliant consent holders who form part of the high priority monitoring schedule.	There are benefits from funding this activity separately to target those who benefit or create the need.	Council considers that those who benefit or contribute to the need for the activity should contribute to the recovery of those costs. When recovery is not possible, then the General Rate is considered the most appropriate funding source. <i>90% funded by consent holders. 10% of recoverable compliance activity costs funded by general rates. 100% of non-recoverable compliance costs funded by general rates.</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Pollution Response</b>	Healthy Environment	The community as a whole benefits from having a 24/7 response capability.	There is an annual benefit matching the period of expenditure.	Polluters create the need for pollution response. Generally, polluters can only be identified after a pollution event and sometimes the liable party cannot be identified.	There are benefits from funding this activity separately to target those who benefit or create the need.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source. However, where a liable party can be identified, they should contribute to the recovery of those costs. <i>100% general rate after the recovery of fines and penalties where possible.</i>	No change from step one.
<b>Maritime Safety</b> (harbour operations)	Resilient Community	Napier Port Limited is the primary beneficiary of Harbourmaster activities to support safe commercial shipping in the Napier harbour. Other users (commercial and non-commercial) also benefit from harbour operations.	There is an annual benefit matching the period of expenditure.	Napier Port and other users create the need for the harbour-related activities.	There are benefits from funding this activity separately to target those who benefit or create the need.	Council considers that there is a distinct benefit for Napier Port and other users from the Harbourmaster services at the port and harbour, therefore those users should fund those costs using fees and user charges. <i>100% fees and user charges.</i>	No change from step one.
<b>Maritime Safety</b> (education and recreation users)	Resilient Community	The community as a whole benefits. Recreational boat and water users benefit from navigational aids, education programmes, and the enforcement of maritime safety regulations.	There is an annual benefit matching the period of expenditure.	No specific, separately identifiable group causes a need.	There is no particular need to fund this activity separately.	As there are region-wide and whole community benefits from maritime education and safety the General Rate is considered the most appropriate funding source. <i>100% general rate after offsetting other income.</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Integrated Catchment Management Group</b>							
<b>Environmental Information and Science</b>	Healthy Environment	The community as a whole benefits from monitoring and analysis of environmental information and research, and research and investigations on matters relevant to policy development. This contributes to the evidence base needed for regional plan development.  There is also a distinct benefit for consent holders because the information gathered, and science activities are needed to issue consents.	There is an annual benefit matching the period of expenditure and some ongoing benefits from having data available and science knowledge.	Everyone uses the region's natural resources to some extent.  Consent holders contribute to the need for this activity as consented activities, such as water takes and discharges, drive the need for Council to collect environmental information and undertake science activities.  Landowners contribute to the need for this activity as diffuse sources are drivers of the state of environment.	There are benefits from funding this activity separately to target those who benefit or create the need.	As there are region-wide and whole community benefits the General Rate is considered the most appropriate funding source with a portion of the costs funded by a targeted rate to recognise diffuse sources, and consent holders who have a distinct benefit and contribute to the need.  <i>65-75% general rate, 20% targeted rate and 15- 35% fees and user charges.</i>	No change from step one for water quantity science.  Water quality science: 65% general rate, 20% targeted rate (non-urban footprint by valuation roll based on land value) and 15% fees & user charges.
<b>Environment Information (Water Information Services)</b>	Healthy Environment	Water-take consent holders are the primary beneficiaries from the provision of an accurate and reliable telemetry network.  The community as a whole benefits to a lesser degree from rainfall, flood modelling, and forecasting.	There is an annual benefit matching the period of expenditure and some ongoing benefits from having data available.	Water consent holders create a need.	There are benefits from funding this activity separately to target those who benefit or create the need.	Council considers that those who benefit or contribute to the need for the activity should contribute to the recovery of those costs with the balance funded from the general rate.  <i>90% fees and user charges and 10% general rate.</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Sustainable Land Management</b> (includes rural partnerships & water efficiency)	Healthy Environment	The community as a whole benefits from reduced environmental pressures from good management practices and compliance with regulations.  Parts of the community receive a greater benefit due to improved livelihood from their property and the surrounding area.	There are ongoing benefits.	No specific, separately identifiable group causes a need.	There is no particular need to fund this activity separately.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source with a portion of the costs funded by a targeted rate.  <i>75% general rate and 25% targeted rate on land value by non-urban valuation roll footprint.</i>	No change from step one.
<b>Sustainable Land Management</b> (Soil Conservation Nursery)	Healthy Environment	Recipients of plants from the nursery are the beneficiaries.	There is an annual benefit matching the period of expenditure.	No specific, separately identifiable group causes a need.	There are benefits from funding this activity separately to target those who benefit to fully fund annual costs.	Council considers that those who benefit should contribute to the recovery of those costs, so fees and user charges are considered the most appropriate funding source.  <i>Fees and user charges and recoveries from other Council activities fund 100% of costs.</i>	No change from step one.
<b>Sustainable Land Management</b> (Erosion Control Scheme, Land for Life).	Healthy Environment	The community as a whole benefits from reduced erosion leading to improved water quality in streams, rivers, and the coast, as well as improved biodiversity and carbon sequestration from large-scale tree planting.  Benefits to individuals from the Erosion Control Scheme are funded directly by the individual.	There are ongoing benefits.	No specific, separately identifiable group causes a need. The need is driven by past events and climate change.	There is no particular need to fund this activity separately.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source after the recovery of charges to individuals.  <i>100% general rate for Council's share of costs.</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Biodiversity</b> (including animal & plant pest control that contribute to biodiversity outcomes)	Healthy Environment	The community as a whole benefits from the protection and restoration of native species and ecosystems including the reduced spread of possums. Biodiversity contributes to the region's natural character and ecosystem services.  Parts of the community receive a greater benefit from reduced spread of unwanted pest damage.	There are ongoing benefits.	No specific, separately identifiable group causes a need.	There is no particular need to fund this activity separately assuming the current owner-occupied model, however, if the delivery model for possum control management changes there may be a need to target specific beneficiaries.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source.  <i>100% general rate.</i>	No change from step one.
<b>Primary Production Pests</b>	Prosperous Community	Parts of the community (primary producers) benefit from reduced loss to pasture, crops, trees and shrubs and sustained/increased production.	There is an annual benefit matching the period of expenditure.	High value productive land uses drive the need for this activity.	There are benefits from funding this activity separately to target those who benefit or create the need.	Council considers that those who benefit or contribute the need for the activity should contribute to the recovery of those costs using targeted rates.  <i>100% targeted rate on land value by non-urban valuation roll footprint.</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Asset Management Group</b>							
<b>Flood Protection &amp; Control Works</b>	Resilient Community	Property owners and residents in flood schemes are the primary beneficiaries from maintaining flood schemes to agreed levels of protection.  The community as a whole benefits to a lesser degree from economic and social resilience from protected arterial transport routes and utilities. Districts are interwoven so regardless of where flooding occurs it has a regional economic and social impact.	There are intergenerational benefits due to significant infrastructure.	No specific, separately identifiable group causes a need.	There are benefits from funding this activity separately to target those who benefit. Separate funding also supports accountability and transparency to the ratepayers who fund the activity.	Council considers that those who benefit should contribute to the costs via targeted rates on the flood scheme area with the balance of costs met via the general rate.  <i>70% targeted rate and 30% general rate for all schemes.</i>	Differential targeted rates on capital value using the following rating factors: Upper Tukituki – 4 Heretaunga Plains – 2 Makara – 3 Maraetotara – has no differentials Wairoa – 2 Whirinaki (Other) – 2 Whirinaki (Industrial) – has no differentials Pōrangahau – 2
<b>Mangarau Stream flood resilience</b>	Resilient Community	Hastings District Council (HDC) rating area 1 and the differential are used to apportion cost relative to a property's land use and perceived impact. These ratepayers are considered primary beneficiaries from the construction of flood mitigation agreed as part of the cost-share agreement with the Crown to support recovery from Cyclone Gabrielle.	There are intergenerational benefits due to significant infrastructure.	Natural disaster exacerbated by climate change that everyone has contributed to.	There are benefits from funding this activity separately to target those who benefit. Separate funding also supports accountability and transparency to the ratepayers who fund the activity.	Council considers that those who benefit should contribute to the costs via targeted rates on the flood scheme area.  <i>100% targeted rate for Hastings District Council's Differential Rating Area One.</i>	Differential targeted rates on land value using HDC's proportion basis: Residential – 1 Residential Clive – 0.81 Residential non-urban – 0.76 Hort/farming – 0.68 CBD commercial – 3 Other commercial – 2.75 Commercial non-urban – 2.35

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Initial capital to build category 2 flood schemes</b>	Resilient Community	Property owners and residents in Category 2 flood schemes are the primary beneficiaries from the construction of flood mitigation agreed as part of the cost-share agreement with the Crown to support recovery from Cyclone Gabrielle.  All ratepayers in the region benefit from the co-funded flood mitigation which enables affected property owners to rebuild rather than funding Category 3 property rights purchase.	There are intergenerational benefits due to significant infrastructure.	Natural disaster exacerbated by climate change that everyone has contributed to.	There are benefits from funding the initial capital to build Category 2 flood schemes separately to target those who benefit.	<i>70% targeted rate and 30% general rate for Whirinaki (Industrial), Heretaunga Plains (Ohiti Rd /Omāhu, Waiohiki and Pākōwhai) - except for Whirinaki (Other) and Pōrangahau at 100% general rate.</i>	Differential targeted rates on capital value using the following rating factors:  Whirinaki (Other) – 2 Whirinaki (Industrial) has no differentials Heretaunga Plains – 2 Pōrangahau – 2
<b>Initial costs for category 2 general works</b>	Resilient Community	The community as a whole benefit from the agreed infrastructure repairs, upgrades and planning across a range of assets, area, and schemes.	There are intergenerational benefits.	Natural disaster exacerbated by climate change that everyone has contributed to.	There is no particular need to fund this activity separately.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source.  <i>100% general rate.</i>  Future operational and capital expenditure will be funded through the rating for the particular activity.	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Drainage and pumping schemes</b>	Prosperous Community	Property owners within the drainage scheme areas are the primary beneficiaries. These property owners benefit as the scheme allows land to be used more intensely or for a higher value use.  The community as a whole benefits to a lesser degree from economic activity generated from productive land use.	There are intergenerational benefits.	No specific, separately identifiable group causes a need.	There are benefits from funding this activity separately to target those who benefit. Separate funding also supports accountability and transparency to the ratepayers who fund the activity.  Separate funding is useful to demonstrate the benefits from drainage are less regional than flood protection.	Council considers that those who benefit should contribute to the costs via targeted rates on the drainage scheme area with the balance of costs met via the general rate.  <i>Capital value reflects intensification.</i>  <i>90% targeted rates and 10% general rate.</i>	Differential targeted rates on capital value except Raupare Enhancement Scheme (by Area), and Opoho Scheme (fixed charge).
<b>River and stream maintenance</b>	Resilient Community	The community as a whole stands to benefit. Benefits arise from a mix of planned and reactive interventions across the region.  Proximate properties get some direct benefit which could range from high to low but difficult to quantify.	There are minor intergenerational benefits with small capital expenditure.	Some exacerbators but frequency and effect on total cost is low and difficult to identify individuals.	Separate funding for this activity is not sensible as it is too difficult to quantify direct benefit and could be cost prohibitive to charge those direct beneficiaries.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source.  <i>100% general rate.</i>	No change from step one.
<b>River investigations enquiries &amp; subsidised work</b>	Resilient Community	The community as a whole stands to benefit from the advisory service, investigation of community-raised issues and subsidised work proposals.  Parts of the community and individuals benefit from subsidised works.	There is an annual benefit matching the period of expenditure.	No specific, separately identifiable group causes a need.	There are benefits from funding this activity separately to recover the costs from those who directly benefit. This is work not specific to an individual scheme.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source.  When beneficiaries of subsidised works can be separately identified, the costs are partially recovered via fees and user charges.  <i>100% general rate. Certain works are recovered on a proportional basis.</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Flood Risk Assessment and Warning</b>	Resilient Community	The community as a whole benefits from hazard information for land use planning purposes and advice on rainfall and water flows during flood conditions. Information is collected from a comprehensive network of recorders across the region that supports modelling.	There are intergenerational benefits.	No specific, separately identifiable group causes a need.	There is no particular need to fund this activity separately. This is work is not specific to an individual scheme.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source. <i>100% general rate.</i>	No change from step one.
<b>Coastal Hazards</b>	Resilient Community	The community as a whole benefits from better understanding of causes and effects of coastal hazards.	There is an annual benefit matching the period of expenditure and some ongoing benefits from coastal hazard knowledge.	No specific, separately identifiable group causes a need.	There are benefits from funding this activity separately to target those who benefit. Separate funding supports accountability and transparency to the ratepayers who fund the activity. It also makes sense given the potential growth in scope in the future, which is subject to a future Council decision on whether to implement the <i>Clifton to Tangoio Coastal Hazards Strategy</i> .	Council considers that those who benefit should contribute to the costs via targeted rates with the balance of costs met via the general rate. <i>60% targeted rate (Napier &amp; Hastings ratepayers) and 40% general rate</i> <i>(Total expenditure evenly split between NCC, HDC and HBRC)</i>	No change from step one.
<b>Coastal Hazards (Westshore beach renourishment)</b>	Resilient Community	The community as a whole and properties within Westshore and the Napier area are beneficiaries from beach renourishment of the park and reserve.	There are ongoing benefits.	No specific, separately identifiable group causes a need.	There is no particular need to fund this activity separately. However, with the proposed growth in scope of coastal hazards implementation it makes sense to consider Westshore Beach Renourishment as a separate activity which may require separate funding in the future to target those who have a distinct benefit.	Council considers that the general rate is the most appropriate funding source at the moment and should be reviewed as part of the Clifton to Tangoio Strategy implementation when all cells will be analysed. <i>100% general rate (Total expenditure 50:50 split with NCC)</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Regional Water Security</b>	Resilient Community	As many Hawke's Bay freshwater resources are already under pressure and with the increasing effects of climate change, the community as a whole benefits from investigations into delivery models for water storage and demand management solutions.	There are intergenerational benefits.	Everyone uses the region's freshwater resources to some extent.	There is no particular need to fund this activity separately. However, there is significant government funding attached to the current activities and with the possible growth in scope and some projects potentially commercialised in the future it makes sense to consider Water Security as a separate activity which may require separate funding to target those who have a distinct benefit.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source. <i>100% general rate.</i>	No change from step one.
<b>Open Spaces</b>	Healthy Environment	The community as a whole benefits from provision of regional parks and cycleways spread across the region and available for use by all members of the Hawke's Bay community.	There are intergenerational benefits.	No specific, separately identifiable group causes a need.	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its quarterly and annual report/s.	As there are region-wide and whole community benefits the general rate is considered the most appropriate funding source. <i>100% general rate.</i>	No change from step one.
<b>Open Spaces (Forestry)</b>	Healthy Environment	The community as a whole benefits from HBRC's management of forestry blocks held primarily for soil conservation and environmental enhancement reasons.	There are intergenerational benefits.	No specific, separately identifiable group causes a need.	There are benefits from funding this activity separately to transparently show costs are fully funded via harvest revenue.	Council considers that full cost recovery via harvest revenues is the most appropriate funding source. <i>100% funded by harvest revenue</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Emergency Management Group</b>							
<b>Hawke's Bay Civil Defense Emergency Management (CDEM)</b>	Resilient Community	The community as a whole benefits from hazard knowledge and preparedness for and coordination of regional or localised emergency events.	There is an annual benefit matching the period of expenditure with some ongoing benefit from knowledge gained.	No specific, separately identifiable group causes a need.	There are benefits from identifying the rate separately to signal it is funded on behalf of the city and district councils.	Despite region-wide and whole community benefits, a region-wide targeted rate is considered the most appropriate funding source due to a need to identify the rate separately. <i>100% targeted rate.</i>	Fixed charge per SUIP.
<b>HBRC Emergency Management</b>	Resilient Community	The community as a whole benefits from HBRC's capability and capacity to respond and manage its staff and assets for regional or localised emergency events.	There is an annual benefit matching the period of expenditure.	No specific, separately identifiable group causes a need	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its quarterly and annual report/s.	As there are region-wide and whole community benefits from the general rate is considered the most appropriate funding source. <i>100% general rate.</i>	No change from step one.
<b>Transport Group</b>							
<b>Transport Planning &amp; Road Safety</b>	Resilient Community	The community as a whole benefits from planning for the region's transport needs and from road safety activities.	There is an annual benefit matching the period of expenditure.	No specific, separately identifiable, group causes a need.	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its quarterly and annual report/s.	As there are region-wide and whole community benefits the General Rate is considered the most appropriate funding source for the balance of costs after grants and subsidies. <i>100% general rate after grants and subsidies.</i>	No change from step one.

Step One							Step Two
Activity (sub-activity)	Community outcome	Distribution of benefits	Period of benefit	Whose acts create a need	Costs and benefits of funding activity distinctly	Overall rationale for funding (Percentages are indicative)	What was further refined
<b>Passenger Transport</b> (including Total Mobility)	Prosperous Community	Individuals who use and communities who can access public transport services are the primary beneficiaries.  The community as a whole benefits to a lesser degree from less congestion on roads and reduced emissions.	There is an annual benefit matching the period of expenditure.	No specific, separately identifiable, group causes a need.	There are benefits from funding this activity separately to target those who benefit.	Council considers that those who benefit should contribute to the costs therefore a Targeted Rate for those areas served by passenger transport services is considered the most appropriate funding source after allowing for fees and user charges and government subsidies.  <i>100% targeted rate after fees and user charges, and grants and subsidies.</i>	Targeted rate defined (after user charges, and grants & subsidies):  17.5% capital value charge for commercial and industrial ratepayers by valuation roll within an urban footprint.  72.5% SUIP charge for all others by valuation roll within the same urban footprint.  10% Indirect charge based on capital value to all rateable units within Napier, Hastings, and Central Hawke's Bay districts.