

Key Financial Principles

19th October 2026



Revenue & Financing Policy

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What does the Revenue and Financing Policy do?

The policy considers:

- Who benefits from an activity
- Over what period they benefit
- Who creates the need for the activity
- Whether the people receiving the benefit can be identified
- Whether fees or charges are practical and appropriate
- The impact of funding choices on the community
- The appropriate mix of rates, fees, grants, subsidies and other funding

The policy is set through two distinct steps.

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Step 1: Activity-level assessment

What is the fairest way to fund each activity?

For every Council activity, consider:

Community outcomes the activity supports

Who benefits: the whole community, a particular group, or individual users

When benefits arise: current versus future generations

Who creates the need for the activity through their actions or inaction

Whether separate funding improves transparency and accountability, relative to its cost

Output: An initial funding mix for each activity, such as general rates, targeted rates, fees and charges, development contributions, grants or debt.

These are the five considerations required by section 101(3)(a) of the Local Government Act 2002

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Step 2: Council-wide “bird’s-eye” assessment

Does the combined result work fairly and sustainably for the community?

Step back and consider the overall impact of the proposed allocation of revenue needs, including:

Total rates and charges faced by different ratepayer groups

Affordability and incidence across the district

Fairness between users, ratepayers, developers, and generations

Whether the combined funding package creates unintended or unreasonable impacts

Alignment with Council’s broader financial strategy and funding principles

Output: Council may adjust the activity-level results to achieve a funding package that is reasonable when viewed as a whole. This overall-impact assessment is required by section 101(3)(b)

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	Activity	Who benefits		Users / beneficiaries	Period of benefit (intergenerational equity principle)	Are there exacerbators? Y/N	Will proposed funding allow residents access to facility or service?
		Total community	Individual users				
	Rotorua Library	✓	✓	Users and borrowers	Long-term	No	Yes
	Rotorua Museum	✓	✓	Visitors to museum	Long-term	No	Yes

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Are there any implications for specific groups eg: community or business	Is approach financially sustainable?	Does it provide incentive/disincentives eg: environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded from general rate Community outcomes 2024
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Ratepayers in outer rural areas possibly have less opportunity to access facility	Yes	N/A	Low		High	
Residents able to access without fee, businesses benefit from facility being an attraction	Yes	N/A	Medium		Medium	 

Why is this important

As we work through activities, the key considerations for Elected Members is:

- 1) Who benefits from this activity?
- 2) Who creates the need for this activity?
- 3) What is the most appropriate way we should fund it?
- 4) Is this fair, affordable and sustainable?

The end product of the revenue and financing policy is a funding allocation for each activity and what it is comprised of.

Practical example - Animal Control

Activity being assessed: Council is assessing how to fund dog registration and animal control services.

Community outcomes: the service supports public safety and responsible animal ownership.

Who benefits: Owners receive specific services. The community benefits from safer public spaces.

When benefits arise: Routine services benefit current users. A pound renewal could benefit future years.

Who creates the need: Animal ownership drives demand. Roaming dogs and poor owner control add costs.

Separate funding: Weigh identifiable owner charges against collection costs and compliance.

Initial funding mix: Consider dog registration fees and lawful owner charges for owner-related costs, with general rates for wider community benefits. Assess capital financing separately.

Next step: Test fairness and affordability for owners and ratepayers, and the effect of fees on registration.

Outcomes and Elected Members' role

The outcome

An agreed funding approach for each Council activity, with a clear rationale for how costs are shared across the community.

The role for elected members

Consider the proposed funding mix for each activity and the overall impact across the district. Where appropriate, refine the balance to support affordability, fairness and long-term sustainability

Why it matters

These decisions influence how costs are shared between users, ratepayers and future communities. Establishing clear rationale helps ensure funding decisions are transparent, consistent and aligned with community outcomes.