

Supporting document

Tahua ā-Tau

Annual Budget 2017/2018

Help guide Auckland's
direction for 2017/2018



About this document

Once every three years, councils adopt a long-term plan (10-year budget), and in the intervening years an annual plan, otherwise known as an annual budget. Each year our budget sets rates for the year and includes a Local Board Agreement for each of our 21 local boards.

This supporting information is to be read in conjunction with the consultation document and seeks to provide additional background information which informs the consultation document.

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Section 2: What we want your feedback on

2.1 Rates increases

Updated budget projections

Information in the consultation document on financial projections (including planned spend levels, allocation of rates by service areas, and options for levels of rating increases) is based on updated projections prepared by council staff. Information on this update was included in the [Mayoral Proposal](#) presented to the Finance and Performance Committee on 30 November 2016.

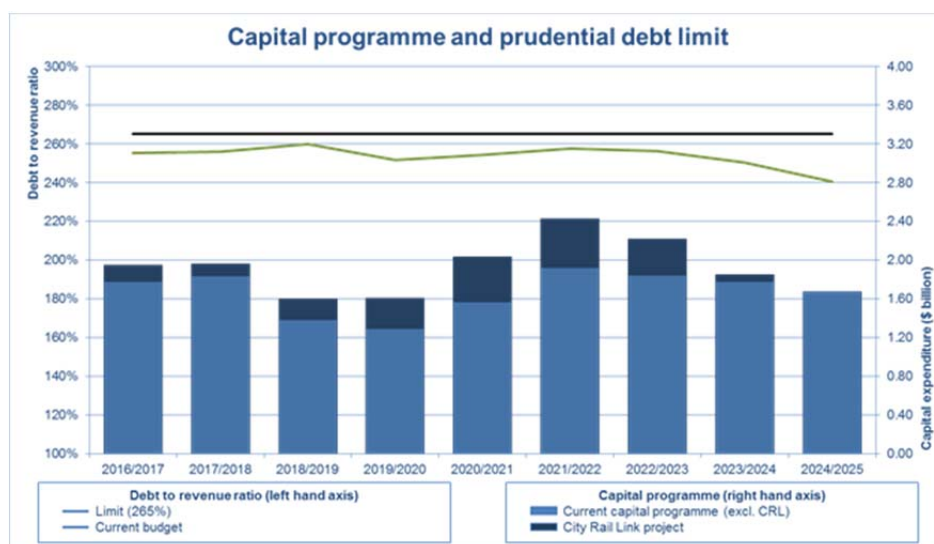
Excerpt:

Financial position

17. The initial starting point for the 2017/2018 Annual Plan is year 3 of the Long-term Plan 2015-2025 (LTP). This included capital investment of \$1.6 billion, and average general rates increases of 3.5%.
18. Council staff have updated budget projections to reflect decisions made subsequent to the adoption of the LTP, actual performance in 2014/15 and 2015/16, the timing of capital projects, and latest forecasts of external variables such as interest costs and inflation.
19. Key decisions made since adoption of the LTP in June 2015 have included:
 - changes to the capital programme made as part of decision-making for the 2016/2017 budget,
 - changes to operational expenditure and efficiency savings made in the Annual Budget 2016/2017,
 - reduced revenue as a result of the lower general rates increases adopted in 2016/17.
20. Reviews of current market conditions and council projections indicate that in 2017/18 average council interest rates and inflation rates will be lower than projected in the LTP. Updated forecasting assumptions will be generated prior to final decision-making on the Annual Budget in 2017.
21. The updated financial position for 2017/18 includes:
 - capital expenditure of \$1,961 million
 - operating expenditure of \$3,822 million

- Rates increases of between 2.5% and 3.5%, which result in total revenue of \$4,131 - \$4,145 million, closing borrowing of \$9,146 - \$9,161 million, and an S&P debt to revenue ratio of 256% - 257%.

22. The council group capital programme for the remainder of the 2015-2025 LTP period has also been updated to reflect decisions made subsequent to LTP adoption. Figure 1 below shows this updated capital programme and how this relates to the projected debt to revenue ratios (based on LTP revenue settings of 3.5% annual general rate rises).

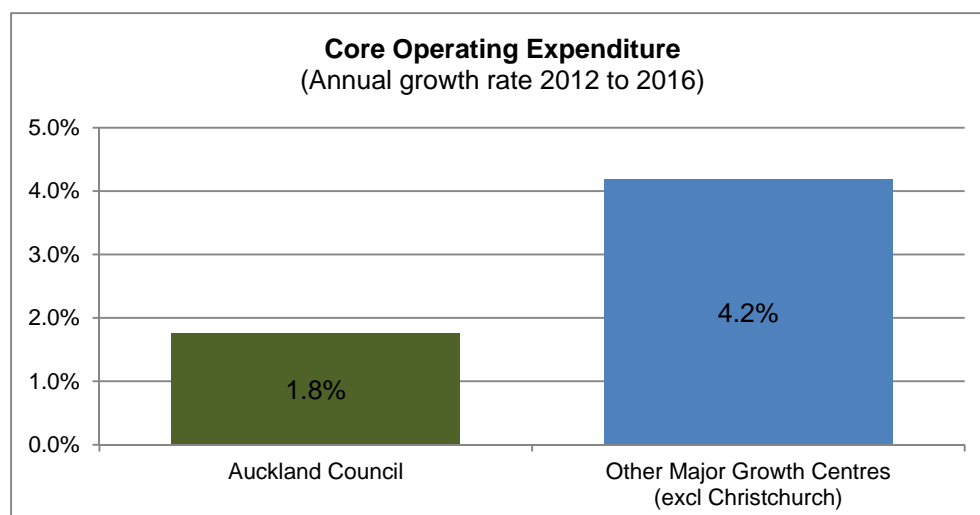


Growth in core operating expenditure

Information on growth in core operating expenditure of Auckland Council and other major growth councils in New Zealand is based on financial information presented in the councils' annual reports.

The major growth centres in New Zealand are Auckland, Hamilton, Tauranga, Christchurch, and Queenstown. For comparison purposes Christchurch has been excluded as their cost base over the period has been significantly impacted by earthquake-related expenditure.

Core operating expenditure is total operating expenditure less interest and depreciation.



Expenditure on operating activities	2012	2013	2014	2015	2016	Growth rate
Hamilton	135,107	121,712	124,445	131,094	143,399	
Tauranga	105,391	104,457	107,038	115,341	125,296	
Queenstown	53,152	60,342	62,914	62,714	77,365	
Other Major Growth Councils (excl. Christchurch)	293,650	286,511	294,397	309,149	346,060	4.19%
Auckland Council Group	2,061,000	1,990,000	2,024,000	2,278,000	2,210,000	1.76%

General rates and rates increases

Rates and council funding

The money required to provide council services to Aucklanders comes from a number of sources including:

1. fees and charges for services provided to individuals, such as for swimming pool entry
2. dividends from its shares in the Ports of Auckland and Auckland International Airport Limited
3. grants such as those from the New Zealand Transport Agency for roading projects
4. targeted rates for services provided to individual properties, such as waste collection
5. general rates.

Rates provide around 41 per cent of the council's revenue. They are used to fund council activities and services where:

- we can't charge individuals who benefit
- there are no alternative funding sources (as identified above)
- the council wishes to subsidise the activity due to its wider social benefits.

The rating policy shares the general rates revenue requirement across the region's ratepayers. The council achieves this by its choice of the mix of rating tools which are described below:

- uniform annual general charge: a fixed charge paid by every dwelling and business unit – \$394 for 2016/2017
- general rates: levied as cents per dollar of property value (land value or capital value - which also includes the value of buildings) – currently ¼ of a cent for every dollar of capital value for urban residential households.

- differentials: different levels of general rates set for different groups of ratepayers e.g. businesses fund 32.7 per cent of the general rates requirement or 2.73 times the general rates that residential households do – e.g. 2.73 times $\frac{1}{4}$ of a cent in the dollar of capital value.

The council will reconsider all elements of its rating policy in the development of the Long-term Plan 2018-2028 alongside information on the impact that the forthcoming triennial revaluation (applies for 2018/2019 year) will have on the distribution of the rates requirement across the region.

Uniform Annual General Charge and Value based general rate

All ratepayers are charged a fixed amount called the uniform annual general charge (UAGC) per separately used or inhabited part of a property, for example, shops in a shopping mall or for both the main house and an attached minor dwelling/granny flat. The current rating policy provides that the increase in the general rate requirement will be split to maintain the proportion of the UAGC at around 13.4 per cent of the general rate. This is achieved by applying the general rates increase to the UAGC and rounding to the nearest dollar. For 2017/2018 the current policy will charge all ratepayers a fixed UAGC sum of \$404. This is the UAGC for 2016/2017 of \$394 adjusted for the proposed increase in the general rates requirement of 2.5 per cent. A UAGC of \$404 will raise around 13.4 per cent of general rates revenue. If the proposed rates increase is set at 2 per cent the UAGC would be \$402 and if the rates increase was set at 3.5 per cent the UAGC would be \$408.

The remainder of the general rates requirement is shared between ratepayers based on the capital value of their properties (the value of land and buildings).

Average residential rates increase per week

The council is seeking feedback on options for rates increases of 2.0, 2.5 and 3.5 per cent.

For the average residential ratepayer this would mean an increase of 90 cents, \$1.10 or \$1.55 per week. This is based on the average residential general rates for 2016/2017 of \$2,297 per annum (including both the UAGC and value based general rate).

Rates increases for some properties will vary from the headline rates increase due to:

- property values changing as a result of being sub-divided or developed during the year
- rates liability being assessed on data that is finalised after the rates calculation takes place.

2.2 Rating stability

Long-term differential strategy

Under the rating policy businesses pay a greater share of rates than residential properties. Businesses make more use of, or place more demand on, council services like transport and stormwater and are better able to afford rates as they can claim back GST and rates can be claimed against income tax. The council will collect 32.7 per cent of the general rate requirement from the business sector in 2016/2017. This equates to a business differential of 2.73 times the urban residential rate for 2016/2017.

However, the council decided that the present level is too high and should be reduced gradually over time in order to support economic growth. The Long-term differential strategy (LTDS) lowers general rates (UAGC and value-based general rate) for businesses in equal steps from 32.7 per cent of the total requirement in 2016/2017 to 25.8 per cent by 2036/2037. By that time it is expected that the differential will be approximately at a level that reflects the tax and GST advantages businesses have over residential ratepayers. The rate of reduction is set so that the increase in rates for residential and farm/lifestyle properties above the underlying general rates increase is around 0.5 per cent each year.

The current rating policy is set out in full in the Annual Plan 2016/2017 on page 71 in section 3.3.2 Rating mechanism, see link below.

http://www.aucklandcouncil.govt.nz/EN/planspoliciesprojects/plansstrategies/annual_plan/Documents/annualbudget201617vol1.pdf.

Pausing the Long-term differential strategy

A decision to pause the long-term differential strategy requires an amendment to both the Revenue and financing policy and the Rating mechanism in the Funding Impact Statement. The relevant amendments to the Revenue and financing policy can be seen in section 5.1 Draft Revenue and financing policy.

Amendment to Funding impact statement

The Funding impact statement will be amended to reflect decisions made on the LTDS for 2017/2018. If the council decides to change the LTDS then it would be required to amend the following sections of the Funding impact statement in Section 3.2.2 of Volume One of the Annual Plan 2016/2017 under the heading Value based general rate as follows:

- amend the section “The long-term differential strategy”
- amend the tables showing the “Value-based general rate differentials for 2015/2016” and the “Land value general rates.”

The required amendments are set out below for each of the possible rates increase (2.0 per cent, 2.5 per cent and 3.5 per cent) and each of the options of continuing and pausing the LTDS. Full Rating mechanism amendments can be found in Section 5.2 of this document.

Draft Funding Impact Statement amendments for Long-term differential options

The full Funding Impact Statement amendments can be found in Section 5.2 of this document.

Pause Long-term differential strategy and rates increase of 2.0 per cent

The long-term differential strategy

The council is pausing the long-term differential strategy for 2017/2018. In 2017/2018 the business differential ratios will be set so that 32.7 per cent of general rates (UAGC and value-based general rate) come from businesses. This will provide for all ratepayers to have the same rates increase in 2017/2018. The council will continue to lower rates for businesses by applying the long-term differential strategy to its value-based general rate from 2018/2019. This will reduce the proportion of rates collected from the businesses in equal steps to 25.8 per cent by 2037/2038.

Moving to lower rates for businesses will involve progressively shifting some of the general rates from business ratepayers to other ratepayers. This is estimated to increase rates for residential and farm/lifestyle properties by a further 0.5 per cent for each year until 2037/2038. The council considers that increases greater than this would be less affordable for some residential ratepayers. The magnitude of the additional increase for residential and farm/lifestyle ratepayers caused by the long-term differential strategy may vary each year depending on the distribution of growth in the rating base across various ratepayer groups.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2017/2018. This is estimated to produce around \$1,323 million (excluding GST) for 2017/2018.

Value-based general rate differentials for 2017/2018

Property category	Effective relative differential ratio for general rate for 2017/2018	Rate in the dollar for 2017/2018 (including GST) (\$)	Share of value-based general rate (excluding GST) (\$)	Share of value-based general rate (%)
Urban business	2.7298	0.00706423	430,600,062	32.54%
Urban residential	1.0000	0.00258784	740,599,875	55.97%
Rural business	2.4568	0.00635780	49,278,218	3.72%
Rural residential	0.9000	0.00232906	39,554,777	2.99%
Farm and lifestyle	0.8000	0.00207027	62,996,707	4.76%
No road access	0.2500	0.00064696	276,684	0.02%
Uninhabitable island ⁽¹⁾	0	0	0	0

Note to table: ¹ Uninhabitable islands ratepayers are liable for the UAGC only, which is automatically remitted through the rate remission policy.

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local

Government (Auckland Council) Act 2009. These properties will pay a share of the value-based general rates requirement determined on their share of the city's land value rather than a share of the city's capital value as applies for other properties. The rates in the dollar are set out in the following table.

Land value general rates

Differential group	Rate in the dollar for 2017/2018 (including GST) to be based on the land value of the property (\$)
Urban business	0.01544796
Rural business	0.01390317

Pause Long-term differential strategy and rates increase of 2.5 per cent

The long-term differential strategy

The council is pausing the long-term differential strategy for 2017/2018. In 2017/2018 the business differential ratios will be set so that 32.7 per cent of general rates (UAGC and value-based general rate) come from businesses. This will provide for all ratepayers to have the same rates increase in 2017/2018. The council will continue to lower rates for businesses by applying the long-term differential strategy to its value-based general rate from 2018/2019. This will reduce the proportion of rates collected from the businesses in equal steps to 25.8 per cent by 2037/2038.

Moving to lower rates for businesses will involve progressively shifting some of the general rates from business ratepayers to other ratepayers. This is estimated to increase rates for residential and farm/lifestyle properties by a further 0.5 per cent for each year until 2037/2038. The council considers that increases greater than this would be less affordable for some residential ratepayers. The magnitude of the additional increase for residential and farm/lifestyle ratepayers caused by the long-term differential strategy may vary each year depending on the distribution of growth in the rating base across various ratepayer groups.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2017/2018. This is estimated to produce around \$1,330 million (excluding GST) for 2017/2018.

Value-based general rate differentials for 2017/2018

Property category	Effective relative differential ratio for general rate for 2017/2018	Estimated rate in the dollar for 2017/2018 (including GST)	Level of value-based general rate (excluding GST)	Share of value-based general rate
Urban business	2.7298	0.00709866	432,675,941	32.54%
Urban residential	1.0000	0.00260042	744,153,891	55.97%
Rural business	2.4568	0.00638879	49,515,783	3.72%
Rural residential	0.9000	0.00234038	39,744,594	2.99%
Farm and lifestyle	0.8000	0.00208034	63,299,016	4.76%

Property category	Effective relative differential ratio for general rate for 2017/2018	Estimated rate in the dollar for 2017/2018 (including GST)	Level of value-based general rate (excluding GST)	Share of value-based general rate
No road access	0.2500	0.00065011	278,012	0.02%
Uninhabitable island ⁽¹⁾	0	0	0	0

Note to table: ¹ Uninhabitable islands ratepayers are liable for the UAGC only, which is automatically remitted through the rate remission policy.

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the value-based general rates requirement determined on their share of the city's land value rather than a share of the city's capital value as applies for other properties. The rates in the dollar are set out in the following table.

Land value general rates

Differential group	Rate in the dollar for 2017/2018 (including GST) to be based on the land value of the property (\$)
Urban business	0.01552325
Rural business	0.01397093

Pause Long-term differential strategy and rates increase of 3.5 per cent

The long-term differential strategy

The council is pausing the long-term differential strategy for 2017/2018. In 2017/2018 the business differential ratios will be set so that 32.7 per cent of general rates (UAGC and value-based general rate) come from businesses. This will provide for all ratepayers to have the same rates increase in 2017/2018. The council will continue to lower rates for businesses by applying the long-term differential strategy to its value-based general rate from 2018/2019. This will reduce the proportion of rates collected from the businesses in equal steps to 25.8 per cent by 2037/2038.

Moving to lower rates for businesses will involve progressively shifting some of the general rates from business ratepayers to other ratepayers. This is estimated to increase rates for residential and farm/lifestyle properties by a further 0.5 per cent for each year until 2037/2038. The council considers that increases greater than this would be less affordable for some residential ratepayers. The magnitude of the additional increase for residential and farm/lifestyle ratepayers caused by the long-term differential strategy may vary each year depending on the distribution of growth in the rating base across various ratepayer groups.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2017/2018. This is estimated to produce around \$1,342 million (excluding GST) for 2017/2018.

Value-based general rate differentials for 2017/2018

Property category	Effective relative differential ratio for general rate for 2017/2018	Estimated rate in the dollar for 2017/2018 (including GST)	Level of value-based general rate (excluding GST)	Share of value-based general rate
Urban business	2.7299	0.00716750	436,826,640	32.54%
Urban residential	1.0000	0.00262555	751,252,434	55.96%
Rural business	2.4569	0.00645075	49,990,792	3.72%
Rural residential	0.9000	0.00236299	40,123,721	2.99%
Farm and lifestyle	0.8000	0.00210044	63,902,832	4.76%
No road access	0.2500	0.00065639	280,664	0.02%
Uninhabitable island ⁽¹⁾	0	0	0	0

Note to table: ¹ Uninhabitable islands ratepayers are liable for the UAGC only, which is automatically remitted through the rate remission policy.

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the value-based general rates requirement determined on their share of the city's land value rather than a share of the city's capital value as applies for other properties. The rates in the dollar are set out in the following table.

Land value general rates

Differential group	Rate in the dollar for 2017/2018 (including GST) to be based on the land value of the property (\$)
Urban business	0.01567380
Rural business	0.01410642

Continue Long-term differential strategy and rates increase of 2.0 per cent

The long-term differential strategy

The council is continuing to lower rates for businesses by applying the long-term differential strategy to its value-based general rate. In 2017/2018 the business differential ratios will be set so that 32.3 per cent of general rates (UAGC and value-based general rate) come from businesses. This will reduce in equal steps to 25.8 per cent by 2036/2037.

Moving to lower rates for businesses will involve progressively shifting some of the general rates from business ratepayers to other ratepayers. This is estimated to increase rates for residential and farm/lifestyle properties by a further 0.5 per cent for each year until 2036/2037. The council considers that increases greater than this would be less affordable for some residential ratepayers. The magnitude of the additional increase for residential and farm/lifestyle ratepayers caused by the long-term differential strategy may vary each year depending on the distribution of growth in the rating base across various ratepayer groups.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2017/2018. This is estimated to produce around \$1,323 million (excluding GST) for 2017/2018.

Value-based general rate differentials for 2017/2018

Property category	Effective relative differential ratio for general rate for 2017/2018	Estimated rate in the dollar for 2017/2018 (including GST)	Level of value-based general rate (excluding GST)	Share of value-based general rate
Urban business	2.6832	0.00698696	425,917,118	32.19%
Urban residential	1.0000	0.00260396	745,182,473	56.31%
Rural business	2.4149	0.00628826	48,742,298	3.68%
Rural residential	0.9000	0.00234357	39,799,529	3.01%
Farm and lifestyle	0.8000	0.00208317	63,386,510	4.79%
No road access	0.2500	0.00065099	278,396	0.02%
Uninhabitable island ⁽¹⁾	0	0	0	0

Note to table: ¹ Uninhabitable islands ratepayers are liable for the UAGC only, which is automatically remitted through the rate remission policy.

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the value-based general rates requirement determined on their share of the city's land value rather than a share of the city's capital value as applies for other properties. The rates in the dollar are set out in the following table.

Land value general rates

Differential group	Rate in the dollar for 2017/2018 (including GST) to be based on the land value of the property (\$)
Urban business	0.01527900
Rural business	0.01375110

Continue Long-term differential strategy and rates increase of 2.5 per cent

The long-term differential strategy

The council is continuing to lower rates for businesses by applying the long-term differential strategy to its value-based general rate. In 2017/2018 the business differential ratios will be set so that 32.3 per cent of general rates (UAGC and value-based general rate) come from businesses. This will reduce in equal steps to 25.8 per cent by 2036/2037.

Moving to lower rates for businesses will involve progressively shifting some of the general rates from business ratepayers to other ratepayers. This is estimated to increase rates for residential and farm/lifestyle properties by a further 0.5 per cent for each year until 2036/2037. The council considers that increases greater than this would be less affordable

for some residential ratepayers. The magnitude of the additional increase for residential and farm/lifestyle ratepayers caused by the long-term differential strategy may vary each year depending on the distribution of growth in the rating base across various ratepayer groups.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2017/2018. This is estimated to produce around \$1,330 million (excluding GST) for 2017/2018.

Value-based general rate differentials for 2017/2018

Property category	Effective relative differential ratio for general rate for 2017/2018	Estimated rate in the dollar for 2017/2018 (including GST)	Level of value-based general rate (excluding GST)	Share of value-based general rate
Urban business	2.6832	0.00702101	427,970,160	32.19%
Urban residential	1.0000	0.00261662	748,758,835	56.31%
Rural business	2.4149	0.00631891	48,977,249	3.68%
Rural residential	0.9000	0.00235496	39,990,540	3.01%
Farm and lifestyle	0.8000	0.00209330	63,690,721	4.79%
No road access	0.2500	0.00065416	279,732	0.02%
Uninhabitable island ⁽¹⁾	0	0	0	0

Note to table: ¹: Uninhabitable islands ratepayers are liable for the UAGC only, which is automatically remitted through the rate remission policy.

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the value-based general rates requirement determined on their share of the city's land value rather than a share of the city's capital value as applies for other properties. The rates in the dollar are set out in the following table.

Land value general rates

Differential group	Rate in the dollar for 2017/2018 (including GST) to be based on the land value of the property (\$)
Urban business	0.01535347
Rural business	0.01381812

Continue Long-term differential strategy and rates increase of 3.5 per cent

The long-term differential strategy

The council is continuing to lower rates for businesses by applying the long-term differential strategy to its value-based general rate. In 2017/2018 the business differential ratios will be set so that 32.3 per cent of general rates (UAGC and value-based general rate) come from businesses. This will reduce in equal steps to 25.8 per cent by 2036/2037.

Moving to lower rates for businesses will involve progressively shifting some of the general rates from business ratepayers to other ratepayers. This is estimated to increase rates for residential and farm/lifestyle properties by a further 0.5 per cent for each year until 2036/2037. The council considers that increases greater than this would be less affordable for some residential ratepayers. The magnitude of the additional increase for residential and farm/lifestyle ratepayers caused by the long-term differential strategy may vary each year depending on the distribution of growth in the rating base across various ratepayer groups.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2017/2018. This is estimated to produce around \$1,342 million (excluding GST) for 2017/2018.

Value-based general rate differentials for 2017/2018

Property category	Effective relative differential ratio for general rate for 2017/2018	Estimated rate in the dollar for 2017/2018 (including GST)	Level of value-based general rate (excluding GST)	Share of value-based general rate
Urban business	2.6833	0.00708910	432,075,181	32.19%
Urban residential	1.0000	0.00264190	755,902,090	56.31%
Rural business	2.4150	0.00638019	49,447,031	3.68%
Rural residential	0.9000	0.00237771	40,372,055	3.01%
Farm and lifestyle	0.8000	0.00211352	64,298,339	4.79%
No road access	0.2500	0.00066048	282,401	0.02%
Uninhabitable island ⁽¹⁾	0	0	0	0

Note to table: ¹ Uninhabitable islands ratepayers are liable for the UAGC only, which is automatically remitted through the rate remission policy.

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the value-based general rates requirement determined on their share of the city's land value rather than a share of the city's capital value as applies for other properties. The rates in the dollar are set out in the following table.

Land value general rates

Differential group	Rate in the dollar for 2017/2018 (including GST) to be based on the land value of the property (\$)
Urban business	0.01550237
Rural business	0.01395213

2.3 Paying for tourism promotion

Summary proposal and reasons

The council currently spends \$27.8 million on visitor attraction and major events funded by general rates from Auckland ratepayers. At present all ratepayers contribute around 2 per cent of their rates to fund this expenditure. The council proposes to free up this general rates by funding visitor attraction and major events with a targeted rate on accommodation providers. The ratepayer funding that is freed up will be available for new infrastructure investments, including transport infrastructure projects. This will allow \$27.8 million of general rates funding to support \$180 million of capital expenditure over 5 years expanding to a total of \$250 to \$300 million over 10 years.

Funding visitor attraction and major events expenditure from a targeted rate on accommodation providers establishes a clear link between the sector that is the most immediate direct beneficiary of expenditure to raise visitor numbers and those who are paying. While other sectors benefit from visitor expenditure they also have a substantial local customer base. As the council does not wish to add further costs to Auckland residents it considers a rate on accommodation providers to be the best funding option.

The proposed rate will apply to all commercial accommodation providers¹. The council has identified several options for determining liability for the rate including: capital value (sum of land value and improvements), number of rooms, land value and floor area. The council's preference is for capital value. Capital value has the strongest link to the accommodation sector's revenue potential and hence the likely benefit received and the ability to meet the additional costs. Capital value reflects several indicators of revenue potential including size, amenity and location.

The following table shows the impact on each provider type of a capital value based accommodation sector targeted rate.

Sector	Estimated % share of sector revenue 2017 forecast ²	Share of targeted rate	Targeted rate as a proportion of revenue
Hotel	78.2%	81.8%	4.1%
Motel	16.4%	14.2%	3.4%
Other	5.4%	4.0%	3.0%

A rate set to raise \$27.8 million would represent around 4 per cent of the estimated commercial accommodation sector revenue for 2017 of \$706 million³. If they wish, the accommodation sector can pass through the costs of the rate by adding an Auckland Council accommodation sector targeted rate surcharge of around 4 per cent to guests' bills. Charges

¹ The definition of commercial accommodation provider is set out in the Implementation section of this proposal

² Revenue Estimates for Auckland's Commercial Accommodation Sector, Fresh Information Limited, July 2016.

³ Revenue Estimates for Auckland's Commercial Accommodation Sector, Fresh Information Limited, July 2016.

on the accommodation sector are widely used overseas to fund visitor attraction (most often as a bed night tax) ranging up to 17 per cent. At present the accommodation sector pays total rates of \$18.5 million.

The rate is estimated to be set at \$0.01394584 (GST inclusive) per dollar of capital value. The estimate is based on the current rating database subject to adjustment to entry and exit from the market and the possible exclusion of non-accommodation facilities.

The council's preference would be to apply a bed night tax to provide for this funding. A bed night tax reflects the number of guests and the price of accommodation so is the most accurate means of distributing the revenue requirement between accommodation providers. However, the council doesn't have the legislative powers to impose a bed night tax.

Central government has discussed the idea of bed night tax but there is no certainty this will be implemented and if it is it would fund tourism infrastructure not visitor attraction and major events.

A new advisory body with representation from the accommodation and tourism sector is proposed to provide direction to the council on expenditure of the revenue raised from the rate. The council would consider the advisory board's recommendations and reflect these in its statement of intent and letter of expectations to Auckland Tourism, Events and Economic Development (ATEED).

Background

The council presently funds expenditure on visitor attraction and major events of \$27.8 million from general rates. This represents around 2 per cent of general rates revenue or \$46 for the average residential ratepayer. Residential ratepayers and most businesses receive only indirect benefit from this expenditure.

ATEED expenditure on visitor attraction and major events

ATEED's draft rates funded expenditure on visitor attraction and major events for 2017/2018 is set out below.

Expenditure	Rates funding \$,000	Activity
Major events	\$14,373	Includes: Sponsorship and attraction of major events such as the NRL 9's, World Master Games and local events such as Chinese Lantern Festival
Visitor and external relations	\$8,876	Includes:
• Tourism	\$6,884	• Advertising campaigns in Australia with partners such as Tourism NZ and Flight Centre
• International education	\$995	• Domestic marketing campaigns promoting Auckland
• i-Sites	\$360	• Partnering with Education New Zealand and the education sector to attract students
• External relationships	\$637	• Working with external parties such as the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise on hotel investment attraction

Expenditure	Rates funding \$,000	Activity
Destination and marketing	\$4,603	Includes:
• Auckland convention bureau	\$2,365	• Auckland Convention Bureau (ACB) marketing and sales activity
• Brand and marketing	\$2,238	• Partnering with Tourism New Zealand and the New Zealand International Convention Centre to attract major business events to Auckland
		• Partnering with the cruise sector to promote Auckland as a destination and exchange port
Net expenditure	\$27,852	

A key example of the benefits of ATEED's visitor attraction is the four year partnership with the Flight Centre. The investment up to this financial year produced an increase in bookings to Auckland via the Flight Centre that was more than 50 per cent greater than the same period of growth in underlying visitor numbers over a four year period. According to sales data from Flight Centre this visitor growth produced an additional \$30 million in visitor spending in Auckland.

It is difficult to quantify the impact of ATEED's investment in its events program separate from other actors. However, the majority of these events rely on support from council in multiple dimensions, in particular the provision of venues. An evaluation⁴ of the economic impact of the events which ATEEDs program contributed to in 2015/2016 showed the following results:

- 124,550 additional visitors
- 262,980 additional visitor nights
- \$44,750,000 additional tourism expenditure.

Central government consideration of bed night tax

Central government has been in discussion with, and received a report⁵ from, senior leaders in the tourism sector on an industry proposal to jointly fund additional investment in tourism infrastructure. They recommended funding for tourism infrastructure from a combination of a bed tax, a border levy, and an equivalent contribution from central government. The proposed bed tax would be set at 2 per cent, and the border levy at \$5 per head. This would raise around \$65 million to be matched by central government.

It is not clear if or when the government might introduce a bed night tax. If it did so quickly the commercial accommodation sector could be faced with both a new 2 per cent bed night tax and a targeted rate equivalent to around 4 per cent of revenue. If accommodation providers decided to pass on the costs of the targeted rate alongside a bed night tax prices could increase by an average 6 per cent. This would have an impact on the number of guests but as noted in the analysis below this is not expected to be significant.

⁴ Evaluation of ATEEDs 2015-2016 Event Portfolio, Fresh Information Limited, 2016.

⁵ Addressing New Zealand's Most Pressing Local Tourism Infrastructure Needs, December 2016. Report prepared by McKinsey and Company. Commissioned by Air NZ, Auckland Airport, Christchurch Airport, and Tourism Holdings Limited.

The council has rejected the option of waiting for central government to introduce a national bed night tax. There is no guarantee that this measure will be implemented or that the funding would be made available to the council. In addition discussions between central government and the tourism sector in regard to a bed night tax have focused on using the revenue to fund tourism infrastructure. The council's proposal relates to expenditure on visitor attraction and major events.

Any concrete proposal to introduce a national bed night tax will be carefully assessed with respect to its impact on this proposal. This could lead to changes to the design of the targeted rate in the Long-term Plan 2018-2028.

Auckland accommodation sector⁶

In the year to September 2016 Statistics New Zealand reported 7.4 million commercial accommodation guest nights in the Auckland Regional Tourism Organisation area⁷. Revenue for the commercial accommodation sector (excluding Airbnb and holiday home rentals) is forecast to be \$718 million for the 2017 calendar year.

The following table shows the number of properties by accommodation type⁸.

Accommodation type	Number of properties
Hotel	75
Motel	180
Backpackers	34
Camping grounds	23

Overseas and New Zealand examples

In New Zealand, several other councils in major tourism destinations fund business development and tourism activity in whole or part from the business and accommodation sector.

- Marlborough - targeted rates on tourism businesses for tourism promotion
- Wellington – targeted rates on businesses funds the Wellington Regional Economic Development Agency for activities including: visitor attraction, the convention centre and parking
- Queenstown – targeted rates on accommodation and commercial businesses funds tourism promotion
- Rotorua – targeted rates on business, industrial, and farms funds economic projects, destination marketing and information centres
- Tauranga – targeted rate on commercial properties funds tourism promotion and economic development

⁶ The analysis in this report draws on information from Statistics New Zealand, the Ministry of Business Innovation and Employment (MBIE) and Fresh Information Limited. The various data sources provide estimates of spending on accommodation in Auckland that are broadly similar. The information is used to provide a basis for illustrating the difference between broad policy choices.

⁷ This area is slightly larger than Auckland Council as it includes part of the Hauraki and Waikato districts areas that were previously in the Franklin District Council area.

⁸ Commercial Accommodation Monitor, Statistics New Zealand, November 2016

- Taupo – targeted rate on commercial/industrial properties funds economic development.

Bed night taxes (set as a per cent of the room rate) are widely used in Europe and the United States. A few examples are noted below:

- Vancouver 2 per cent to 3.5 per cent
- Vienna 3 per cent
- Berlin 5 per cent
- Athens 13 per cent
- Las Vegas 14 per cent
- Los Angeles 15.5 per cent
- Kansas 18.35 per cent.

A comprehensive list is set out in Attachment One.

Decision making criteria

In establishing any funding mechanism, the council is required to consider a number of factors set out in section 101(3) of the Local Government Act 2002 and in the council's Revenue and Financing Policy. The considerations in section 101 (3) and the Revenue and Financing Policy that are particularly relevant to this funding decision are:

- connection between who would pay the rate and who is receiving benefits from the services to be funded
- impact of the rate for those paying it, affordability
- administrative practicality, administration costs and legality.

Revenue requirement

The proposal is to raise \$27.8 million from a targeted rate on the accommodation sector. The council also considered a higher and lower revenue requirement:

- \$30 million increased to allow for additional investment in visitor attraction and major events
- \$25 million reduced to reflect only those elements of ATEEDs events expenditure that promote visitor attraction. The balance would continue to be funded from general rates.

The council's preference is to set the revenue requirement at \$27.8 million. The proposed new governance arrangements provide for the industry to determine whether or not there is a case for additional investment. If the industry wishes to increase investment they can propose an increase in the level of the rate to the council.

The council recognises that \$2.5 to \$3.0 million of expenditure is for events that are primarily focused on Auckland residents and do not attract many visitors from outside the region. However, the proposed revenue requirement does not take into account the contribution Regional Facilities Auckland (RFA) makes to many major events which also benefit the visitor economy and accommodation providers. The stadiums and venues RFA makes available to

host these events represent a major public investment by Auckland ratepayers on which only a limited return is generated.

A higher or lower revenue requirement has a greater or lesser impact respectively on accommodation sector ratepayers.

Options for funding visitor attraction and major events

The council considers that a rate on accommodation providers is the best means of funding ATEED's visitor attraction and major events expenditure. Accommodation providers receive immediate direct benefit from increased visitor numbers. While the affordability impact is greater given the smaller number of ratepayers, they can manage this if they wish by passing the added expense on to guests as occurs with bed night taxes in many other international cities. It should also be noted that other tourism related sectors have limited capacity to pass on costs due to the significant share of their revenue derived from Aucklanders whereas the accommodation sector commonly adjusts tariffs in response to peaks in demand. If the accommodation sector passed on the costs of the targeted rate they will have nearly no impact on Auckland residents unlike a rate targeted at other sectors that benefit from the visitor economy.

The council considered a range of options for funding visitor attraction and major events expenditure by ATEED. A comparative analysis of these options is set out in the table below. Further analysis of option four is set out in Attachment Two: Analysis of options for funding visitor attractions and major events.

Options for funding visitor attraction and major events		
Funding option	Criteria Connection between who would pay the rate and who is receiving benefits from the services to be funded	Impact of the rate
1. General rates	<p>While sum is large it is relatively small in context of general rates at around 2 per cent</p> <p>Wider city benefits from additional economic activity generated by tourism</p> <p>Direct benefits apply to a small number of property owners, most ratepayers receive no direct benefit</p>	Represents an average payment of approximately \$46 by each residential ratepayer
2. Targeted rates on business sector	<p>Benefits accrue to business sector from expenditure by tourists</p> <p>Direct benefits apply to a small number of property owners, most business ratepayers receive no direct benefit</p>	<p>5.3 per cent increase in business sector rates required to raise \$27.8 million</p> <p>If the costs are passed on they will have an impact on Auckland residents</p>
3. Targeted rates on CBD business sector	<p>Greater proportion of accommodation providers and other business activity in the city centre that benefit from tourists</p> <p>Neighbouring office block and hotel would pay</p>	<p>26 per cent increase in city centre business rates required to raise \$27.8 million</p> <p>If the costs are passed on they will have</p>

Options for funding visitor attraction and major events		
Funding option	Criteria Connection between who would pay the rate and who is receiving benefits from the services to be funded	Impact of the rate
	a similar share but receive disparate benefits	an impact on Auckland residents
4. Targeted rates on tourism sector	<p>The benefits of visitor expenditure are spread across a wide group of activities</p> <p>The relationship between visitor revenue and property value differs widely across the individual providers</p>	<p>For most sectors of the economy benefiting from visitor expenditure the majority of revenue still comes from Auckland residents</p> <p>If the costs are passed on they will impact on Auckland residents</p>
5. Targeted rates on accommodation providers (proposed)	<p>Accommodation providers receive immediate direct benefit from increased visitor numbers</p> <p>Substantial majority of accommodation sector revenue comes from visitors</p> <p>This is an industry that commonly uses tariffs to manage demand pressures and has the capacity to pass on costs to visitors</p>	<p>Proposed rate around 4 per cent of sector revenue</p> <p>Costs can be managed by passing them on to guests, as occurs with bed night taxes in many other international cities</p> <p>If the costs are passed on they will have nearly no impact on Auckland residents</p>

A rate set on the accommodation sector to raise \$27.8 million represents around 4 per cent of the sector's revenue. This is at the lower range of revenue imposts set in many overseas cities through a bed night tax. Unlike a bed night tax if providers decide to pass on the costs they can choose to do so at the time of year when their demand is less price sensitive such as during the peak season. However, some providers may have contractual obligations which prevent them from passing on the cost for the term of the contract for example arrangements with airlines for crew accommodation.

Assuming that accommodation providers pass on any charge imposed on them to visitors rather than absorbing it within their costs it is inevitable that there would be some impact on visitor numbers. Stay nights are estimated to have a one off reduction of 0.23 per cent to 0.62 per cent than they would otherwise, all else held equal. In the context of ongoing growth of over 3.5 per cent a year, this suggests overall growth would be slightly slower in the year after implementation. Overall visitor spending in Auckland is still expected to increase, by an estimated \$16 million to \$23 million in 2017. A detailed discussion, including calculations of this impact, is set out in Attachment Three: Calculation of impact on tourist spending.

The council also considered using a combination of funding sources e.g. half from the commercial accommodation sector and half from the wider business community. The relative benefits of a combined option would be as discussed above in relation to its components. The impact on these ratepayer groups would be proportionate to the level of the funding sought from each sector.

Options for accommodation sector targeted rate

The application of a targeted rate to accommodation providers has options in two parts. First how will the rate be applied and secondly whether it should be applied differentially between accommodation providers.

Options for application of accommodation sector targeted rate

The options considered for allocating liability for rates to accommodation providers were:

- number of rooms
- floor area
- land value
- capital value.

The analysis presents a comparative assessment of these options against the decision making criteria. The assessment addresses how equitably different accommodation providers (e.g. a central city hotel and a suburban motel) would be treated by each option in terms of the criteria. All the options can be implemented within current rating law.

Tax/Rate	Connection between payment and benefit from services	Impact of the rate for those paying it, affordability	Administrative practicality
Number of rooms (define rooms as SUIPs for this rate)	Hotels with similar numbers of rooms will pay the same irrespective of actual bed nights sold Providers with higher revenue and greater benefit from increased visitor numbers will pay the same as those with lower tariffs if they have the same number of rooms	Providers with higher potential, but not necessarily actual, volume will pay more irrespective of revenue potential Some providers with higher potential volumes e.g. backpackers may have much lower potential revenue and less ability to pay	Some information held by council May be issues with definition of a room i.e. are single rooms, multi-room apartments, dormitories treated the same?
Floor area	Connection of measure to volume is weaker as property size is only an indirect measure of potential visitor numbers through the potential number of rooms and hence beds and doesn't relate to the actual volume of visitors or revenue Doesn't differentiate between floor area in a backpackers, suburban motel or inner-city hotel each of which may have vastly different volumes and revenue potential		Council would need to apportion floor area between accommodation and other activities e.g. restaurants
Land Value	Land value reflects desirability of location and potential for higher tariffs Land value doesn't have any connection to volume or actual tariffs so very weak connection to benefits	No connection to volume and limited connection to potential revenue	No issues
Capital Value	Higher land value properties may be more desirable and able to charge higher tariffs and hence receive more benefit Higher improvement value implies larger buildings and potential to accommodate more visitors and benefit more	The same arguments apply to relative affordability as they do to benefits	Would need to consider adjusting hotel valuations to remove proportion not relating to accommodation

Tax/Rate	Connection between payment and benefit from services	Impact of the rate for those paying it, affordability	Administrative practicality
	Higher capital value properties may also provide greater amenity and hence be able to levy higher tariffs and benefit more		

Conclusion

The council considers that capital value is the most equitable rating tool to distribute the revenue requirement across accommodation providers. Capital value provides for factors that reflect the variations between providers in terms of both benefit received and affordability. Capital value differentiates between central city hotels, suburban motels and backpackers hostels. Capital value is also consistent with how other rates are applied to these and other properties in the CBD and elsewhere such as the general rate, City Centre Targeted Rate and Heart of the City BID targeted rate.

The measures that are based on potential volume (bed numbers, room numbers and floor area) differentiate on potential but not actual volume and therefore revenue. They also do not distinguish between widely varying accommodation types. As a result they are less equitable in terms of distributing the rates burden in relation to the benefits received or relative affordability.

Land value has no relationship to the number of visitors and does not distribute the rates burden equitably between providers in relation to the benefits received or relative affordability.

Application of rate to residential properties also used for commercial accommodation

After considering the issue (see below) the council proposes to continue with its current approach to mixed use properties. The council currently apportions business rates to properties that have both a commercial and residential use only where a clearly identifiable part of a property is used for non-residential purposes. Many holiday homes and properties available from Airbnb don't have a clearly identifiable part used for non-residential purposes making it difficult to rate them for their business activity.

Other councils in New Zealand set additional rates on residential properties that provide accommodation on a commercial basis for part of the year. Queenstown District Council requires properties let for more than 28 days a year to register with the council under their district plan. These properties pay an additional rate based on 25 per cent of their property's value rather than an apportionment.

The council considers the administration costs of identifying the properties through active searches and then conducting an inspection to establish a rates apportionment would probably only balance out the additional rates revenue. This would probably still be the case even if it was supported by the implementation of regulatory changes from making an amendment to the Unitary Plan.

Collecting a proportion of the additional accommodation sector targeted rate from mixed use residential properties wouldn't have a major effect on rates charged to other accommodation providers. It is estimated that revenue from these properties is less than 5 per cent of total accommodation sector revenue. It is therefore likely that any rate levied on a proportion of the capital value of these properties would only yield a small sum.

Options for differentiation of accommodation sector targeted rate

Accommodation providers offering premium products have a less price sensitive clientele making it easier for them to pass on the costs of the proposed rate to visitors. However, motels, backpackers, campgrounds and less centrally located providers may have a more price sensitive clientele. This may make it harder for them to pass on the additional costs of the rate.

Differentiating the rate on some of the factors that may be indicative of price sensitivity could reduce the rates burden on those providers who may find it more difficult to manage the additional costs. However, to ensure the same revenue requirement the other providers would face higher rates.

The council can apply a targeted rate differentially based on the type of provider and location. Differentiating by provider type has a similar impact to differentiating by location as hotels are primarily located in the CBD/airport. The options considered for differentiation by provider type were:

- a) hotels and serviced apartments
- b) motels
- c) backpacker hostels and campgrounds

The table below shows the impact of the application of rates differentiated on provider type. The capital value of hotels, and hence their share of rates, may be slightly overstated as it is based on their rating valuations. The council will need to consider adjusting current valuations to remove the portion of the building not used for accommodation such as conference facilities, restaurants and bars.

		Hotel	Motel	Other
Estimated % share of accommodation sector revenue		78.2%	16.4%	5.4%
No Differential	Sector share of rate	81.8%	14.2%	4.0%
	Rate as a proportion of revenue	4.1%	3.4%	3.0%
90% of revenue from hotels	Sector share of rate	90.0%	7.8%	2.2%
	Rate as a proportion of revenue	4.5%	1.9%	1.6%

A rate based on capital value collects more of the revenue requirement from hotels than their share of sector revenue. Conversely motels and other providers will pay less than their share of sector revenue. Alternative options shift more of the burden towards hotels increasing the difference between the share of rates and the share of sector revenue.

The table below shows the impact on example properties of applying the rate differentially by provider type.

Example property	No Differential	90% of revenue from hotels
Large hotel CBD	\$861,004	\$947,227
Suburban motel	\$33,907	\$18,638
City fringe backpacker	\$49,720	\$27,330
Suburban camp ground	\$68,735	\$37,782

The following table shows the rates impact by area for the differential options.

Location	No Differential	90% of revenue from hotels
	Share of rates	Share of rates
CBD/Airport	70.0%	76.3%
Urban	27.6%	22.2%
Rural	2.4%	1.6%

Applying a differential based on hotels and other providers has a similar impact on the distribution of the rates requirement as a differential based on location. A differential based on location is therefore not justified. A differential based on location would treat the region's luxury lodges which are located outside the CBD and airport area very favourably and also treat CBD backpackers the same as hotels.

Governance of decisions on visitor attraction and major events expenditure

The council considers that it is necessary to adjust the governance mechanisms for expenditure on visitor attraction and major events given the major change proposed to funding.

The options for governance are:

- status quo – ATEED takes decisions within the scope of their statement of intent and letter of expectation from the council
- industry advisory body advises ATEED on decisions to be made within the scope of their statement of intent and letter of expectations from the council

- industry advisory board directing ATEED as is the case for business improvement districts.

While the status quo is appropriate for an agency funded by general rates it provides no direct voice for the industry. With the accommodation sector providing all or the majority of the funding for visitor attraction and major events they should have a direct channel through which to have a say in expenditure decisions.

Business improvement districts have full decision-making over expenditure and recommend the level of rates to the council. However, the council considers it should continue to provide the final direction to ATEED on visitor attraction and major events expenditure decisions because:

- of the scale of the rates proposed
- it is ultimately responsible to all accommodation providers for the application of the rate and its use.

The establishment of an industry advisory board strikes a balance between the responsibilities of the council and the need to provide for the funders to have a say in expenditure decisions. Support from ATEED staff will ensure this body has the resources to provide the best advice and to take a lead role in expenditure decision making.

As the source for funding will be the accommodation sector they should make up the majority of any industry advisory board. All segments of the accommodation sector should be represented on the board: hotels, motels, backpackers and campgrounds. The board could also benefit from the inclusion of ATEED board members and representatives of the wider tourism sector. This would allow for connections with other activities promoting Auckland and integration with the wider tourism sector.

The council will work with relevant industry organisations and consider feedback from consultation before finalising the exact make-up of the board. The terms of reference and rules for the industry body will be established at a later date once its decision-making role and membership have been established.

Implementation

To implement a targeted rate on the accommodation sector the Revenue and financing policy has to be amended to provide for targeted rates to be used to fund visitor and external relations, destination and marketing and major events in the Economic Growth and Visitor Economy activity. An amended draft Revenue and Financing Policy is set out in Section 5.1.

The proposal will update the Funding Impact Statement with the following additional section added.

Accommodation Provider Targeted Rate

Background

Auckland Council, through Auckland Tourism, Events, and Economic Development (ATEED), has a strong focus on developing Auckland's visitor economy into a sustainable year-round industry, including working with industry partners such as Tourism New Zealand and Auckland International Airport Limited to attract high-value visitors, and facilitating the establishment of world-class attractions. The Auckland Convention Bureau team attracts business events which inject millions annually into the economy.

ATEED is also focused on continuing to expand Auckland as a world-leading events city through attracting, delivering and/or supporting an annual portfolio of more than 30 major events. In addition, an ATEED subsidiary is working towards delivering World Masters Games 2017 – the largest participation sporting event in the world.

Activities to be funded

The Accommodation Provider Targeted Rate will be used to help fund the costs of visitor attraction, major events and destination and marketing which are part of council's "economic growth and visitor economy" activity. It will apply from 2017/2018.

How the rate will be assessed

A targeted rate will be applied to all land defined as business for rating purposes used by visitor accommodation providers. Visitor accommodation includes hotels, serviced apartments, motels, motor inns, campgrounds, motor parks, holiday parks, backpackers, short stay hostels, bed and breakfasts, homestays and lodges. Visitor accommodation excludes long-stay residential accommodation.

A rate in the dollar of \$0.01394584 (including GST) of rateable capital value will be applied in 2017/2018 to business land used for visitor accommodation purposes. This is estimated to produce around \$27.8 million (excluding GST) for 2017/2018.

Attachment One: Bed Night Taxes Overseas Examples

Europe

Country	City	Tax Rate
Austria	Vienna	<ul style="list-style-type: none"> 3.02% of the net price of the accommodation
	Salzburg	<ul style="list-style-type: none"> 3.02% of the net price of the accommodation
Belgium	Brussels	<ul style="list-style-type: none"> Tax is based per number rooms in a hotel
	Bruges	<ul style="list-style-type: none"> EUR 2 per person per night.
Czech Republic	Prague	<ul style="list-style-type: none"> €0.55 per person per night
France	Lyon	<ul style="list-style-type: none"> From €1.65 per person per night (4* and 5* Hotels)
		<ul style="list-style-type: none"> To €0.83 per person per night (1* Hotel)
	Nice	<ul style="list-style-type: none"> From €0.15 to €1.07 per person per day
	Paris	<ul style="list-style-type: none"> From €0.20 to €1.50 per person per night
Germany	Berlin	<ul style="list-style-type: none"> 5% of the net price of accommodation
	Hamburg	<ul style="list-style-type: none"> From €0.50 to €4.00 per person per night
	Munich	<ul style="list-style-type: none"> No hotel tax
Greece	Athens	<ul style="list-style-type: none"> 13% of the net price of accommodation
Hungary	Budapest	<ul style="list-style-type: none"> 4% of the net price of accommodation
Italy	Florence	<ul style="list-style-type: none"> From €5.00 per person per night (5* Hotel)
		<ul style="list-style-type: none"> To €1.00 per person per night (1* Hotel)
	Milan	<ul style="list-style-type: none"> From €5.00 to €2.00 per person per night
	Rome	<ul style="list-style-type: none"> From €7.00 to €3.00 per person per night
	Venice	<ul style="list-style-type: none"> €4.50 per person per night
Ireland	Dublin	<ul style="list-style-type: none"> 6.75% of the net price of the accommodation
The Netherlands	Amsterdam	<ul style="list-style-type: none"> 5.5% of the net price of the accommodation
Poland	Warsaw	<ul style="list-style-type: none"> €1.00 per person per night
Portugal	Lisbon	<ul style="list-style-type: none"> No hotel tax
Spain	Barcelona	<ul style="list-style-type: none"> From €0.45 to €2.50 per person per night
	Madrid	<ul style="list-style-type: none"> 7% of the net price of the accommodation
United Kingdom	Edinburgh	<ul style="list-style-type: none"> Currently no hotel tax
	London	<ul style="list-style-type: none"> Currently no hotel tax

United States

USA – Lodging Tax Rates 2014		
City	Total Lodging Tax Rate	Lodging Tax Revenue (\$m)
Atlanta	16%	\$58.00
Boston	14.45%	\$71.10
Chicago	11%	\$100.40
Denver	14.85%	\$75.60
Houston	17%	\$90.10
Las Vegas	14%	\$4.00
Los Angeles	15.50%	\$187.50
Miami	13%	\$103.60
New Orleans	13%	\$13.40
New York	14.75%	\$541.30
Philadelphia	16.50%	\$52.80
Portland	14.50%	\$35.10
San Diego	12.50%	\$170.50
San Francisco	16.25%	\$310.10
Max rate: Kansas City, MI	18.35%	\$20.30
Min rate: Fontana, CA	8%	\$0.70
Average rate	13.45%	

Attachment Two: Analysis of targeted rates on tourism sector

In Auckland, the benefits of visitor expenditure are spread across a wide group of industry categories. The table below shows visitor expenditure by industry category⁹.

Industry category	Auckland visitor expenditure (int. and domestic) \$m	Share of Auckland visitor expenditure
Accommodation	\$724	10%
Cultural, recreation and gambling	\$133	2%
Food and beverage	\$1,206	16%
Other passenger transport	\$1,229	17%
Other tourism	\$981	13%
Retail	\$3,148	42%
Total	\$7,420	100%

The majority of revenue that the accommodation sector receives comes from visitors. Other industry categories receive significant portions of revenue from local residents. The table below shows the share of revenue that each industry category receives from visitors at a national level¹⁰.

Industry category	New Zealand total expenditure (\$m)	New Zealand visitor expenditure (int. and domestic) (\$m)	Share of New Zealand industry category expenditure from visitors
Accommodation	\$2,463	\$2,439	99%
Cultural, recreation and gambling	\$3,951	\$995	25%
Food and beverage	\$8,256	\$3,356	41%
Other passenger transport	\$5,172	\$3,626	70%
Other tourism	\$43,987	\$1,965	4%
Retail	\$112,306	\$9,820	9%

While the share of Auckland accommodation revenue received from visitors may differ from the national average it is unlikely to be significant enough to impact on the relative differences between industry categories and hence the impact on the policy conclusions.

⁹ Figures drawn from the Monthly Regional Tourism Estimates prepared by Ministry of Business Innovation and Employment for 2016.

¹⁰ Figures drawn from Tourism Satellite Account:2016 prepared by Statistics New Zealand for 2015

The relationship between visitor revenue and property value differs widely across the categories above. Many of the properties that have a large tourism footprint will only have a very small property footprint making it difficult to target them in an equitable fashion with a property based rate. A separate rate would be required for each activity. It is also likely that the variation between property value and revenue would be wide within these groups as their choice of property will be driven by factors unrelated to the visitor economy.

The retail, other tourism and cultural, recreation and gambling categories gain substantial revenue from visitors. Increased visitor numbers stimulated by ATEEDs expenditure will grow this revenue. However, the great majority of their revenue comes from Auckland based customers. Accordingly the council does not consider they are an appropriate revenue source for funding visitor attraction and major events.

The other passenger transport category, which includes car rental operations, is heavily reliant on visitors. Several states in the United States apply a tax to rental cars of up to 11.5 per cent. While rental car providers benefit from additional visitors they are not good candidates for a property tax. The value of rental car or other passenger transport property used for rating purposes will only have a very limited connection to actual or potential revenue generation. The council doesn't hold rating data on these businesses nor does it have a regulatory connection with their operations.

The food and beverage sector also draws a significant proportion of its revenue from visitors. There will be some connection between property value and revenue potential for these businesses. More desirable locations will have greater land values and presumably higher revenue potential and similarly for building amenity and building value. However, the visitor spending mix will vary between establishments and based on location. Any pass through of additional rating costs would impact on Auckland residents as 60 per cent of this sectors revenue is local. The council doesn't hold information on this sector in its rating database but does have a regulatory connection through its food premises licensing and liquor licensing functions.

Attachment Three: Calculation of impact on tourist spending

One fundamental question is what impact, if any, an increase in rates on tourism service providers will have on the number of visitors to Auckland, and therefore tourism revenues.

Assuming that accommodation providers pass on any charge imposed on them to visitors rather than absorbing it within their costs, it is inevitable that there would be some impact on visitor numbers and spending. But in the context of visitor numbers that are currently strongly growing, and years of ATEED funding for tourism promotion without the tourism sector specifically paying for this promotion, a small reduction is not unjustified. The question is how big this change is likely to be.

Current spend on accommodation services in Auckland

Fresh Info data¹¹ suggests that in the calendar 2017 year, around \$718 million will be spent on commercial accommodation in Auckland (excluding holiday homes and Airbnb).

Statistics New Zealand¹² estimates that a total of around 4.54 million stay nights (available units occupied) were achieved in Auckland in the year to September 2016. We estimate these will rise to around 4.8 million in calendar 2017¹³, partly on the back of ongoing strong tourism growth, and partly the result of the World Masters' Games and British and Irish Lions Tour.

This implies an average cost per available unit (hotel rooms, luxury lodges, campsites and backpacker's accommodation) of \$149.60 for 2017, using the \$718 million total revenue estimate.

Impact on total cost of travel

Raising \$27.85 million through targeted rates to cover tourism promotion costs would require a 3.9 per cent increase in accommodation costs if accommodation providers chose to pass all these costs on. This equates to an increase in the average unit cost from \$149.60 to \$155.40 (\$5.80 per stay night).

But it is not the cost of accommodation on its own that affects a visitor's likelihood of travel to a location. It is the total cost of travel. Thus in determining the impact of a cost increase, the percentage change in total cost of travel to a destination must be determined.

Accommodation is only one (large) component of the cost of travel. Depending on where the visitor is from (Hamilton, Wellington, Sydney, or Shanghai), the amount they spend on other things like airfares, petrol, food and entertainment will vary. Reliable data for visitors who are staying overnight in Auckland is hard to find, but a general rule of thumb used by applied economics work is that accommodation accounts for around 40 per cent of total travel costs in international travel to developed nations like New Zealand.

¹¹ Revenue Estimates for Auckland's Commercial Accommodation Sector, Fresh Information Limited, July 2016.

¹² Commercial Accommodation Monitor, Statistics New Zealand, November 2016

¹³ September 2016 stay nights scaled up using estimated growth in net revenue from 2016 to 2017 contained in Revenue Estimates for Auckland's Commercial Accommodation Sector, Fresh Information Limited

This implies that the \$718 million spent on accommodation in Auckland is 40 per cent of a larger value of \$1.795 billion spent by those visitors getting to Auckland, as well as on food and entertainment in Auckland.

A \$27.85 million increase in the cost of visiting Auckland is only an addition of 1.55 per cent to the \$1.795 billion spent by visitors to Auckland who stay overnight.

Demand elasticities of price change

The fundamental question is how visitors will respond to the average cost of visiting Auckland and New Zealand rising by up to 1.55 per cent if the proposed rates increase is passed on.

PricewaterhouseCoopers¹⁴ (PwC) modelled the impact of a bed night tax on visitor numbers to Auckland as part of a report to ATEED in 2011. They cited previous overseas studies that estimated the impact of a change in the cost of travel (such as a tax or airfares) on demand for travel. International studies were almost unanimous in suggesting that demand for travel is inelastic. This means that for every 1 per cent the price increases, demand for travel falls by less than 1 per cent.

It is worth noting that a number of factors include elasticities:

- the higher the average stay night price, the lower the elasticity (elasticities tend to be lower at higher dollar values, because one additional dollar is a smaller percentage change in cost)
- the mix of business (inelastic) and leisure (elastic) travellers
- the current global economic climate (meaning elasticities can change from year to year).

But using the PwC study as a starting point, adjusting for the fact that accommodation prices have risen substantially since 2011, the council estimates that a reasonable range of elasticities is between -0.15 and -0.40. In other words, a 1 per cent rise in prices will yield a fall in demand of 0.15 per cent to 0.40 per cent.

Implications for stay nights

The earlier analysis suggests a 1.55 per cent rise in the total cost of travel if all costs are passed on, which implies a fall in visitor demand of between 0.23 per cent and 0.62 per cent.

This fall in demand equates to a loss between 11,200 and 29,800 stay nights a year in 2017, out of the projected 4.80 million.

This is a small reduction, especially in the context of annual stay nights growing at around 3.5 per cent a year over the last year and being projected to do so for the next several years. In other words, the reduction in stay nights would at worst be less than a third of the growth in the last year, and would likely be barely discernible in the context of ongoing growth.

¹⁴ Auckland Tourism Events and Economic Development, Auckland Visitor Plan funding options, Price Waterhouse Coopers, 20 July 2011.

Implications for money spent on travel to Auckland

The targeted rate on accommodation service providers is predicted to increase overall spending in Auckland because demand is relatively inelastic. Total spending, all else held equal would see spending by overnight visitors to Auckland rise by between \$16 million and \$23 million a year. Only a small number of visitors would be put off visiting, and greater revenues would be generated from the vast majority who would still visit.

Further considerations

A further factor is that these figures almost certainly overstate the impact on reducing demand. Most international visitors to Auckland don't just visit Auckland, but are likely to travel on to Rotorua, Queenstown or other tourism hotspots in the country. This means that the total cost of travel by people who travel to Auckland as part of an international trip to New Zealand will likely contribute to a total travel cost of much more than the \$1.795 billion used in this analysis.

However, good information on how much bigger than \$1.795 billion this figure should be is unavailable, therefore \$1.795 billion is used as a low estimate of the likely spend by travellers (and thus it will inflate the likely impact of the proposed accommodation rate on the number of tourists. In other words, the estimate of lost stay nights and tourist revenue provided in this document should be seen as a likely upper bound.

2.4 Paying for housing infrastructure

Funding growth infrastructure

To support Auckland's rapid population growth, the recently adopted Auckland Unitary Plan has enabled significant intensification of the existing urban areas and identified 11,000 hectares in new areas – that's one and a half times the size of Hamilton and will provide enough land for 110,000 new homes. Substantial investment will be needed in new infrastructure (roads, sewers, water pipes, parks and community facilities).

After adjusting for external funding sources (such as transport subsidies from the New Zealand Transport Agency) Auckland Council currently funds growth infrastructure primarily through development contributions and infrastructure growth charges. These are lump sum charges that are payable when a new dwelling is consented or when a dwelling connects to the water and wastewater networks. Together, these charges currently average about \$30,000 per dwelling.

Legislative requirements

The Local Government Act 2002 requires the council to identify all the sources of funding it may use for each of its activities. To add targeted rates as an additional funding tool the council is required to include them as a source of funding for the relevant activities e.g. water and wastewater. This requires an amendment to the council's Revenue and financing policy.

The council can only implement a targeted rate as part of an annual or long-term plan. Rates for a financial year beginning on 1 July are set by the council after the plan for the relevant year (annual plan or long-term plan) is adopted. The plan and subsequent rates setting takes place in the last week of June in each year. The council must consult before setting a targeted rate. This consultation does not have to take place as part of consultation on a draft annual or long-term plan. The actual implementation of a growth infrastructure targeted rate for a specific area would require the council to:

- analyse whether a targeted rate is the most appropriate form of funding for the proposed activity, in accordance with the Local Government Act 2002 and the council's Revenue and financing policy
- agree to a specific proposal for consultation with the affected land owners
- consult with land owners
- consider the feedback from consultation with the land owners
- adopt a resolution striking the rate alongside the annual or long-term plan for the relevant year.

Amendments to Revenue and financing policy

Details of proposed amendments to the Revenue and financing policy are set out below. A draft amended Revenue and financing policy including highlighted amendments is set out in Section 5.1.

Amendment to Table 3.1.3

Add the following bullet points to the Rationale column for targeted rates:

- “to incentivise land owners to develop land in response to a commitment to the provision of infrastructure (including projects to support growth)
- to provide certainty of the council recovering its costs”

Amendments to Table 3.1.4

Replace the text in the Rationale column for targeted rates with the following:

“Appropriate to fund capital expenditure projects (including projects to support growth):

- that benefit a specific group of ratepayers
- to incentivise land owners to develop land in response to a commitment to the provision of infrastructure
- to provide certainty of the council recovering its costs
- where greater transparency in funding the cost of the activity is desirable”

Replace the text in the Rationale column for Development or financial contributions with the following:

“Appropriate to fund capital expenditure in anticipation of or in response to development (growth) that will generate a demand for additional reserves, network or community infrastructure (such as stormwater systems). Contributions are set through the council’s Contributions policy”

Amendments to Rating policy – Targeted rates

Add the following sentence:

“Targeted rates may be used where the council wishes to incentivise development in areas where infrastructure investments have been made and/or to provide more certainty over the timing of payment for those investments.”

Add the highlighted row to table 3.1.5: Services to be funded by targeted rates

Targeted rate	Services to be funded
Infrastructure targeted rates	Activities provided from infrastructure in infrastructure development area

Amendments Table 3.1.6 Funding sources for operating and capital expenditure for each activity

Add to the column “Funding policy” for the following activities the words below

- Waterfront Development
- Regional Planning
- Regional Parks, Sports and recreation
- Local parks, sport and recreation

- Local Parks, Sports and Recreation - Asset Based Services
- Regional community services
- Local community services
- Local Community Services - Asset Based Services
- Roads and footpaths
- Public transport and travel demand management
- Parking and enforcement
- Water supply
- Wastewater.

“Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers

Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used”.

Amend the column “Funding policy” for the Water supply and Wastewater activities to replace the first bullet point with:

“Costs are mainly funded from user charges”.

Overseas approaches

Many cities overseas have addressed the same challenges Auckland presently faces in providing funding for infrastructure to support growth and redevelopment. Different approaches have been taken and many are similar to those presently used by the council such as development contributions and targeted rates. However, others use property taxes (rates) on land that will benefit from infrastructure investment.

Municipal utility districts

A municipal utility district (MUD) is a separate democratically governed body created under legislation. MUDs have the power to borrow and levy property taxes (rates).

MUDs are generally promoted by property developers. In Texas regulatory approval for establishment of a MUD is governed by the Texas Commission on Environmental Quality (TCEQ). Approval from other government agencies is also required for various elements of the creation and operation of MUDs. There are more than 800 MUDs in Texas.

MUDs are formed to construct, operate, maintain and repair water, wastewater and drainage infrastructure in a geographically defined area. A MUD also has the ability to construct parks, street lighting, fire prevention facilities and some roads for new developments.

The establishment and operation of a MUD in Texas usually follows the process below:

- developer acquires land
- developer petitions TCEQ for creation of a MUD

- TCEQ approves MUD establishment
- developer builds infrastructure
- MUD issues bonds
- MUD uses bond proceeds to pay back developer for infrastructure
- developers sells houses
- MUD levies property taxes on home owners to service bonds and cover operational costs of services.

The trigger for the creation of MUDs was the general unwillingness of the federal and state governments to fund the infrastructure needed for local developments. Developers provide the initial financing, up to 30 per cent, for infrastructure keeping this debt off the relevant local authority's books. Developers are therefore taking the initial risk which passes to the MUD and its constituent house owners and the bond holders.

The MUD bonds are tax exempt and therefore they are attractive to investors. In addition, payments of property tax to the MUD are generally viewed as deductible from the home owner's federal income tax.

A MUD typically lasts for 20 to 30 years, after which the district is usually annexed by an adjacent county or municipality. MUDs have been used in almost all large communities in Texas.

Tax increment financing

Tax Increment Financing (TIF) was introduced in the US more than 50 years ago, and is presently being used in almost all the states. The purpose of TIF is to raise revenue from future property tax increases to pay for costs of public infrastructure and other improvements.

When a TIF area is established the property value at that time is fixed for the purposes of determining the areas share of the general rates burden. Rates revenue on property value above that set at the time the TIF was established is used to pay the costs of infrastructure investment. The table below sets out an example of how a TIF would work.

	Year One	Year Two	Year Three
Property Value	\$100,000	\$130,000	\$150,000
Rates in the dollar set by council to meet budgetary revenue requirement	0.01 (1% of capital value or 1 cent in the dollar of capital value)		
General rates contribution	\$1,000		
Contribution to TIF	\$0	\$300	\$500

In most states, the base value is held constant during the life of TIF. In some states, such as Minnesota, the base may increase with the rate of inflation.

Establishment of a TIF requires approval by the state government. The establishment of a TIF has financial impacts on multiple authorities that rely on property taxes for their funding e.g. the city and the relevant school district amongst others. Most states require that the

designated area for a TIF be “blighted” and would not develop “but for” the proposed investment. A blighted area is one where the built environment is older, deteriorated, depreciated, excessively vacant or abandoned, overcrowded, or sparsely developed compared to the rest of the municipality or an area becoming blighted. The “but for” condition requires the local authority to attest that the area would not develop in the absence of TIF (but for the TIF assistance, developers would not invest in the area).

The key steps involved in TIF establishment are:

- a geographic area is designated (the TIF district)
- establish eligibility for TIF using the eligibility criteria by undertaking an eligibility study
- a plan for specific improvements in the TIF district is developed
- a property value assessment for each parcel is frozen to establish the base value
- bonds are issued and the proceeds are used to pay for the planned improvements
- the improvements encourage private development and thus raise property values above where they would have been without the improvement
- with higher values, property tax revenues rise
- property tax revenue from increased assessments over and above the level before the TIF project began (the tax increment) is used to service the debt. In some states, private developers can also arrange their own financing, and the municipality uses the tax increment to reimburse the developers as the tax revenues are received.

The lifespan of TIF districts varies. In some US states, a maximum life is set, and municipalities may choose to terminate the districts at any time beforehand. For example, in Massachusetts the time limit is 20 years, in West Virginia it is 30 years, and in Florida it is 40 years. This is the time period in which the state would expect the redevelopment plans of the municipality to be implemented and financed. Generally, the term of any bonds floated to front fund projects within the district is tied to the designated lifespan. Other states, such as Texas and Georgia, do not specify a time limit but wait until the initiating jurisdiction votes to terminate the district, typically when all redevelopment costs have been paid. Even in states without legal limits, TIF districts tend to last for 20 years to 25 years. This is because most TIF projects require a “gestation period” of approximately this amount of time to generate net benefits for local governments. After the TIF district is dissolved, the taxing districts receive their allotted share of the total property tax income.

Tax increment financing is attractive to lenders because of the security it can provide given the peculiarities of the tax systems in some of those jurisdictions.

Issues with TIF

TIF captures the benefits of property value increase from general market movements and inflation as well as from infrastructure investment. Over time properties in a TIF area will pay a lower share of the general rate burden than similar properties in other parts of the city. In addition the operating costs of the additional infrastructure investments need to be funded by the rest of the tax payers who have to pay a higher rate because of the exclusion of the property value increment in the TIF area from the general tax base.

International experience in TIF

Over the years TIF has been widely used to fund urban renewal, affordable housing and public infrastructure projects such as roads and sewers. In the US, borrowings under TIF are attractive to investors as interest payments on municipal debt are tax exempt. A number of transit projects are partly funded by TIF. For example, San Francisco Transbay Redevelopment Project which involves US\$4.4 billion investment is partly funded by TIF. Forecasts indicate that TIF revenues could produce US\$1.4 billion for debt service and loan repayment from the base year 2005.

In Australia TIF was applied to pay for the Melbourne Underground Rail Link in the late 1960s and early 1970s. An infrastructure levy was applied by VicUrban as part of its regeneration strategy for the Dandenong “Transit City”.

Tax increment funding is a relatively new development in England and Scotland. In 2014 Edinburgh and Aberdeen city councils agreed to use the system, which allows local authorities to borrow for projects associated with commercial developments and pay the money back from the additional tax revenues raised from businesses.

Value capture mechanisms

It is widely recognised that both public investments in infrastructure and population growth lead to unearned wealth creation for land owners. However, no country has been able to sustain mechanisms that seek to take a portion of that income. Measures of this nature tend to be politically unpopular and accordingly hard to maintain or implement as intended. The examples often noted from India, Columbia and Argentina are generally linked in their application to the provision of infrastructure and its cost recovery. In addition governments are generally unwilling to compensate land owners where they make infrastructure investments or impose regulatory restrictions on land use that lower land values.

Government development of its own land or sale of some or all of the development rights is also used in other countries to partly fund infrastructure investment. However, this isn't value capture unless the government body acquires land prior to announcing its development intentions. Private land owners will still make unearned gains on their land holdings without contributing to the infrastructure costs unless some other tool is also applied.

Pure value capture mechanisms are rare. There are various forms of charges on land (MUDs and TIFs) or development (development contributions and infrastructure growth charges) that seek to recover the cost of infrastructure investments are widely used. Two recent international examples are set out below. These are taken from a report Value Capture – Options, Challenges and Opportunities for Victoria Policy Paper, Infrastructure Victoria, October 2016.

International examples		
Name	Description	Value capture mechanism
London Crossrail, UK	42km new east-west rail line across Greater London providing 10 new train stations and 30 upgraded stations	<p>Over a third of the £14.8 billion project cost is derived from land-based value capture charges. These include:</p> <ul style="list-style-type: none"> • A business rate supplement paid annually by non-domestic properties in Greater London with a rateable value of over £55,000. Rate is set at 2 per cent and remains in place until a £3.5 billion loan is repaid. • A community infrastructure levy paid by developers on all new development across Greater London, expected to raise £0.3 billion. • An additional developer charge using an existing mechanism is expected to raise £0.3 billion. • Development rights through the sale of surplus land and air rights at some stations. • Contributions by major beneficiaries including Canary Wharf Group, BAA (owner of Heathrow Airport) and Berkeley Homes.
Transbay Transit Center, USA	The Transbay Transit Centre is a US\$4.5 billion transport, housing and urban renewal project in San Francisco, California.	<p>Originally envisaged solely as a transport project to replace the former Transbay Terminal, where 11 transportation systems connect in the centre of San Francisco, but significant value capture and urban enhancement elements were added to the project scope. It includes:</p> <ul style="list-style-type: none"> • Land sales for property development were equal to US\$429 million (Western United States' tallest building will be constructed on the site). • A US\$171 million Federal loan was secured against future property tax revenues (tax increment finance). • US\$100 million of local sales tax is being dedicated to the project in recognition of the benefits of the project to businesses. • US\$200 million of toll revenue from Bay Area bridges will also be dedicated to the project.

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ⁱ Infrastructure Victoria, (October 2016), Value Capture – Options, Challenges and Opportunities for Victoria Policy Paper

2.5 Paying council staff a living wage

Proposal outline

A living wage is defined as the income necessary to provide workers and their families with the basic necessities of life. A living wage will enable workers to live with dignity and to participate as active citizens in society. While the minimum wage is mandatory for organisations, paying a living wage is voluntary.

Auckland Council is promoting the implementation of a living wage. The council is taking a lead in this because it believes it is more equitable and perceives the benefits justify the investment.

The proposal of a living wage is in line with the council's principle of social equity¹ by paying fair compensation.

The Living Wage is currently \$19.80 per hour based on the published rate by Living Wage Movement Aotearoa New Zealand and the council estimate it may increase to be around \$20.20 per hour in 2017/2018 based on council staff inflators. The current adult minimum wage is \$15.25 per hour, and it will be \$15.75 per hour from 1 April 2017.

While the starting point would be the amount published by Living Wage Movement Aotearoa NZ, it would be necessary for the council to calculate the annual increase of the wage within its budget projections. The council's intention is to offer a fair wage that can be appropriately funded in the long run.

Implementation of a living wage for council employees

The implementation of a living wage at Auckland Council will need to take into consideration the impact on affected employees and timelines.

Who is included?

The proposal is to include Auckland Council and its substantive council-controlled organisations (CCOs)². The substantive CCOs are:

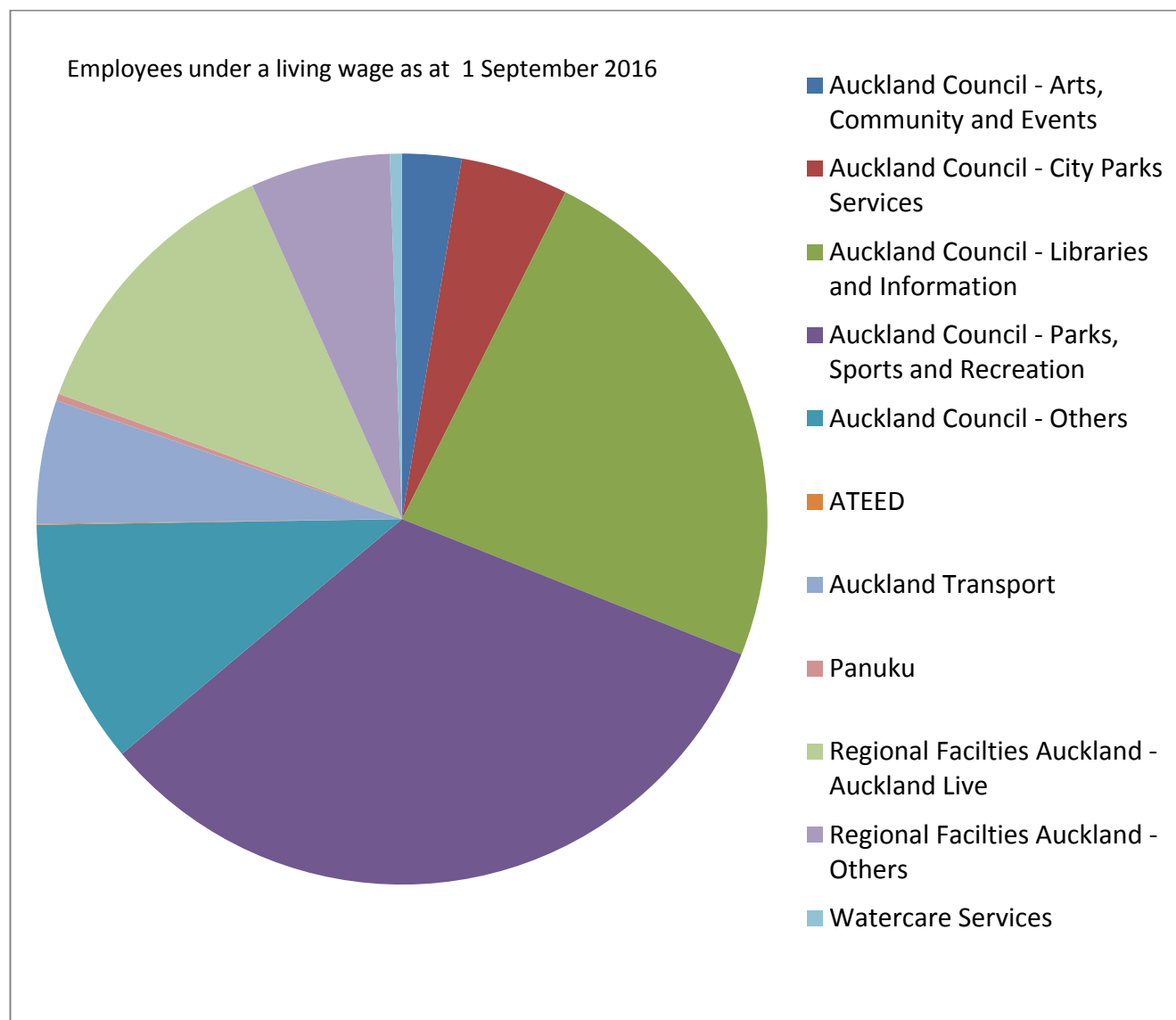
- Panuku Development Auckland
- Auckland Tourism, Events and Economic Development (ATEED)
- Auckland Transport
- Watercare Services Limited
- Regional Facilities Auckland
- Auckland Council Investment Limited

Across the council group, around 2,200 employees will be affected. The business units most impacted are Auckland Council - Libraries and Information, Leisure facilities in Parks, Sports

¹ Currently Auckland Council provides larger increases to people earning below a certain threshold. In 2016/2017 employees earning less than \$40,000 received an increase of 1.5 per cent greater than the general increase

² Ports of Auckland is currently excluded from this proposal as it is not a substantive council-controlled organisation and its operational policies are the responsibility of the Ports of Auckland Board.

and Recreations, City Parks Services, Regional Facilities Auckland - Auckland Live and Auckland Transport.



The main jobs within the council group that will be impacted by the implementation of a living wage include:

- Cleaners, open space and building maintenance employees
- Library assistants and shelves
- Ushers, café staff, venue set up employees, event service assistants and bar employees
- Lifeguards, customer support representatives, fitness instructors, teacher assistants and recreation assistants in Leisure facilities
- Apprentices, cadets and trainees

The jobs above may be employed on a full or part-time basis. They may be on permanent, fixed-term or casual contracts. The council has included all the substantive CCO's and all

jobs impacted in the current proposal to ensure consistency. Any exclusion from these could reduce costs but would lead to differences between council employees doing similar roles.

Contractors³ are excluded from the current proposal.

Timeline

The proposed implementation is to commence from late 2017 and will be completed by the end of the council term (October 2019). This timeframe allows the council the time to fund this through existing budgets as well as address issues on pay relativities between individuals (for example, employees and their supervisors being paid the same). While the affordability of a longer timeframe would be an advantage, anything greater than three years may have limited impact on employees. If the council choose to implement the proposal in a shorter period of time, impacted employees will get a greater benefit however funding this from existing budget savings would be a challenge.

The proposed additional budget provision for a living wage in 2017/2018 will be applied in a way that has the greatest impact.

Key benefits of a living wage

- Improved retention – There is clear evidence of improvement in retention rates within organisations that implemented a living wage. The current attrition rate (employees that voluntarily left the council) is at 25 per cent for employees earning less than a living wage in Auckland Council. This is significantly higher than the council's overall average of 15 per cent. The Center for American Progress estimated a cost of 20 per cent per year on annual salary for recruitment and training of employees earning less than a living wage. This means that every time an employee leaves an organisation, on average it costs 20 per cent of their annual salary to replace them and to train a new employee. Within the context of Auckland Council, if the attrition rate is reduced to the overall average of 15 per cent, the council will save approximately \$735,000 per year.
- Improvement in productivity – The increased remuneration levels for employees earning less than a living wage, leads to the lower turnover and increased productivity which in turn translates to better service for Aucklanders.
- Better talent – The council will be able to attract employees with higher calibre for current jobs because of higher wages. This will also boost productivity and improved service levels for Aucklanders.
- Employee engagement – Improved engagement and motivation is also evident in organisations that have implemented a living wage. Higher levels of engagement and motivation leads to greater productivity.

³ A contractor is a person or company that performs work on a contract basis. The term may refer to general contractor, individual or organisation that contract with Auckland Council.

- Reduced absenteeism – Reduced absenteeism due to higher engagement and motivation which means a better output for Auckland Council.
- Pay equity – Pay equity will be positively impacted with lesser differentiation between gender or ethnic groups.
- Reduction in poverty levels – Evidence in the US has suggested that there is a positive impact on reducing poverty⁴ levels.
- Commitment to fairness – Auckland Council lives up to its value of paying people a salary which enables them to live with dignity and participate in society.

Considerations when implementing a living wage

- Increase in employee costs – The implementation of a living wage will add to the current Auckland Council wage bill. The council plans to meet this cost through savings from existing budgets.
- Relativity of roles – Employees earning less than a living wage would in future receive the same salary with their supervisors and other roles just above a living wage. To manage this, the council may increase remuneration of roles just above a living wage.
- Contract fees – Certain Auckland Council services are performed by both in-house employees as well as through external contracts. This may impact on the price of these external contracts as suppliers compete for employees. Engagement and motivation of contracted employees working alongside the council employees in some parts of the council group may be impacted.
- Collective agreements – Current collective agreements which have competency models and skills based pay will need to be reviewed to align with the implementation of a living wage. This may impact on hourly rates associated with each of these collective agreements and will need to be agreed with the unions.
- Commercial viability – For any council commercial business units, the overall return on these areas may be affected if the cost of wages increased.
- Events – Casual staff working within Regional Facilities Auckland form a large part of impacted employees and this may affect the cost of delivering events across Auckland
- Youth employment and hiring of less skilled employees – As a result of an increased wage, the council may attract more skilled employees which may reduce opportunities for youth and trainees in the workforce. The council will need to consider how it continues to support youth and trainees in its workforce.

⁴ A literature review on the impacts of Living Wage 2013, Tim Maloney.

Financials

The estimated additional cost of implementing the first tranche of a living wage in 2017/2018 is up to \$2.5 million. By the end of the current council term in October 2019, the total projected implementation cost is an additional \$7 million.

The key assumptions used are:

- The cost is in addition to what has already been budgeted for
- It covers the council group, including substantive CCOs but excludes Ports of Auckland
- All impacted jobs are included in the current calculation. Any exclusion would have a possible reduction in costs
- A relativity provision⁵ for employees earning just above a living wage
- Calculation of the hourly rate of a living wage as per table below:

	Hourly rate	Assumptions
Starting point	\$19.80	Published Living Wage Aotearoa Movement NZ 2016 rate ⁶
2017/2018	\$20.20	Inflated by 2.1% using the average wage movement published by Statistics New Zealand
2018/2019	\$20.56	Inflated by current council staff inflators ⁷ of 1.8%
2019/2020	\$21.00	Inflated by current council staff inflators ⁷ of 2.1%

The cost to implement could vary depending on implementation options and changes to the assumptions used including:

- The percentage increases applied to a living wage over the current council term
- The level of relativity provision for employees earning just above a living wage

The costs will be funded through savings within council's existing budgets and not through rate increases.

Contractors or associated increases in third-party contracts have been excluded from all costings.

Option of continuing with status quo

Social Equity is the current principle in which Auckland Council has provided larger increases to people below a certain income level. The council could continue with the current Social Equity principle over the next two to three years. In 2016/2017, the entire workforce will receive a 1.4 per cent increase while employees below \$40,000 receive a 2.9 per cent

⁵ Cost associated to pay relativities between individuals (employees and their supervisors being paid the same).

⁶ Link to Living Wage Aotearoa Movement NZ information sheet:

https://d3n8a8pro7vnm.cloudfront.net/nzlivingwage/pages/89/attachments/original/1456712779/Information_Sheet_NZ_2015_Living_Wage_rate.pdf?1456712779

⁷ This staff inflator is subject to changes in economic circumstances and negotiations.

increase. This has accelerated the increase of salary levels of employees earning less than a living wage over the last few years.

Although the application of Social Equity accelerates the increases to employees earning less than a living wage and allows for greater budgetary control. If the current program continued, the average rate will be at approximately \$19.25 per hour by 2019/2020 (assuming 2.5 per cent annual salary increase is maintained) while the council's estimated living wage rate would be closer to \$21.00 per hour.

The advantage of continuing with this approach is that it falls within current budgets set by Auckland Council over the next few years. The challenge with this is that a living wage may be unachievable for a longer period.

Implementation process

The implementation process will be guided by an Advisory Group comprising of the Mayor of Auckland, Chair of the Finance and Performance Committee, National Convenor of Living Wage Movement Aotearoa New Zealand, New Zealand Public Service Association (PSA) representative and Auckland Council Director of People and Capability.

Implementing a living wage can be done using multiple remuneration tools. While this is an increased cost to the council's salary budget, the implementation methodologies can help the council to absorb the costs in the next three years through efficiency gains and improved productivity.

The hourly rate at which current financial impact has been analysed is subject to changes in economic circumstances. It will be evaluated and reviewed by the council each year based on relevant economic indicators.

The implementation is projected to commence from late 2017 as part of the council's annual review cycle based on approval from the Governing Body and will be completed by the end of the council term (October 2019).

Research and findings

When considering the benefits and considerations of implementing a living wage at the council, various literatures were referenced.

- Researching the living wage in the UK 2001–2014 by Jane Wills, Department of Geography, Queen Mary, University of London (<http://www.geog.qmul.ac.uk/livingwage/>)
- Research from abroad (Greater Manchester Chamber of Commerce Research – The Living Wage: Stating the case) and studies conducted in Auckland and New Zealand like the Treasury report of 2013 (Treasury Report T2013/2346: Analysis of the Propose \$18.40 Living Wage).

- Living Wage Movement Aotearoa New Zealand (refer to <http://www.livingwage.org.nz/> for more information on the living wage and a list of the accredited organisations)
- Several international human rights conventions include clauses which could be seen as relevant to a living wage:
 - Article 23 (3) of the UN Declaration of Human Rights (1948) says that everyone who works has a right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection; and
 - Articles 7 (a) (ii) and 11 of the International Covenant of Economic, Social and Cultural Rights (1966) refer to providing just and favourable conditions of work which ensure a decent living for themselves and their families, and the right of everyone to an adequate standard of living for themselves and their families.

The council also consulted Wellington City Council regarding their experience in implementing a living wage and the methodologies they use in maintaining it. The council also contacted private sector organisations who have implemented higher hourly rates to gain insight into the application of their policies.

2.6 Priorities in your local area for 2017/2018

2.6.1 Albert-Eden Local Board

Each year we review priorities and activities in our local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

The 2017/2018 Annual Agreement marks the third year of our local board plan and the council's Long-term Plan 2015-2025. Over the last three years, the local board has heard what's important to you and your community, and has started delivering your priorities by upgrading town centres, improving open spaces, and providing a range of community events in our area.

This year is about continuing to deliver the projects you identified and, as a result, we're not proposing major changes to our 2017/2018 budgets or work programme. However, we still value your input on our key 2017/2018 projects, which include improvements to Oakley Creek and Coyle Park and upgrading our community centres and villages.

Our two key advocacy points are securing funding to develop a high-quality nine-hole golf course at Chamberlain Park, and endorsing light rail as the preferred public transport solution for central Auckland. Below is a summary of our 2017/2018 priorities. We look forward to hearing your views.

What we plan to do

As noted above, our focus for 2017/2018 is continuing to deliver the projects and priorities you asked for during the development of the local board plan. Some of our key projects for this year include:

- improvements to Te Auaunga - Oakley Creek
- upgrades to paths and development at Coyle Park
- upgrading our community centres at Pt Chevalier and Epsom
- establishing a future giant trees programme which will create iconic natural landmarks and landscapes
- empowering our communities by supporting community groups to provide initiatives and programmes that seek to improve safety in our neighbourhoods and town centres, create vibrant community networks and promote inclusiveness for our migrant communities.

Based on our 10-year budget, in 2017/2018 we plan to invest \$7.6 million to renew and develop assets in your local board area and \$12.8 million to maintain and operate these assets and provide other local initiatives. This includes:

- concluding the upgrade of the Mt Albert town centre
- planning for village centre upgrades in Sandringham and Greenwoods Corner

- renewal of our existing assets such as community facilities, playgrounds, paths and park furniture.

What might change

In addition to our key projects, we are seeking your feedback on the following:

- The expansion of the Uptown Business Association boundary. The Association will hold a postal ballot of the business ratepayers located in the Business Improvement District (BID) expansion area. If the BID expansion goes ahead, it will mean that targeted rate on the business ratepayers in the BID area will increase from \$180,000 to \$270,000 in 2017/2018.
- The local board is progressing the implementation of the Chamberlain Park masterplan to create active and passive recreation spaces and has invested significant budget into the planning, design and implementation of the masterplan. The local board plans to advocate to the Governing Body for funding to develop a high-quality nine hole golf course on the park in the future.
- The local board believes that light rail is the best mass transit solution for central Auckland and will significantly improve the capacity of moving commuters, tourists and residents, reduce congestion, provide safety benefits and provide economic development opportunities. The local board plans to request that the Governing Body advocate to Auckland Transport, New Zealand Transport Agency and the Ministry of Transport that light rail is preferred mass transit solution for central Auckland.

What do you think?

- Have we got our key 2017/2018 projects and advocacy areas right?
- Do you support the Uptown Business Association expanding its boundaries to increase commercial and economic development opportunities in the Newton area?

2.6.2 Devonport-Takapuna Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

The Devonport-Takapuna Local Board is committed to a strong partnership and continued investment with our community. In 2017/2018 we will deliver on our vision to create the world's most liveable city at a local level. You have told us how much you value our local parks and walkways, which is why we will be investing in parks, as well as greenway and walkway development. You have also told us that you would like to see Hurstmere Road revitalised, so we will be working on this over the coming year. We will continue to focus on listening to our community so that together we can contribute to positive outcomes in our local board area.

What we plan to do

Since adoption of our local board plan, we have:

- supported the establishment of a flagship youth centre in Takapuna
- completed the Wairau Creek bridge in Milford Reserve
- completed stage one of the upgrade to the Devonport Ferry Terminal and Marine Square
- restored the Fort Takapuna barracks in time for the World War One centenary
- upgraded the playing field, skate park and learn to ride at Greville Reserve in Forrest Hill
- completed Devonport Library
- supported the retention of the Takapuna Holiday Park.

Based on our 10-year budget, in 2017/2018 we plan to invest \$7.7 million to renew and develop assets in your local board area and \$11.7 million to maintain and operate these assets and provide other local initiatives. This includes:

- general park development
- greenway and walkway development
- streetscape improvements (Takapuna Centre – Hurstmere Rd) and stormwater upgrade
- renewal of existing assets.

We plan on continuing to top up regional service levels in this local board area as follows:

- funding additional library opening hours
- funding the additional cost of utilising the method of mechanical edging in our parks instead of edging with chemical sprays
- funding increased frequency of street garden maintenance.

What might change

- The board would like to hear from you about whether all of its business should be conducted formally, with the public able to be present.

What do you think?

- Have we got our priorities right?

2.6.3 Franklin Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

The new Franklin Local Board has reviewed our long term plans and budgets which were adopted in 2015 and we're confident we are heading in the right direction. As the Auckland region continues to grow quickly, and a lot of this growth is in Franklin, one of the key challenges is keeping up with the growth and what our communities need to live in this great rural part of Auckland. For this annual plan, we don't propose to change anything. Our key challenges are juggling the many and varied demands within a limited budget. One of the biggest challenges is coastal erosion as Franklin has such a large coastline. We continue to plan for the upgrade of our seawalls and other coastal structures, as well as strongly advocating, along with other local boards, to the governing body for coastal erosion to be managed and funded regionally.

So the key message this year is that we will continue to build on what we've achieved in the past two years since we adopted our Local Board Plan. Early in 2017 we will be reviewing it and are keen to hear from you about what we should be focussing on over the next three to ten years.

What we plan to do

Since we adopted our Local Board Plan in 2014, we have worked towards achieving many of the initiatives included in the plan, and we will continue to do so in 2017/2018 by delivering initiatives which will build on the work already under way, as well as respond to new opportunities. We're comfortable with the progress we are making and will put emphasis on projects that are still to commence, so we do not plan to undertake any comprehensive changes to the budgets identified in the Long-term Plan 2015-2025. We are heading in the right direction, and this year we will review our Local Board Plan which will be an opportunity to check in with the community again, and reflect this in the Long-term Plan 2018-2028.

Based on our 10-year budget, in 2017/2018 we plan to invest \$6.2 million to renew and develop assets in your local board area and \$13.1 million to maintain and operate these assets and provide other local initiatives. This includes:

- General park development – a programme of ongoing upgrades and renewal of existing facilities, alongside a number of new parks to meet the growth throughout Franklin.
- Sports Park (Waiuku) – ongoing development of this facility in partnership with the Waiuku Rugby Club and Waiuku College.
- Renewal of existing assets such as Tamakae Wharf, the Sandspit seawall and the toilets at Sunkist Bay.

What might change?

We are not proposing any changes to the overall budget for this year. We will continue to deliver the key activities outlined in the local board plan and work with key stakeholders to plan for the growth that Franklin is experiencing.

What do you think?

- Have we got our priorities right?

2.6.4 Great Barrier Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year (known as the "annual plan".)

Message from the chair

We are now into a fresh term with two new board members so I'm focused on getting everyone settled in and working well together. We're discussing our priorities and making a start on our new three year Local Board Plan, and next year's annual work programme and budget. Unfortunately there are no new funds available in 2017/2018 so we're carefully reviewing our priorities.

There will be some new projects and the changed Board make-up may result in a slightly new direction for the next three years. In particular, we're looking at new ideas for economic development and education, and will shortly decide next steps for the significant ecology vision project. As well as consulting with you on the annual plan, we'll be coming to you in May for feedback on a few other plans. They're all important so please get involved in helping us decide our priorities. If we're doing our job properly, these will reflect *your* priorities.

We look forward to hearing your views.

What we plan to do

Since adoption of our local board plan, we have contributed to the purchasing of Glenfern Sanctuary, extended cellphone coverage to much of the Okiwi community, significantly funded community groups, pursued a wide range of environmental enhancement projects and completed a number of walkways including Harataonga Track.

Based on our 10-year budget, in 2017/2018 we plan to invest \$318,000 to renew and develop assets in your local board area and \$2.4 million to maintain and operate these assets and provide other local initiatives. This includes:

- capital funding for community assets
- renewal of existing assets
- various local improvement projects.

What might change

In addition to what we have planned, we propose the following priorities for 2017/2018:

- continuing investigations into cemetery development in the north and centre of the island
- establishing a new biodiversity position on island to support important ongoing environment work
- investigating further options to increase cellphone coverage for the island. This is part of a renewed push to properly future-proof Barrier infrastructure.

- continue to support the needs of our community through funding agreements to community groups
- creating a learning hub and co-fund a correspondence supervisor with the Ministry of Education. Whilst catering predominantly for correspondence school kids, the hub would also allow for evening classes, training courses, and skills development for all islanders. This is part of a new focus on improving educational outcomes for Barrier youth and plugging local skill gaps.
- looking at our island entry points (i.e. airfields and ports) and connections to see if they're fit for the future
- reviewing where our visitor industry is at and whether we can help
- undertaking a feasibility study for a safe and secure emergency island water supply.

What do you think?

- Have we got our priorities right?

2.6.5 Henderson-Massey Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

Many areas of Henderson-Massey will be facing growth over the next 10 years, and our local board sees this as an opportunity. We want to lead on smart growth initiatives, to take care of what we have and to advocate for high-quality transport, waters, open space and facility infrastructure that meets future demands. When communities grow, this is a chance to develop greater connectedness, a place where we know our neighbours and promote positive safety as well.

Easy to get to parks and community facilities that meet the needs of their local residents is a focus for us. The new communities of the greater Massey and Westgate areas in particular will need high quality community spaces to be planned for and built as these communities grow. High quality urban living also means getting local people into local jobs. Over the past two years the local board has supported local businesses with establishing a business association across Henderson-Lincoln and by June 2017 we will see if they have been successful in establishing a Business Improvement District to bring benefit to all. The environment is important to us all, and with Project Twin Streams now into its second decade we will be looking at what further can be done to help our streams to become more healthy.

We look to work alongside you as we process our shared vision outlined in our local board plan for your community in 2017/2018, please let us know what you think.

What we plan to do

Based on our 10-year budget, in 2017/2018 we plan to invest \$39.6 million to renew and develop assets in your local board area and \$23.1 million to maintain and operate these assets and provide other local initiatives. This includes:

- construction of combined library and community centre at Westgate
- open space development at Westgate
- allocation of SH16/20 NZTA compensation for their use of Harbourview-Orangihina Park to areas affected by the motorway project
- upgrade stormwater at Waiarohia and Totara Ponds, Westgate
- planned renewal of existing park, community centre, and library assets

What might change?

We are not proposing to make major changes to the plans that were signalled for the third year of the Henderson-Massey Local Board Plan 2014.

We would like to do more towards:

- preparing an updated open space plan for Harbourview-Orangihina Park, building on work done in the past as well as bringing in fresh thinking
- supporting Henderson Riding for the Disabled to progress its vision of finding a home where it can expand and develop facilities for year round services
- investing additional local board funding in parks, play grounds, footpaths, and off road shared walking and cycling paths
- working with Panuku Development Auckland to progress residential development occurring on the sites that council owns in Henderson
- supporting community groups and businesses with renewed efforts to improve water quality in our streams.

What do you think?

- What do you think of these proposals?
- What do you think we should include in our plan for Harbourview-Orangihina?

2.6.6 Hibiscus and Bays Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chairperson

On reflection it seems we have achieved many improvements within our local board area and we expect to continue this trend through 2017/2018. The plans we have developed over the last couple of years now provide the opportunity to deliver actions which will be of wide benefit to our communities in terms of recreation and to our local economy.

We look forward to continuing to partner with our volunteers and other key community stakeholders for the betterment of our environment in addition to looking for new ways to enhance assets and services that are valued and enjoyed by locals and visitors alike. It's very pleasing to see our parks and playgrounds, community centres and libraries buzzing with activity as people enjoy their free time.

We will also continue to advocate for equitable operational funding to be provided for community houses, youth centres and arts centres.

What we have done

Since adoption of our local board plan, we have:

- upgraded the Sherwood Reserve destination playground
- completed the redevelopment of Stoney Homestead as a community hub for the Millwater community
- upgraded the skate park and toilets at Western Reserve including a landscaped connection to the new Estuary Arts Centre education wing
- completed a significant upgrade to the Stanmore Bay Leisure Centre
- upgraded Ashley Reserve with artificial turf as well as a new toilet and changing room facilities and carpark to service the area
- upgraded the toilet at Waiake beach
- rebuilt Murrays Bay wharf
- upgraded Orewa Beach toilets (next to the Orewa Surf Club)

Based on our 10-year budget, in 2017/2018 we plan to invest \$7.8 million to renew and develop assets in your local board area and \$15.9 million to maintain and operate these assets and provide other local initiatives. This includes:

- development at Long Bay reserves 5,6,7,8
- renewal of existing assets

What might change

Planning for a toilet at Red Beach Reserve (William Bayes Place) is currently proposed for 2019/2020 with delivery to follow in 2020/2021, however we will endeavour to bring that project forward for planning to occur in 2017/2018 followed by build in 2018/2019 or earlier.

What else we propose

In addition to what we have planned, we propose the following priorities for 2017/2018:

- continue to provide improvements to playgrounds including all ability play equipment and sun smart options
- continue to upgrade old signage in the local board area
- begin to deliver actions from the Hibiscus and Bays Greenways Plan
- begin to deliver on actions identified in the Silverdale, Orewa and Browns Bay Centre Plans
- begin to implement the Mairangi Bay Reserves Management Plan
- continue to work with our volunteers on environmental initiatives
- develop a strategy for eco-tourism for the local board area
- develop a strategy for the review of reserve management plans within the local board area.

What do you think?

- Have we got our priorities right?
- Do you agree with us trying to plan and deliver the new toilet at Red Beach Reserve (in William Bayes Place) earlier than proposed?

2.6.7 Howick Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

This is the third and final year of the current local board plan, so we are not proposing any major changes in our local board agreement. We have, however, seen some significant achievements.

Since adoption of our local board plan, we have completed the building of the Uxbridge Arts & Culture Centre and continued to support the Tamaki River Festival. The new ferry facility and transport hub at Half Moon Bay is well on the way to completion and we will be establishing the inaugural Chinese New Year Festival in Pakuranga.

We have continued to have regular conversations through the Local Board Plan and Long-term Plan 2015- 2025 about the priorities for our community. We know that our local board area continues to face significant growth over the next 10 years and that's reflected in our plans including new community facilities at Flat Bush and further progress at Barry Curtis Park.

Our priorities are to continue to meet this growth and ensure that transport, local services, infrastructure and community facilities are in place. This includes advocating to the governing body to bring forward budget for the proposed Flat Bush aquatic centre to align with the building of the multi-use community facility and library at Flat Bush. We have also recognised that management of coastal erosion needs to be one of our high priorities in the near future.

We continue to prioritise advocacy for better transport linkages into and out of the area. We are continuing discussions on the Pakuranga Reeves Road flyover, addressing public transport and congestion issues and progressing the Auckland-Manukau Eastern Transport Initiative (AMETI) and East/West connections.

You told us that these were important to you and we want to ensure we continue to be on the right track.

What we plan to do

Since adoption of our local board plan, we have completed the building of the Uxbridge Arts & Culture Centre and continued to support the Tamaki River Festival. The new ferry facility and transport hub at Half Moon Bay is well on the way to completion and we will be establishing the inaugural Chinese New Year Festival in Pakuranga.

Based on our 10-year budget, in 2017/2018 we plan to invest \$22.1 million to renew and develop assets in your local board area and \$22.6 million to maintain and operate these assets and provide other local initiatives. This includes:

- multi-use community facility at Flat Bush

- development at Styak-Lushington Park (Greenmount)
- greenway, walkway and general park development
- master plan at Barry Curtis Park
- sportsfield development at 187 Flat Bush School Road (Ostrich Farm)
- walkway and cycleway paths at Flat Bush
- water quality ponds at Flat Bush
- renewal of existing assets

What might change

We are continuing to advocate to bring forward the aquatic centre budget at Flat Bush from 2020 to 2018 to align with other developments at Flat Bush.

We propose the following additional priorities for 2017/2018:

- continue sand replenishment and management of coastal erosion at our beaches and advocate for a regional fund for coastal erosion
- undertake a stock take of all community facilities (council-owned and external) in the area
- continue to support local services and infrastructure in Flat Bush such as roads, footpaths, stormwater, parks and facilities, to align with growth in this area
- develop a masterplan for the Greenmount Landfill area
- develop a greenways plan to provide safe cycling and walking connections
- continue to connect our walkways to open up the coastline for everyone to use such as Bucklands Beach walkway
- develop a Centre Plan for the wider Howick Village area.

We are considering increasing our service levels in this local board area as follows:

- continuing to fund extended hours for our libraries
- provide rental support to a number of community facilities.

What do you think?

- Have we got our priorities right?
- Are there any other priorities you would like us to consider?

2.6.8 Kaipātiki Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

This Annual Plan covers the last financial year of the current iteration of the council's 10-year budget. Kaipātiki Local Board is committed to focusing on key initiatives identified in existing documents and supported by Kaipātiki residents through previous consultation exercises. This includes investment into walking and cycling connections, the development of the Northcote Town Centre and the initial stages of implementing the Pest Free Kaipātiki Strategy. The board intends to continue to top up regional service levels for library hours, parks maintenance and community house operational funding.

The board will look at possible shifts in priorities during the development of the 2017 Kaipātiki local board plan, scheduled for consultation in early 2017. We encourage you to get fully involved in the local board plan process in addition to telling us whether we have our priorities right for 2017/2018.

What we plan to do

Since adoption of our local board plan, we have completed the construction of Kaimataara ō Wai Manawa – Birkenhead's new lookout platform, repurposed Marlborough Park hall into a youth-focused facility, and developed or renewed many facilities in our parks such as the BMX pump track at Birkenhead War Memorial Reserve.

Based on our 10-year budget, in 2017/2018 we plan to invest \$4.8 million to renew and develop assets in your local board area and \$12.7 million to maintain and operate these assets and provide other local initiatives. This includes:

- continue implementing the Kaipatiki Connections Network Plan;
- central area upgrade in Northcote; and
- renewal of existing Community Facility and Parks assets.

We plan on continuing to top up regional service levels in this local board area as follows:

- funding additional library opening hours so all three libraries in this local board area have the same seven day opening times
- funding the additional cost of utilising the method of mechanical edging in our parks instead of edging with chemical sprays
- funding the additional cost required for our community houses to operate effectively.

What might change

In addition to what has been planned, we propose the following priorities for 2017/2018:

- Support the implementation of the Pest Free Kaipatiki Strategy adopted in August 2016.

What do you think?

- Have we got our priorities right?

2.6.9 Māngere-Ōtāhuhu Local Board

Each year we review priorities and activities in your local board area to make sure we continue delivering the right outcomes. We welcome your input in shaping our focus for the 2017/2018 year.

Message from the chair

Talofa lava,

This year is the third year of the council's 10-year budget and is a year that we are concentrating on the things you have told us are important to you and achieving the outcomes already identified through our local board plan.

The local board plan outlines the outcomes we want for Māngere-Ōtāhuhu, one of which is to ensure that the many parks and open spaces we are blessed to have, are clean and safe environments for people to enjoy.

We advocated for the area to be better connected via walkways, cycleways and improved public transport networks and for high quality transport projects – things that are now a reality.

We will continue to advocate on your behalf to reduce off-licences and harm from alcohol in our communities.

Our cultural diversity is something to celebrate and be proud of. We want to enable local people to harness their culture and use their creative talents so that Māngere-Ōtāhuhu can become the heart of Māori and Pasifika arts and culture, attracting people to the area.

This is your community, so get involved and help us create an exciting future and new opportunities for the people of Māngere-Ōtāhuhu.

Manuia tele,

Lemauga Lydia Sosene

Chair, Māngere-Ōtāhuhu Local Board

What we have done

Since adopting our local board plan, we have completed Toiā in Ōtāhuhu – the multipurpose community facility with pools, outdoor play area and library; the Ōtāhuhu Train and Bus Station; a major upgrade for the Mangere Town Centre Bus Station and new public toilets. We also launched Te Ara Mua – Future Streets to improve pathways, crossings and safety around Māngere Town Centre.

What we plan to do

Based on our 10-year budget, in 2017/2018 we plan investing \$5.6 million to renew and develop assets in your local board area and \$16.3 million to maintain and operate these assets and provide other local initiatives. This includes:

- sportsfield development
- town centre revitalisation
- renewing existing assets.

Our local budget will deliver programmes and projects valuing just over \$2 million. Programmes and projects will address local board plan outcomes to preserve and maintain our environment, economic development and help build a thriving local community.

We have approximately \$790,000 to invest towards other local capital projects and want your ideas for consideration.

What might change

We don't propose to change the overall direction for the next year, with programmes planned and delivered within the 10-year budget (Long-term Plan 2015-2025).

However we propose the following priorities for 2017/2018:

- continue to fund additional library opening hours in the local board area
- local Youth Connections project.

What do you think?

Have we got our priorities right?

- community education and awareness for waste reduction
- removal of mangroves
- developing safe cycle and walkways
- supporting social enterprise initiatives.

2.6.10 Manurewa Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

As we move into the third year of delivery against the local board plan, we remain committed to finishing what we started. We are proud to have completed some key projects in the last 12 months, and are in progress with several others. As a board we remain concerned about the impact of population growth and intensification on the Manurewa area and its residents. We would like to contribute to meeting this growth through improving access to public transport networks, increasing community use of shared multi use spaces, and implementing changes to the town centre and surrounding areas. We would also like to progress the walk and cycleways around the coastline and continue our focus on the many natural treasures that make our local environment. We encourage you to be involved in working out our priorities for 2017/2018 and look forward to hearing what you think.

What we plan to do

Since adoption of our local board plan, we have built Manu Tukutuku – Randwick Sports and Neighbourhood Centre taking a community led approach, refurbished Nathan Homestead, extended our coastal walkways, built the covered walkway connecting Manurewa Train Station to Southmall and begun work on the revitalisation of the Manurewa town centre.

Based on our 10-year budget, in 2017/2018 we plan to invest \$3.5 million to renew and develop assets in your local board area and \$11.4 million to maintain and operate these assets and provide other local initiatives. This includes:

- development of the foreshore esplanades using the Maritime recreational fund
- renewal of existing assets.

What might change

We are not proposing to make any major changes to the plans that were signalled in the third year of the Long-term Plan 2015-2025 after consultation with our community. In 2017/2018 we plan to focus on continuing the implementation of our current initiatives unless the feedback from our community indicates a need for change.

We propose the following priorities for 2017/2018:

- continuing the town centre revitalisation project
- initiating a master plan for War Memorial Park using a community led approach
- investing in Te Mahia train station
- partnering to build a new playground at Eugenia Rise, Totara Heights
- progressing the Totara Park master plan
- extending the coastal walkways

- improving community safety
- develop a greenways plan to provide safe cycling and walking connections
- constructing bus shelters.

What do you think?

- Have we got our priorities right?
- Tell us how safety, including perception of safety, can be improved in and around your local neighbourhood.
- We are keen to work in partnership with the local community to deliver and support any shared objectives. Please tell us how you want to be more involved in the delivery of our initiatives.
- Are there any other priorities you would like us to consider? If so, what might they replace?

2.6.11 Maungakiekie-Tāmaki Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

The Maungakiekie-Tāmaki Local Board is firmly committed to increasing our presence in our local board area and develop better ways to engage with our community in 2017/2018.

We are not proposing major changes to our budget and will strive to be more effective in delivering the programmes we have.

Our environment is a priority. We want to find ways to address the F rating in the Tāmaki estuary and the D rating in the Manukau Harbour. There is major transformation happening in our community. Projects such as the Tāmaki Regeneration and the East West Link connection will need to deliver the right outcomes and be accompanied by the appropriate infrastructure that suit the needs of our community. We will advocate for housing options that will cater to all including our residents who are currently renting and cannot afford a mortgage.

Homelessness continues to be a problem and we will advocate and work with social services, community groups and government agencies to find the right solutions. We know that we can collectively address major issues such as safety and youth unemployment and we want to find ways to do so.

We want to address coastal erosion on the eastern side of our ward (in particular around Point England and Wai o Taiki Bay) and we will advocate to keep the Onehunga port in public ownership.

What we plan to do

Our community is undergoing much transformation with some key projects taking place here and more being planned. These transformational initiatives include the developments in Tāmaki which is being led by the Tāmaki Regeneration Company, the planned Onehunga Transform project which we will work with Pānuku Development Agency to scope and plan and the proposed New Zealand Transport Agency East-West Link connection project. We will work to ensure that the welfare of our residents and the future of our local board area is the primary consideration when decisions are being made in these large projects.

We want our communities to continue to feel safe so we will continue to fund safety initiatives and work with our partners to review and identify ways we can improve on what we are doing. We want to understand if the initiatives we are funding for our youth are the right ones so we will be investing in understanding this and identifying effective tools for reaching and empowering our young to realise their full potential.

Based on our 10-year budget, in 2017/2018 we plan to invest \$8.5 million to renew and develop assets in our local board area and \$13.8 million to maintain and operate these assets and provide other local initiatives. This includes:

- implementing safety and alcohol harm reduction plans
- identifying initiatives to support through our Community Partnership Fund
- continuing our local community grants programme
- supporting local events through our events fund
- sportsfield development at Waikaraka Park
- renewal of existing assets.

What might change

We are not proposing to make any major changes to the plans that were signalled in the third year of the Long-term Plan 2015-2025 after consultation with our community. In 2017-2018 we plan to focus on continuing the implementation of our current initiatives unless the feedback from our community indicates a need for change.

What do you think?

- Have we got our priorities right?
- Tell us how safety, including perception of safety, can be improved in and around your local neighbourhood
- We are open to working in partnership with the local community to deliver and support any shared objectives. Please tell us how you want to be more involved in the delivery of our initiatives.

2.6.12 Ōrākei Local Board

Each year we are required to review priorities and activities in our local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the Chairman

The previous Ōrākei Local Board achieved a lot for our communities during the six years of the last two political terms. For the next financial year, the board will continue to deliver and complete projects you identified. Many of these have already been started and some are listed below.

We are making decisions in a fiscally constrained environment with rapid population growth and extensive regional investment to meet infrastructure demands. Despite the constrained environment, we will continue to advocate strongly to the Governing Body and Auckland Transport for funding, such as the suburban connections to the Glen Innes to Tamaki Drive shared path. We will be making the strongest possible case for the necessary funding – to do otherwise would be to fail our legal responsibilities.

The Ōrākei Local Board area contributes significantly to the Council's and Council Controlled Organisations' revenue through our rates and we are entitled to have a fair share invested back into our area.

What we plan to do

As noted above, our focus for 2017/2018 is continuing to deliver the projects and priorities you asked for during the development of our local board plan. Some of our key locally funded projects for this year include:

- constructing feeder-links to the Ōrākei Spine – the shared path from Glen Innes to Tamaki Drive
- contributing to the development of multi-use changing rooms at Michaels Avenue Reserve
- continuing our ecological improvements programme, including mangrove removal in Hobson Bay
- providing contestable grants that empower our local community groups to achieve local outcomes.

Have we got our key projects right?

Based on our 10-year budget, in 2017/2018 we plan to invest \$4.1 million to renew and develop assets in our local board area and \$12.9 million to maintain and operate existing assets. This includes:

- sportsfield, lighting and playground improvements at Michaels Avenue Reserve
- sportsfield and lighting improvements and a new hockey turf at Colin Maiden Park
- the Stonefields Heritage Trail

- path improvements at Churchill Park.

Have we got these key priorities right?

The development of the Ōrākei Spine – the shared path from Glen Innes to Tamaki Drive is a transformational project taking place in our area over the next few years. The Board is funding some much needed links to the Ōrākei Spine, but with our limited budget we can only deliver so much. Therefore, we are seeking your support to advocate to the Governing Body for funding for an additional connection between Gowing Drive and the Ōrākei Spine. This will provide access to the Ōrākei Spine between the Gowing Drive area and the north side of the Pourewa Valley and will connect the residents of Gowing Drive with Selwyn College and St Thomas's School.

What might change

We are proposing the following changes to what was planned for 2017/2018 in the Long-term Plan 2015-2025 and we are seeking your feedback on these:

- Following the introduction of regional fees and charges for our venues for hire in 2015/2016 the local board subsidised some of our existing groups so they did not receive increases. In 2017/2018 the local board proposes to end this subsidisation so all community groups are treated equitably. This will result in a small number of community groups receiving increases to venue hire charges; however they are able, as are all our community groups, to apply to the local board for funding through our community grants programme.
- The board believes that the Winter Splash event has run its course and plans to discontinue the event as it is no longer attracting high numbers of participants. The Board is instead proposing to deliver additional movies in parks event in Ellerslie.

What do you think?

What do you think of these proposed changes?

2.6.13 Ōtara-Papatoetoe Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 financial year.

Message from the chair

It is my pleasure to present the Ōtara-Papatoetoe Local Board's Annual Plan 2017/2018 consultation document. The priorities identified will help the local board to deliver on outcomes identified in our 2014 Local Board Plan.

The board's priorities in 2017/2018 are to continue to support our town centres, youth employment initiatives, the Ōtara Lake clean-up, local events, and arts and cultural programmes. We also want to continue to make community grants supporting local community activities.

The board will continue to advocate for limits on gambling venues, and alcohol outlets near schools and residential areas. We will progress the Ngati Ōtara Park Multisport Complex and Marae project this year. We will continue to provide free adult entry to our local pools, funded through a targeted rate.

We encourage you to be involved in working out our priorities for 2017/2018 and look forward to hearing what you think.

Lotu Fuli

Chair

What we plan to do

Based on our 10-year budget, in 2017/2018 we plan to invest \$6.1 million to renew and develop assets in your local board area and \$13.8 million to maintain and operate these assets and provide other local initiatives. This includes:

- New multi-sport facility at Ngati Otara Park
- Community facility upgrade, including Te Puke O Tara Community Centre
- Renewal of existing assets, including Allenby Park Skate Park renewal

In our Locally Driven Initiative budget we are looking at programmes and initiatives to the value of \$1.77 million. A wide range of programmes are included, for community and economic development, community facilities, and environmental initiatives.

We have about \$600,000 available to spend on other local capital projects, which have not been decided yet. We have in mind a range of projects, including the completion of Te Puke o Tara Community Centre refurbishment. We would welcome your ideas.

What might change

We do not propose to make any changes to what we have planned to deliver in the Long-term Plan 2015 - 2025.

In addition to what we have planned, we propose the following priorities for 2017/2018:

- local events fund \$137,000
- local community grants \$160,000
- Skills Sheds operations \$79,000
- Ōtara Lake and Waterways Vision \$60,000
- local economic development planning - BID top-up \$360,000.

Please give us your feedback about developing Manukau Sports Bowl as a vibrant, well utilised, multi-purpose sports stadium & arena, including facilities for school athletics: a walking/running track, stadium seating, long jump pit, gymnastics and weight lifting facilities, and Olympic pool.

We will continue to advocate to the governing body on a host of initiatives noted in our advocacy list, such as better local sport facilities, better road connections, and more investment into Transform Manukau led by Panuku Development Auckland. We will continue to further prioritise our work programmes according to what's important for our local area through better engagement with our communities.

The Manukau Central Business Association and Wiri Business Association are proposing to expand the boundaries of their Business Improvement Districts (BID). The Manukau Central Business expansion proposal has been supported by a majority of businesses affected. If the Manukau Central BID expansion goes ahead, it will mean that council will make a targeted rate on the business ratepayers in that BID area to collect a BID grant of \$490,000 in 2017/2018. The Wiri Business Association will hold a postal ballot of the business ratepayers located in the defined Wiri BID expansion area in early 2017. If the ballot supports the Wiri BID expansion, Auckland Council will consider a targeted rate on the business ratepayers in the expanded BID area to collect a BID grant in 2017/2018.

What do you think?

- Have we got our priorities right?
- What might you think should change in our local area?
- Is it more important to improve our town centres' vibrancy and green spaces, or invest in our local arts events?
- Do you agree with the Manukau and Wiri BID expansions?

2.6.14 Papakura Local Board

Each year we review priorities and activities in the local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

We are looking forward to another exciting and challenging year. Papakura is changing and your local board will provide the leadership needed to manage that change in the best interests of our communities. Our diverse communities deserve to enjoy an improved quality of life and more chances to thrive and prosper. Our people, young and old alike, are our greatest strength.

We will continue the focus on the town centre, taking full advantage of the opportunities created by its metropolitan centre status in the unitary plan. We will promote a live-work-play philosophy for planning and investment in the area, encouraging new jobs, shopping, leisure opportunities and community facilities alongside housing growth.

I encourage you to be involved in working out our priorities for 2017/2018 and look forward to hearing what you think.

Brent Catchpole

Papakura Local Board Chair

What we plan to do

Since adoption of our local board plan, we have invested in the Papakura Museum, coastal walkways and mangrove removal. We have also developed a Local Paths Plan to prioritise greenway and walkway development and have completed a covered walkway from the train station to the town centre.

Based on our 10-year budget, in 2017/2018 we plan to invest \$5.0 million to renew and develop assets in your local board area and \$10.5 million to maintain and operate these assets and provide other local initiatives. This includes:

- greenway and walkway development
- general park development
- multi-purpose facility at Takanini
- renewal of existing assets.

What might change?

In addition to what we have planned, we propose the following priorities for 2017/2018:

- town centre events and celebrations of our cultural diversity
- partnership working between the council and town centre businesses
- developing economic, cultural and safety projects through a Commercial Centre Group
- more streetscape improvements in the town centre

- a World War 100 anniversary memorial near Central Park
- youth development and training initiatives
- construction of the first stage of built facilities at Opaheke Fields
- breathing new life into older reserves and community facilities.

What do you think?

- Have we got our priorities right for the next year?
- Is anything missing that you think could improve Papakura, Takanini or Drury?

2.6.15 Puketāpapa Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

We are looking ahead to the 2017/2018 year, keeping on course with our commitments to support, through funding and advocacy, what you have said is important.

We will continue investment in the environment, building on Te Auaunga Awa/Oakley Creek restoration work and the Waikowhai Coast boardwalk. We will continue to develop parks and playgrounds to meet your needs. Walking and cycling connections including greenways will continue to grow, enabling safe local travel; we look forward to seeing work begin on the important cycle link along Sandringham Rd Extension, connecting the SH20 regional cycleway with Wesley Community Centre early next year.

We will continue to support community activities through our grants programme, events and provision of community facilities.

We will be advocating for regional resources to support well-planned urban design that connects neighbourhoods, restoration of the Manukau Harbour and securing Liston Village for social housing.

We look forward to seeing the initiatives that we plan to deliver and advocate for in 2017/2018 contribute to a more equitable and liveable Puketāpapa.

What we plan to do

Since adoption of our local board plan, we have completed the first section of the Waikowhai coastal boardwalk (Taumanu Reserve to Bamfield Reserve); partnered with mana whenua to develop the Te Auaunga Awa/Oakley Creek restoration strategy and prioritised key actions; established a native nursery social enterprise and apprentice training programme as part of the Walmsley and Underwood Reserves stormwater project; completed a heritage trail around Three Kings; undertaken a healthy homes insulation initiative and substantially contributed to safer cycle routes.

Based on our 10-year budget, in 2017/2018 we plan to invest \$3.4 million to renew and develop assets in your local board area and \$9.3 million to maintain and operate these assets and provide other local initiatives. This includes:

- local community services including \$174,000 for local community grants and \$55,000 for youth development
- local parks initiatives including \$92,000 for restoration work on the Manukau coast
- local environmental initiatives including \$38,000 for healthy homes/carbon reduction initiatives
- local planning and development including \$25,000 for local economic development and \$35,000 for town centre planning and development

- \$419,840 on the upgrade of the climate control system at Pah Homestead
- \$157,440 on linkage improvements from Fearon Park to Harold Long Reserve
- \$1,740,745 on renewal of existing assets.

What might change?

We are continuing with the programme of initiatives for this year; next year we will begin preparing the three year local board plan and focusing our efforts there.

We would like to do more towards:

- restoring and protecting the Manukau Harbour, Te Auaunga Awa and the historic Whare building
- supporting community activities through our grants programme, events and provision of community facilities
- improving amenities in our small parks and expanding the greenways network
- developing local town centres
- supporting local businesses and youth employment opportunities.

What do you think?

- Have we got our priorities right?
- Do you support our advocacy items?
- The local board has approximately \$400,000 per annum for local transport projects. What projects should we prioritise for this fund?

2.6.16 Rodney Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chairperson

We know you want to see real progress on the ground in Rodney. To this end, in 2017/2018 the local board is proposing to reprioritise its spending by creating larger, more substantive community grants to enable community groups and organisations to get out there and really make things happen. By making more money available for things like riparian planting or the construction of paths and walkways, this will allow community groups to apply for enough funding to get their more substantive projects done and make a real difference in their community.

In addition, we're planning to spend \$700,000 to revitalise our town centres in Kumeu/Huapai, Helensville, and Warkworth. By using community-led processes to identify what needs to be done, the Rodney Local Board will partner with the community to help lift our town centres and improve the way they look, feel and function. Now is the time to tell us if you agree with the priorities we propose for Rodney in 2017/2018.

What we plan to do

Since adoption of our local board plan, we have supported the development of walkways, undertaken major upgrades of community halls, parks toilets, playgrounds and coastal assets, as well as completing transport projects such as Greenways planning, and funding footpaths in Rodney to complete gaps in our basic transport infrastructure.

Based on our 10-year budget, in 2017/2018 we plan to invest \$4.3 million to renew and develop assets in your local board area and \$14.4 million to maintain and operate these assets and provide other local initiatives. This includes:

- greenway and walkway development
- various Locally Driven Initiatives (LDI) funded local board initiatives
- sportsfield development
- renewal of existing assets.

What we might change

We propose the following changes;

- Save \$50,000 per year on consequential opex by not spending the remaining \$500,000 footpath capital funds from our LDI budget.
- Additional savings will be found by removing the remaining economic development budget and changing the focus of our ecological and environmental work. Additional funding will also be found from the parks volunteers and community grants budgets. These funds would be put into the following new initiatives:

- Grants for improving the ecological health of our main harbours and waterways through the Healthy Waters program (\$250,000)
- Grants to implement our Greenways plans through community led projects (\$250,000)
- Grants for community led play spaces (\$100,000)
- Targeted funding for a recognised existing events and one new event (\$30,000)

We also propose the following priorities for 2017/2018:

- carrying out concept planning for the Huapai Multisports Facility (\$20,000)
- Repositioning the Snells Beach Skate Park as part of the renewal of this asset (\$20,000)
- Wellsford skate park and reserve redevelopment (\$50,000)
- Upgrading the Muriwai Playground as a destination playground (\$50,000)
- Town centre upgrades in Helensville, Kumeu/Huapai and Warkworth (\$700,000)

What do you think?

- Have we got our priorities right?
- Do you agree with our focus on re-allocating funding away from some initiatives into the proposed, larger grants for recognised community groups and organisations to carry out work in their area?
- Do you agree with the focus of the proposed grants (ecological health of harbours and waterways, Greenways implementation, play spaces, and events)?
- Do you agree with the proposed approach not to build additional footpaths over and above those to be built by Auckland Transport?

2.6.17 Upper Harbour Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 financial year.

Message from the chair

Upper Harbour is one of the fastest growing areas in Auckland. The Upper Harbour Local Board's number one priority is to advocate for the adequate provision of infrastructure, open space and community facilities in developing greenfield areas, such as Hobsonville and Whenuapai. As our population expands, so does our need for efficient and effective public transport links. Our growth has an impact on the natural environment, so we want to help preserve and protect our waterways, native bush and wildlife. Aucklanders from all around the region come to Upper Harbour to play sports. We will continue advocating for improved sport and recreation facilities, particularly for indoor sports, in our local board area. We encourage you to be involved in working out our priorities for 2017/2018 and look forward to hearing what you think.

What we plan to do

Since adoption of our local board plan, we have built a new swimming pool in Albany, upgraded the Albany Highway and commenced significant developments in Hobsonville and Whenuapai.

Based on our 10-year budget, in 2017/2018 we plan to invest \$2.2 million to renew and develop assets in your local board area and \$11.8 million to maintain and operate these assets and provide other local initiatives. This includes:

- community house development at Hobsonville Point
- community Hub in Albany
- sportsfield development
- renewal of existing assets.

What might change

We propose the following changes to what is planned:

- Expand the Community Hub in Albany into phase 2 of development

In addition to what we have planned, we propose the following priorities for 2017/2018:

- indoor sports facilities at Hobsonville Point
- community sports village in Albany
- new playgrounds in developing areas (e.g. Albany Heights)
- toilet block in Unsworth Reserve
- pest-free programme for Upper Harbour
- mechanical edging in Upper Harbour parks

- Albany Park 'n Ride improvements
- Gills Road footpath and link completion
- the Avenue/Dairy Flat Highway intersection upgrade
- upper Harbour Drive/Albany Highway Intersection upgrade
- develop the Rosedale landfill site
- secure a long-term library for Upper Harbour.

What do you think?

- Have we got our priorities right?
- Do you agree with setting up a pest-free programme in Upper Harbour?
- Would you prefer more feeder buses to the Albany Park 'n Ride, or more parking?

2.6.18 Waiheke Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

We are now in the third year of the Long-term Plan 2015-2025, and we continue to work hard to deliver the outcomes and vision that we all share for our environment and our community, as outlined within our Local Board Plan 2014. Over the next 12 months we plan to continue to deliver projects you've said are a priority for you.

We will build on the success of our community partnership programmes. The investment made in pest control and wetland restoration continues to pay off thanks to your support and enthusiasm for our volunteer and education programmes.

We will continue to support our community groups and social support volunteers who provide assistance to those in our community who need it most.

You have told us that tourism needs to benefit the island without compromising local lifestyle or the environment. We will continue to advocate for the necessary budgets to protect and enhance what makes Waiheke and the Gulf Islands so special.

We'd like to hear if you agree with our priorities.

What we plan to do

Since adoption of our local board plan, we have delivered a number of key initiatives, including:

- completion of the Te Ara Hura walkway, 100km circuit
- installation of interpretative and educational signs
- redevelopment of the old library space
- completion of the Alison Park concept plan
- providing support for Waiheke Youth Voice
- investigation of potential marine protected areas
- completion of the Essentially Waiheke refresh
- development of a Matiatia masterplan
- development of improved active transport networks
- refurbishment of Onetangi Backpackers.

Based on our 10-year budget, in 2017/2018 we plan to invest \$1.6 million to renew and develop assets in your local board area and \$6.1 million to maintain and operate these assets and provide other local initiatives. This includes:

- renewal of existing assets.

What might change

We don't propose to make any significant changes to what we planned to deliver in the Long-term Plan 2015-2025.

In addition to what we have planned, we propose the following additional priorities for 2017/2018:

- progress initiatives identified within the Matiatia masterplan
- progress initiatives identified within the Pathways (Greenways) plan
- continue to advocate for quality roading, footpath and cycling network to a standard consistent with the rest of Auckland, taking into account Waiheke character
- complete an Artworks complex needs assessment
- continue to progress marine protection and waterway research
- develop an integrated approach to ecological restoration and pest management across the island
- progress options for tourism infrastructure funding
- continue to investigate housing issues on Waiheke
- support for a governance review which has good outcomes for Waiheke
- reinstatement of the Rural Urban Boundary
- continue to progress the development of a community swimming pool.

What do you think?

- Have we got our priorities right?

2.6.19 Waitākere Ranges Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

This is the third and final year of the local board plan. We are not proposing any major changes in our local board agreement, although there are some good things on the way.

Our discretionary budget for capital projects this year is \$1.3 million dollars and we will be making a significant decision about how we use that to take Glen Eden forward.

Glen Eden is our major town centre and we are excited to finally be able to give it a town square for special events and every day social gatherings. We recently gave the library courtyard a makeover at the opposite end of Glen Mall and it is clearly popular with locals.

The health of the Waitākere Ranges Heritage Area (WRHA) is a major priority. The second five year monitoring report for the WRHA which is due this year will tell us how we are doing. We are deeply concerned that the budget for the WRHA work programme drops from \$232,000 to \$131,000 from next year onwards. This places long standing projects like community weed bins in doubt. We will again be asking the Governing Body to bolster the programme funding to the same level as previous years.

What we plan to do

We support people being more active, and want to make it easier and safer for residents to walk and cycle. We have built a rural-style footpath for Mountain Road residents and visitors to the Opanuku track network, and are making safety improvements in Oratia as part of a major shared path from Oratia Village to Parrs Park – opening is scheduled for early 2017. The project will enable local residents to walk and cycle up to the park to use the playground and other facilities and also improve walking and cycling to nearby Sunnyvale Train station. Little Muddy Creek walkway is progressing in stages, with a track to connect Rimutaka Road residents with Huia Road, Titirangi being developed.

In what was a long-standing conversation, council staff and local residents have worked together to present us with a good outcome for a sea wall renewal solution in Huia. This will protect Huia Domain from erosion, and provide a beach for residents and visitors, and we are looking forward to it being finished in 2017/2018.

Based on our 10-year budget, in 2017/2018 we plan to invest \$2.4 million to renew and develop assets in your local board area and \$9.8 million to maintain and operate these assets and provide other local initiatives. This includes:

- Glen Eden town centre improvements (\$370,000)
- Renewal of existing community assets
- Huia seawall and domain improvements.

What might change

We are not proposing to make any major changes to the plans that were signalled in the third year of the Long-term Plan 2015-2025, and will focus on implementing existing initiatives, using local discretionary funds.

We would like to do more towards:

- focusing on the health of the Waitākere Ranges
- support our villages to be more sustainable and resilient
- encouraging local communities to maintain parks as spray free
- improving our small urban parks
- our marine environment and coasts being better understood, celebrated and protected
- making sure that protecting our cultural and historic heritage is seen as a core value.

What do you think?

- Have we got our priorities right?
- How could the community be more involved in these issues?

2.6.20 Waitematā Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

The Waitematā Local Board continues to support projects and initiatives in line with what you have told us. We will progress streetscape improvements from the Newmarket Laneways Plan and develop a multi-purpose sports facility in Grey Lynn Park. The Myers Park upgrade will be completed with the entrance enhancements and a splash pad to complement the award winning playground.

You have told us you want high quality parks and open spaces. In order to achieve this aspiration, we will continue to look for opportunities to leverage renewal programmes. We will develop plans for Meola Reef Reserve and Western Springs Lakeside Park to be able to prioritise initiatives in a coordinated way.

We will keep advocating to Auckland Transport to deliver connected, accessible and safe transport choices. Our new key advocacy areas include solutions for homelessness and minimising agricultural use.

In the year ahead the board will continue to support environmental restoration projects, assist community groups to run their activities and events and champion community-led initiatives and placemaking.

What we plan to do

Since adoption of our 2014 local board plan, we have progressed and completed many of our initiatives. The Weona-Westmere walkway is now open and the first stage of the Myers Park upgrade. Redevelopment of the Ellen Melville Centre as a community hub has commenced, we have adopted a number of park development plans and local area plans, enhanced five playgrounds and launched the Waitematā's Low Carbon Action Plan. We continue to support local groups to run their activities through the events, grants and accommodation support programme.

Based on our 10-year budget, in 2017/2018 we plan to invest \$6.7 million to renew and develop assets in your local board area and \$22.3 million to maintain and operate these assets and provide other local initiatives. This includes:

- central City Library refurbishment
- continued delivery of streetscape improvement projects from the Newmarket Laneways Plan
- progress the Grey Lynn Park Multi-purpose facility
- continue the Myers Park upgrade including entrance enhancement and splash pad installation
- renewal of existing assets such as community facilities.

What might change?

In addition to what we have planned, we are considering some changes and improvements to projects planned for 2017/2018 to be funded through local discretionary budgets. These are:

- complete development plans for Meola Reef Reserve and Western Springs Lakeside Park
- increase the budget for ecological restoration of Waipapa Stream
- digitisation of the Heritage Foreshore Trail interpretative signage
- commence scoping, design and community engagement for the Newmarket Youth Space
- name two public open spaces that are currently unnamed at Freemans Bay and St Marys Bay and consider renaming Wairangi Wharf Reserve.
- defer the installation of solar heating for the Parnell Baths until the renewal of the facility is complete.

The board also has a role advocating for initiatives for which we do not have decision-making responsibilities or funding. We are proposing new key advocacy areas including minimising use of agrichemicals by Council.

The Uptown Business Association is proposing to expand the boundary of its Business Improvement District (BID) programme. If the BID expansion is supported by ballot, the council may place a targeted rate on business ratepayers within the BID area to collect a BID grant of \$270,000 in 2017/2018. The majority of the expansion area falls within the Albert-Eden Local Board area.

What do you think?

- Have we got our proposed changes and improvements to projects right?
- Do you support our key advocacy areas? ([Link to full advocacy list for Waitematā Local Board](#))
- The local board has approximately \$500,000 allocated per annum for local transport projects. What projects should we prioritise for this fund?
- Do you support the Local Board allocating additional funds to renewals such as the Hopetoun Street Stairs at Western Park Tuna Mau?

2.6.21 Whau Local Board

Each year we review priorities and activities in your local board area to ensure we continue delivering the right outcomes. We're seeking your input for the 2017/2018 year.

Message from the chair

As your new Chair on the Whau Local Board I am committed to our board delivering for all our communities in the Whau.

We will support Avondale's much anticipated re-development and will also ensure that we do what is possible to achieve our ongoing community projects. We recognise that Metropolitan New Lynn has significant infrastructure in place, we now need to invigorate the community to develop a vibrant centre that people will "want" to be at, whether as a business, resident or visitor. We acknowledge we need to do more across Blockhouse Bay, Green Bay, Kelston, New Lynn, New Windsor, Avondale and the Rosebank Peninsular. We are taking advice and working with others to encourage jobs and entrepreneurs. We support more and improved paths to make it safer, easier and pleasant to get around. Our Board is committed to supporting business, community development and environmental activities and to celebrate our local heritage.

Each year we seek your views and our budget changes in response to your input. With your feedback we will develop an annual board plan we can deliver.

What we plan to do

Since adoption of our local board plan, some of the things we have achieved include:

- supported ethnic, youth and pacific community voice activities
- supported the development of cycle and basketball facilities at Avondale Central reserve
- supported park developments at Valonia Park, Tiverton Road, Blockhouse Bay Recreation Reserve, Sister Renee Shadbolt and Crum Park
- supported shared path developments at Ken Maunder, Olympic and Brains Parks
- supported community and business restoration activities for example in Rosebank, Oakley Creek Archibald Park and Kurt Brehmer reserve.

Based on our 10-year budget, in 2017/2018 we plan to invest \$21.3 million to renew and develop assets in your local board area and \$11.1 million to maintain and operate these assets and provide other local initiatives

Initiatives include:

- continue development of new facility in Avondale
- continue to advocate for footpath improvements
- build and plan for more park and facility improvements
- support development of more local paths and connections

- support planning for a major pool and recreation centre
- continue local weed removal and restoration projects
- continue neighbourhood development projects
- continue supporting recreation programmes.

What might change

We would like to do more towards:

- Avondale's town centre development
- encouraging innovative business and better jobs
- promoting the value of our trees and increasing their protection
- attracting and developing more local entrepreneurs and new migrant business
- support more local community leadership and activities especially for Whau river access and its restoration
- encourage awareness and protection of our local community heritage.

What do you think?

- Have we got our priorities right?
- What should we do more of to deliver these?

Section 3: Other changes and budget information for 2017/2018

Other changes for 2017/2018

3.1 Waste management and charges

Proposal and reasons

The council proposes to standardise waste management rates for base services at \$102 per property. As all areas are now being offered the same service the charge should be set at the same level. This will mean small increases in some former council areas and decreases in others.

The standardised recycling service will offer a choice of bin size; 120 litre, 240 litre or 360 litre. With a larger 360 litre bin now funded from the base service waste management rate it is proposed to:

- introduce a charge of \$62 per annum where an additional recycling bin is requested (this was previously free in some areas);
- remove the free cardboard collection offered in some commercial areas in the former Waitakere, North Shore and Rodney.

Affected customers will be able to manage normal residential recycling volumes with the option of a 360 litre bin.

A rates funded, 120 litre bin refuse collection service is being introduced in the former Manukau City Council area to replace the current bag pick up. This will improve current issues related to ripped bags, littering and health and safety and encourage greater recycling and waste minimisation. Residents will be able to request a 240 litre bin instead of a 120 litre bin for an additional charge of \$55 per annum. The larger bin service, and charge, will only be available in the former Manukau City Council area (in 2017/2018) and the former Auckland City Council area (in 2018/2019).

These rates and charges are based on the most up to date budget information. These may change as contracts and expenditure plans are finalised for 2017/2018.

Standardising waste management rates

For the last few years waste management targeted rates have been set at varying levels in former council areas based on differences in costs and level of service. Base waste services will be standardised across the region from 2017/2018. The base services are; recycling, inorganic collection, community recycling centres and the Hauraki Gulf Islands subsidy. For 2017/2018 a standard region wide rate of \$102 (including GST) is proposed to cover the costs of these services. The impact of the new base charge is set out in the table below.

Waste management rates

Waste management rates							
Waste management rate	Former council area						
	Rodney (incl. GST) (\$)	North Shore (incl. GST) (\$)	Waitakere (incl. GST) (\$)	Auckland (incl. GST) (\$)	Manukau (incl. GST) (\$)	Papakura (incl. GST) (\$)	Franklin (incl. GST) (\$)
2016/2017	106.51	91.49	91.49	232.72	232.72		104.69
Proposed base charge 2017/2018				101.65			
Proposed refuse rate 2017/2018		n/a		118.81			n/a
Change in rates	-4.86	+10.16		-12.28			-3.04
Estimated cost for the average household using bag service¹	135 ²	135		n/a			135
Total cost for average household	236.65	236.65		220.44			236.65

Notes to the table:

1. Estimated average cost is based on the current council bag price (\$2.30) and average bag usage per household per year (58.7 bags).
2. Information on Rodney is limited as the council does not provide a refuse service in the area. The average bag cost in Rodney is estimated based on the bag price and the average bag usage in areas serviced by the council.

Now the services have been standardised the costs of service provision are very similar across the region. The table below shows the estimated cost of providing base waste services in each of the former council areas for the 2017/2018 year. The costs no longer provide an exact match to the former council areas. The council now enters into contracts on the most efficient geographic basis for service provision. Overall the variation in costs is only plus or minus around 5 per cent. This level of variation doesn't support setting separate prices on an area basis. The underlying costs may vary more on an individual customer basis depending on street geography and waste volumes.

The variations in cost are driven in part by the time at which the contracts were entered into reflecting possible movements in costs. Some variation between areas due to timing issues will also occur in the future. Contracts in the Rodney and Franklin areas also contain some rural service which has slightly higher costs.

Estimated base waste management costs by former council area (excluding refuse) 2017/2018						
	Rodney	North Shore	Waitakere	ACC	MCC	Papakura Franklin
Costs per property Including GST	\$110.98	\$102.13	\$103.93	\$97.87	\$95.34	\$104.30

The only alternative option is to retain the current disparate charges. As the costs are not materially different between areas and may still vary within areas for individual properties the council does not consider that it would be equitable to set differing charges geographically.

The only area where costs are substantially different are on the Hauraki Gulf Islands. The council has previously decided to subsidise these residents. All other ratepayers make a contribution towards the Hauraki Gulf Islands subsidy of around \$6 in their base charge.

Standardising recycling services and additional bin charges

Additional recycling bin charge

A standardised recycling service using a 240 litre bin has been introduced across the region. A choice of bin sizes, 120 litre, 240 litre or 360 litre, was made available in Rodney, North Shore, Waitakere, and rural Franklin in 2016/2017. Choice of the bin size will be rolled out in Auckland city, Manukau, Papakura and urban Franklin over the next two years (2017/18 and 2018/2019).

An additional 120 litre, 240 litre or 360 litre bin will be available on request. A charge of \$62.02 per annum is proposed for provision of an extra recycling bin. The charge will be introduced in areas where the properties have a choice of bin sizes. The charge for the extra recycling bin will be applied to the rates bill. When an extra bin is requested after the rates have been set for the year the ratepayer will be sent a pro-rata invoice for the charge for the period (this will not be a rate as a rate can only be set as part of an annual or long-term plan). Rates will be adjusted to include the charge for the following year. Tenants will require the agreement of the property owner to secure an extra recycling bin. The Residential Tenancies Act 1986 precludes landlords from passing on this rate to the tenant. At present there is no charge for an additional recycling bin except in the former Auckland City Council area. The council considers that most of the properties presently receiving an extra bin will be able to manage their additional recycling demands by taking up the 360 litre bin choice funded from their base waste management rate. Waste audits indicate that a 360 litre recycling bin provides enough capacity for the vast majority of residential and commercial properties in Auckland for “domestic type” recycling.

An alternative option is to provide an additional recycling bin at no extra charge everywhere in the region. This option was rejected because the cost of providing a second bin is material and the recycling needs of nearly all properties can be met with a 360 litre bin and the additional costs of an extra bin should be met by the ratepayer.

Stopping free commercial loose cardboard collection

It is also proposed to stop the free commercial loose cardboard collection, which is provided in selected town centres and commercial areas in the former Rodney, North Shore and Waitakere council areas. The choice of a 360 litre bin is designed to accommodate domestic properties and provides for domestic quantities of recycling from commercial properties. The 360 litre bin will provide for the needs of businesses producing recycling volumes within the

range expected for domestic properties. Businesses producing larger volumes of recycling from trade activities should make provision for a private service and meet these costs as they do elsewhere in the region. The removal of this service will impact on 6,500 properties. The estimated budget saving is \$370,000.

The alternative is to retain status quo. If the current program is retained businesses in these areas would continue to receive a free service funded by other ratepayers to whom this service is not available. The council would forego the budget savings.

Charges for larger refuse bin in Manukau

Proposal

The rates funded bag pick up service in the former Manukau City Council area is being replaced by a bin service in 2017/2018. Residents will be provided with a 120 litre bin and offered the option of replacing this with a 240 litre bin. It is proposed that the cost of providing the optional 240 litre bin be recovered by an additional charge of \$55 per annum. The legacy Auckland City area currently has 120 litre bins which are covered in their targeted rate. Ratepayers in Auckland City will also be offered a choice of a 240 litre bin from 2018/2019.

The charge for the larger 240 litre bin will be applied to the rates bill. When a 240 litre bin is requested after the rates have been set for the year the ratepayer will be sent a pro-rata invoice for the charge for the period (this will not be a rate as a rate can only be set as part of an annual or long-term plan). Their rates will be adjusted to include the charge for the following year. Tenants will require the agreement of the property owner to secure an extra bin. The Residential Tenancies Act 1986 precludes landlords from passing on this rate to the tenant.

A comprehensive Community Engagement and Education Plan and a complementary Communication Plan will support the refuse bin roll-out. The council is also working with Housing New Zealand on a tailored communication approach for their tenants. The priority areas for engagement and education are Ōtara, Papatoetoe, Māngere and Manurewa. The community engagement and education will build on the work that has been done to date with the community partners and the Southern Initiative. The aim of the plan is to:

- ensure residents are aware change is coming and know how to request a larger bin if needed
- provide targeted education that enables residents generating a large amount of rubbish to fit it into the new bin. This will include intensive composting courses, and hands-on support to those who struggle to fit their rubbish into the new bin via home visits in selected areas.

Background: Current service and service changes

At present rubbish collection in the Manukau area is a rates funded bag collection service. There is no limit on the number of bags and the type of bags that can be put out for

collection. Households in the legacy Manukau area generate the highest amount of rubbish per household. They average 609 kilograms per annum compared with 469 kilograms per household in Auckland City.

Auckland Council has been working in partnership with Auckland communities since 2013 to assist in implementing the Waste Management and Minimisation Plan (WMMP). This includes specific engagement in the Mangere-Ōtāhuhu, Manurewa and Ōtara-Papatoetoe local board areas.

The council partnered with community organisations and local facilitators, with the aim of engaging individuals, whanau and communities to reduce waste and be prepared for changing council waste services. The common purpose is to work together to mobilise communities to minimise waste, turn it into a resource and to create a culture shift in the way waste is perceived.

Feedback from customer engagement

The results of customer research in late 2015 showed that around half of those surveyed in the legacy Manukau area would prefer a bin, as opposed to just over a quarter who would prefer to retain refuse bags.

Refuse service preference survey results		
Service preference	All areas	Manukau
A wheelie bin	62%	49%
Refuse bags	22%	26%
I don't mind either a bin or bag(s)	15%	23%
Don't know	1%	2%

Service change impact

The majority of consumers will be able to manage with the new 120 litre bins. Moving to a 120 litre bin will encourage residents to recycle more and not to use the refuse bin for green waste. A similar change in household waste management in Manukau would reduce the average refuse tonnage per person to a similar level to that observed in the former Auckland City Council area.

In 2001/2002 Auckland City moved from a 240 litre bin for refuse to a 120 litre bin. Refuse tonnes went from 125,000 tonnes/per annum to 85,000 tonnes per annum, and recycling tonnes increased significantly (approximately 35 per cent). There was an initial increase in illegal dumping in the following year which reduced to previous levels the year after and has subsequently fallen further.

Alternative option: 240 litre bin provided free of charge on request

Provision of a larger bin free of charge eliminates any incentive to manage refuse volumes by recycling and other means. It is very likely that if ratepayers are offered a larger bin free of charge that they will take up the offer without endeavouring to manage their waste stream.

This option was rejected because the refuse needs of nearly all properties can be met with a 120 litre bin as evidenced by the historical performance of the changeover in the former Auckland City. Where a ratepayer still desires larger bin they should meet the additional cost.

Waste management and minimisation plan implementation and review

The Waste management and minimisation plan (WMMP) has set a goal of zero waste to landfill by 2040. The plan has a short term target of 30% reduction in per capita kerbside domestic waste by 2018. The plan provides for the:

- standardisation of waste management services (inorganic, recycling and refuse collection)
- introduction of a food waste collection service
- pay as you throw refuse services.

The inorganic collection, food waste and recycling service will be funded by the Waste management targeted rate.

The inorganic collection service was standardised across the region in 2015/2016. Standardised recycling services were introduced in 2016/2017. A network of Community Recycling Centres is also being established with four sites operational.

The plan also provides for all council provided refuse services to be via mainly bin pick up. This is to address health and safety concerns for contractors with bag pick-ups and to encourage waste minimisation. The table below shows the refuse services presently provided in the former council areas.

Former council area	Rodney	Auckland	Manukau	North Shore and Waitakere	Papakura	Franklin
Refuse service	Private provision	Rates funded 120L bin	Rates funded bag pick-up	Council pre-paid bags or private provision		

A review is now underway of the planned implementation of food waste and user pays refuse collections. This is to ensure services for all waste streams are planned holistically and implemented in a manner bringing best value for money. The review will delay rolling out the food waste and user pays refuse collection services. The outcome of the review will be included as part of development of the next waste management and minimisation plan and Long-term Plan 2018-2028.

Draft Funding Impact Statement

The full proposed Waste management targeted rates are set out in the Rating mechanism information in section 5.2 of this document..

3.2 Mass transit network

Auckland is facing unprecedented growth, bringing with it pressure for new housing, access to jobs and travel options. Car travel is increasingly difficult and congested, and increased travel demand means that the current public transport network is reaching capacity.

Auckland's city centre is creating jobs faster than anywhere else in NZ – one in seven Aucklanders now works there. Over the next three decades, Auckland expects an additional 300,000 employees, which means the total number of employees will almost double in the city centre and city fringe.

Public transport patronage has been building over the last 20 years into the city centre, which has increased from around 13,000 to around 40,000 trips in the 7-9am morning peak. Public transport use has grown from 40 to 45 per cent in the last year and is forecast to grow to 70 per cent over the next 30 years. In September 2015, 51 per cent of those entering the city centre were in private car and in one year this has dropped to 49 per cent. This means that over 50 per cent of visitors are opting to use public transport instead of driving.

A number of these public transport passengers are on rail and ferry, but two thirds of them are on buses. There are currently around 800 buses into the city centre in the two-hour morning peak on a limited number of corridors, leading to them becoming congested. Around 17 additional buses a week would be required across Auckland's public transport network in order to keep up with population growth and demand, adding almost 900 more buses to the network over a 12-month period.

Although standard buses can carry 50-70 passengers or a maximum of 100 on a double decker, a new high capacity public transport option is required in order to keep the city moving and cater to the demand. Not only does this relieve other corridors, but also improves bus services and enables reallocation of some buses to other parts of the city, particularly the growing city fringe.

The rollout of double decker buses has commenced, which means the capacity of the bus network will increase by around 40 per cent in the short term. Double deckers and bus improvements will 'buy time' and help to make conditions more tolerable as demand continues to grow and before a mass transit solution is implemented.

Another key development area is Auckland Airport, which is one of Auckland's largest employment areas, with about 33,000 jobs and contributing \$3.5 billion to the country's GDP. The area is predicted to be one of Auckland's fastest growing employment areas, with 90,000 jobs and \$5.5B GDP by 2044. About 71,000 people live in the residential areas around the airport employment zone.

Auckland Airport is the gateway for the majority of New Zealand's 3.5 million annual international visitors, and plays a vital economic role, not only for the Auckland region, but also for the nation as a whole. The area around the airport is an important industrial and commercial area with the potential for further development, especially for those industries that need larger sites for their activities or require easy access to the airport.

The range of quality transport alternatives for visitors arriving or departing from the airport is limited and detracts from their first and last experience of the country during their visit, and therefore from the attractiveness of Auckland as a world city.

There is also a lack of connectivity between local communities, jobs and land uses. The transport options for people and freight needing to access the airport and surrounding industrial areas are limited and there are growing congestion problems that are already affecting workers and passengers.

AT recognises the need to address the urgent congestion and accessibility problems in Auckland, and continues to assess high capacity transport solutions that can achieve this outcome, as well as improve urban amenity, encourage development opportunities, provide access to jobs and education, attract investment and support Auckland being a more modern, sustainable, connected, progressive, globally competitive city.

The Auckland Transport Alignment Project (ATAP) final report in August 2016 (<http://www.transport.govt.nz/land/auckland/atap>) has also confirmed the need for a mass transit option.

ATAP indicated a budget of \$500m for mass transit route protection/construction readiness in the first decade and noted a funding gap for priority projects.

ATAP placed greater emphasis on the first 10 years (2018 to 2028) and identified four key challenges which need to be the focus of effort over the next decade:

- Enabling a faster rate of housing growth particularly in the developing city fringe growth areas
- Addressing projected declines in access to jobs for people living in large parts of the west and some parts of the south
- Addressing increasing congestion on the motorway and arterial road network, particularly at inter-peak times
- Increasing public transport mode share on congested corridors

AT's analysis supports mass transit network requirements over the next 30 years comprising an Airport to City Centre corridor via Dominion Rd and Queen St, followed by a second corridor via Manukau Rd in the future, the timing of which will be subject to growth and demand. The Strategic Public Transit Network proposed in the ATAP report acknowledges the importance of the Airport to City Centre route.

AT's current analysis indicates the initial stage of mass transit is needed by 2024 to satisfy increased public transport demand.

In 2017/2018, \$40 million is budgeted for AT to progress this work. This includes

- A budget of \$10 million to progress investigations and design of mass transit options for Auckland's important gateway corridors
- A further \$30 million to advance opportunities for route protection and early acquisition of strategically important land.

The total debt impact on council in 2017/2018 is projected to be approximately \$40 million.

Supporting diagrams

Mass Transit Network





3.3 Business Improvement District rates

The council is proposing the changes to business improvement district (BID) targeted rates set out in the table below. These include the creation of one new BID and the extension of three existing BIDs.

The new BID, Henderson-Lincoln, is proposed at the request of the relevant business associations which passed resolutions to this effect at their annual general meetings. The extensions to three BIDs are proposed at the request of the relevant BIDs.

For the new BID the council's BIDs policy requires a ballot to be held of all the ratepayers who would be subject to the BID rate and all the businesses in the targeted rate area. For an extension a ballot must be held of all the ratepayers who would be added to the BID area and all the new businesses in the targeted rate area. In order to proceed these ballots require a 25 per cent return rate and of those over 51 per cent must be in support of the proposal. The results of the ballot are reported to the local board. The local board passes their views to the Governing Body who after considering these, the results of the ballot and feedback received during consultation determines whether or not to set a BID rate.

BID area	Proposed budget for 2017/18 (excluding GST) (\$)	Amount to be funded by fixed charge for 2017/18 (excluding GST) (\$)	Fixed rate per property for 2017/18 (including GST) (\$)	Amount to be funded by property value rate based on the capital value of the property for 2017/18 (excluding GST) (\$)	Estimated rate in the dollar for 2017/18 to be multiplied by the capital value of the property (including GST) (\$)
Uptown (expansion)	272,539	0	0.00	272,539	0.00020183
Wiri (expansion)	670,791	0	0.00	670,791	0.00032260
Manukau Central (expansion)	489,956	0	0.00	489,956	0.00049299
Henderson-Lincoln (new BID)	500,000	275,433	250.00	224,567	0.00014720

Note to the table: Budget numbers include deficits and surpluses (if any) carried over from prior years.

A full list of rates proposed by the current BIDs for 2017/2018 is set out in the Rating mechanism in Section 5.2 of this document.

3.4 Skypath implementation

Please refer to item 12 on the Governing Body agenda dated 28 July 2016 and the Governing Body resolution number GB/2016/53 for more information.

3.5 Collaborations on homelessness

Auckland is affected by an increase in homelessness. 177 people were identified rough sleepers in central Auckland in the 2016 Street Count, significantly up from the 68 people identified in the 2013 Street Count. Homelessness is a major issue across the Auckland

region and not just in the Central Business District. It is estimated to cost \$65,000 per year to sustain someone who is chronically homeless in New Zealand.

In 2015/2016, Auckland Council made a decision to spend \$830,000 over three years on homelessness initiatives and emergency housing to support outreach services, programme development, sector support and evaluation activity. In addition, the council decided in 2016/2017 to contribute \$2 million to upgrade the James Liston Hostel. This hostel is central Auckland's only emergency housing facility.

Auckland Council is proposing to include an additional budget of \$500,000 in the Annual Budget 2017/2018. This will further enable the council to collaborate with central government agencies and community organisations to address the issue of homelessness.

3.6 Rural fire service

Please refer to the current [Fire and Emergency New Zealand Bill](#) for more information.

3.7 Budget 2017/2018 – an overview

Financial information in this section is based on the latest budget projections referenced in the [Mayoral Proposal](#) (see Section 2.1).

3.8 Co-governance of volcanic cones

Summary of the Tūpuna Maunga o Tāmaki Makaurau Authority – Draft Operational Plan

The Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014 requires the Tūpuna Maunga o Tāmaki Makaurau Authority (Tūpuna Maunga Authority) and Auckland Council to prepare an Annual Operational Plan and a summary of that plan for inclusion in the Annual Plan 2017/18 process.

The Tūpuna Maunga Authority and Auckland Council are required to approve the Draft Annual Operational Plan. The Tūpuna Maunga Operational Plan 2017/18 must be considered and adopted concurrently with the Annual Plan 2017/18. A summary of the Tūpuna Maunga Authority's indicative funding requirements is outlined in this Section.

Ngā Mana Whenua o Tāmaki Makaurau

Ngā Mana Whenua o Tāmaki Makaurau negotiated a collective settlement of their historical Treaty claims with the Crown and the Tūpuna Maunga Authority is the co-governance entity established under the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014.

The members of Ngā Mana Whenua o Tāmaki Makaurau are:

- Ngāi Tai ki Tāmaki
- Ngāti Maru
- Ngāti Pāoa
- Ngāti Tamaoho
- Ngāti Tamaterā
- Ngāti Te Ata
- Ngāti Whanaunga
- Ngāti Whātua o Kaipara
- Ngāti Whātua Ōrākei
- Te Ākitai Waiohū
- Te Kawerau ā Maki
- Te Patukirikiri
- Te Rūnanga o Ngāti Whātua

The Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014

The Collective Redress Act 2014 vested the Crown owned land in 14 Tūpuna Maunga (ancestral mountains / volcanic cones) in Ngā Mana Whenua o Tāmaki Makaurau. They are held for the common benefit of the iwi/hapū of Ngā Mana Whenua o Tāmaki Makaurau and the other people of Auckland. The Tūpuna Maunga are vested as reserves under the Reserves Act 1977.

The 14 Tūpuna Maunga covered by the Act include:

- Matukutūruru - Wiri Mountain
- Maungakiekie - One Tree Hill
- Maungarei - Mount Wellington
- Maungawhau - Mount Eden
- Owairaka / Te Ahi-ka-a-Rakatura - Mount Albert
- Puketāpapa Pukewīwī / Mount Roskill
- Te Kōpuke / Tītīkōpuke - Mount St John
- Ōhinerau / Mount Hobson
- Ōhūiarangi / Pigeon Mountain
- Te Tātua a Riukiuta – Big King
- Ōtāhuhu – Mt Richmond
- Takurunga / Mount Victoria
- Maungauika / North Head
- Rarotonga / Mount Smart

Tūpuna Maunga o Tāmaki Makaurau Authority (Tūpuna Maunga Authority)

The Collective Redress Act 2014 also established the Tūpuna Maunga Authority, a bespoke co-governance entity, to administer the Tūpuna Maunga. The Tūpuna Maunga Authority has six representatives from Ngā Mana Whenua o Tāmaki Makaurau and six representatives from the Auckland Council. There is also currently a non-voting Crown representative.

Under the Collective Redress Act 2014 the Tūpuna Maunga Authority is the administering body for each Maunga for the purposes of the Reserves Act 1977, with the exception of Maungauika / North Head which is administered by the Crown (Department of Conservation). Maungauika / North Head may be included under the administration of the Tūpuna Maunga Authority in the future if the council, in consultation with the Maunga Authority, agrees to assume responsibility for its future maintenance.

The Tūpuna Maunga Authority is the administering body for Māngere Mountain.

Responsibility for administration and management of Rarotonga / Mt Smart remains with Auckland Council.

Draft Annual Operational Plan

For each financial year, the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014 requires the Tūpuna Maunga Authority and Auckland Council to agree an annual operational plan to provide a framework in which the council will carry out its functions for the routine management of the maunga and administered lands for that financial year, under the direction of the Tūpuna Maunga Authority.

The Annual Operational Plan must be prepared and adopted concurrently with Auckland Council's Annual Plan and must be included in the Annual Plan in summary form.

A copy of the draft Operational Plan can be found at shapeauckland.co.nz.

Priorities

The Tūpuna Maunga Authority have identified funding priorities for the short, medium and long term investment into the Tūpuna Maunga which are outlined in Table 1 below.

Table 1: Tūpuna Maunga prioritised projects 2017/18

Tūpuna Maunga Value	Prioritised Projects	Short Term 1 – 3 years	Medium Term 4 – 7 years	Long Term 8 – 10 years
Wairuatanga / Spiritual - restore and recognise the relationship between the Maunga and its people - tread gently - recognise the tihi is sacred - treat the Maunga as taonga tuku iho – treasures handed down the generations	Develop and implement new signage based on the brand identity for the Tūpuna Maunga Development of individual Tūpuna Maunga Management Plans	X X	X	
Mana Aotūroa / Cultural and Heritage - enable Mana Whenua role as kaitiaki over the Tūpuna Maunga - encourage culturally safe access - restoring customary practices and associated knowledge - recognise European and other histories, and interaction with the Maunga	Restoration and protection of significant sites such as pits, terraces and pā sites vegetation Installation of pou	X	X X	X X
Takotoranga / Landscape - protect the integrity of the Tūpuna Maunga - encourage design that reflects Tūpuna Maunga Values - promote a connected network of Maunga - preserve the visual and physical integrity of the Maunga as landmarks of	Improving general landscape maintenance and protection on the Tūpuna Maunga (includes re-vegetation, restoration of historic sites and monitoring) Develop distinct entryways that reflect the change in ownership of the Tūpuna Maunga and highlight their significance to Mana Whenua (include gates, pedestrian access, parking, landscaping, signage, wayfinding)	X X	X X	X

Tūpuna Maunga Value	Prioritised Projects	Short Term 1 – 3 years	Medium Term 4 – 7 years	Long Term 8 – 10 years
Tāmaki - active restoration and enhancement of the natural features of the Maunga - encourage activities that are in keeping with the natural and indigenous landscape	Development of car parking facilities to encourage walking and reduction in vehicles on the tihi (summits)	X	X	X
	Fencing / bollards, installation and upgrade of vehicle barriers, removal of redundant fencing, placement of new fencing, rebuilding of stone walls	X	X	X
	Development of controls over traffic speed and parking	X		
	Development of Tūpuna Maunga Design Guidelines	X		
Mauri Pūnaha Hauropi / Ecology and Biodiversity - strengthen ecological linkages between the Maunga - Maunga tū mauri ora, maunga tu makaurau ora / if the Maunga are well, Auckland is well - restore the biodiversity of the Tūpuna Maunga	Animal and pest control program	X	X	X
	Vegetation management, including removal of harmful exotic species and maintenance of key view shafts	X	X	X
	Development of a Tūpuna Maunga Biodiversity strategy	X		X
	Development of a Tūpuna Maunga Biosecurity and Pest Management Plan strategy	X		
	Development of brochures and information for to the Tūpuna Maunga	X	X	
	Development of a Tūpuna Maunga Signage, Education and Communication Strategy	X		
	Complete signage replacement (all signs to reflect Māori naming and Tūpuna Maunga Authority branding)	X	X	
	Way finding / interpretation (track and trail marking, interpretation of features, notice boards, visual aids, interactive displays)	X	X	
	Visitor information hub / centres	X	X	X

Tūpuna Maunga Value	Prioritised Projects	Short Term 1 – 3 years	Medium Term 4 – 7 years	Long Term 8 – 10 years
	Development of a Partnerships and Stakeholders strategy (which will cover educational programmes)	X		
	Development of a Volunteer Framework	X		
	Development of a Tūpuna Maunga Monitoring Strategy	X	X	
Whai Rawa Whakauka / Economic and Commercial <ul style="list-style-type: none"> - focus on commercial activities that create value and enhance experience - explore alternative and self-sustaining funding opportunities - foster partnerships and collaboration - alignment with the Tūpuna Maunga Values 	Development of a Tūpuna Maunga Commercial Strategy	X		
Mana Whai a Rēhia / Recreational <ul style="list-style-type: none"> - promote health and wellbeing - encourage informal inclusive recreation activities - balance informal and formal recreation - recreational activities consistent with tikanga Māori - Maunga are special places and treasures handed down 	<p>Review of facilities, the purpose they serve and consistency with the Values. Potential upgrade of existing facilities and development of new facilities where appropriate (develop toilet facilities as required, upgrade / re-design furniture, building repairs, maintenance of historical assets including asset condition renewal), furniture design should be specific to the Tūpuna Maunga</p> <p>Upgrade and maintenance of tracks to improve access and protection of important sites and encourage appropriate pedestrian use</p>	<p>X</p> <p>X</p>	<p>X</p> <p>X</p>	<p>X</p> <p>X</p>

Summary of Indicative Funding Requirements

The funding for Tūpuna Maunga is set at a regional level and is allocated as follows. This funding was approved in the Auckland Council Long-term Plan 2015-2025:-

Table 2. Summary of Indicative Funding Requirements

	2017/18
Net Operating Expenditure	\$2,957,120
Capital Projects	\$2,536,500
Total Funding Requirement	\$5,493,620

Note to table: The Net Operating Expenditure takes into account the funding from the Open Space and Volcanic Cones Targeted Rate Reserve (Targeted Rate Reserve) which has been used to help fund activities over from 2015/2016 to 2020/2021. Table 3 below shows the funds from the Targeted Rate Reserve which will be applied in 2017/18. The targeted rate reserve reflects funding previously generated by the Open Space and Volcanic Cones Targeted rate which now sits in a reserve and must be used for operational purposes associated with the volcanic cones.

Table 3. Open Space and Volcanic Cones Targeted Rate Reserve

	2017/18
Targeted rate reserve	\$562,920

5.1 Draft Revenue and financing policy

The proposed amendments to the Revenue and financing policy are highlighted in yellow.

1. Policy purpose and overview

The purpose of the Revenue and financing policy is to provide predictability and certainty about sources and levels of funding available to the council. It explains the rationale for, and the process of selecting various tools to fund the operating and capital expenditures of the council.

2. Policy background

Funding principles

To assist with the identification of the appropriate funding methods, the council has used a set of guiding principles that incorporate the matters set out in the Local Government Act 2002. These are summarised in table 3.1.1 below.

Table 3.1.1

Principle	Rationale for its application
Paying for benefits received or costs imposed	The council will apply this principle to select appropriate funding methods when considering benefit distribution and cost causation and the period in or over which benefits and costs are expected to occur. The allocation of costs to those who benefit from a council service or those who impose costs to the council (whether the community as a whole, any identifiable part of community, or individuals) is considered economically efficient and equitable and the extent to which the actions or inaction of individuals or a group contribute to the need to do the activity
Transparency, accountability and costs and benefits of funding activities separately	This principle is applied when considering the costs and benefits of separate funding. Transparency of funding enables the users of services to assess whether they get value for money. Accountability makes the council more efficient in providing these services. From the perspective of the service users, transparency and accountability also enables them to make more informed decisions in using council services
Market neutrality	This principle is relevant when the council is competing with the private sector in producing or delivering services. The council can be placed in an advantageous position vis a vis the private sector because of its ability to fund such services from rates, either fully or partially. This can lead to market distortions and economic inefficiencies. It can also discourage private enterprise. To avoid this, in tandem with other principles such as affordability, the council will apply commercial best practice when providing such services
Financial prudence and sustainability	This principle is relevant in determining appropriate funding mixes. It is recognised that additional revenue may be required to support debt repayment and manage treasury ratios
Optimal capital usage	This principle relates to the effectiveness of funding tools in achieving efficiencies. The council's limited financial resources should be used in such a way to maximise the benefits provided to the community, while minimising the burden on ratepayers. Among other things, this principle influences the council's decisions on the best mix of funding (between rates

Principle	Rationale for its application
	income, other revenue sources, borrowings and asset sales) to pay for its assets and activities
Strategic alignment	<p>The Auckland Plan sets out a vision for the city over the next 30 years. The Revenue and financing policy should have regard to its impact on the broader strategies and priorities as set out in the council's vision and the Auckland Plan</p> <p>The infrastructure strategy outlines how the council intends to manage its infrastructure assets. The Revenue and Financing policy will show how investment in infrastructure is funded</p>
Overall social, economic, environmental and cultural impacts	Decisions on how the council's revenue requirements will be met (by ratepayers and other groups) should take into account the impact of such decisions on the current and future social, economic, environmental and cultural well-being of the community and the community outcomes to which the activity relates
Community outcomes in the Auckland Plan	Decisions on how the councils revenue requirements will be met (by ratepayers and other groups) should take into account the impact of such decisions on the community outcomes in the Auckland Plan
Affordability	The council needs to consider the impact of funding methods on people's ability to pay as this can have implications for community well-being
Minimise the effects of change	The integration and harmonisation of the policies of the former councils may lead to major changes in the incidence or rates and user charges for services. Funding and financial policies should seek to minimise or manage the impact of these changes
Efficiency and effectiveness	The councils financial policies should have regard to the costs of carrying them out, and how effective they will be in achieving their objectives
Practicality of policy	The councils funding policies must be achievable and unconstrained by practical issues that will prevent compliance
Legal compliance	The LGA 2002 and related legislation include a number of legal requirements for the development of the Revenue and financing policy. All aspects of the policy will comply with legislation

There are some inherent conflicts between these guiding principles. In practice, establishing the council's specific revenue and financing policies involves balancing competing guiding principles. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability. In practice, when the council applies these principles to assess how to fund the separate activities, the council then considers the overall impact of any allocation of liability on the community.

3. Policy details

Expenditure to be funded

Legislation requires the council to make adequate provision in its long-term plan to meet expenditure needs identified. Generally, this will mean that all expenditure is funded.

Exceptions include funding of depreciation expenditure where it is financially prudent not to do so. In determining the level of non-funded depreciation, the council will have regard to:

- whether at the end of its useful life, the replacement of an asset will be funded by way of a grant or subsidy from a third party
- whether the council has elected not to replace an asset at the end of its useful life
- whether a third party has a contractual obligation to maintain the service potential of an asset throughout all or part of its useful life or to replace the asset at the end of its useful life
- whether fully funding depreciation in the short-term will result in an unreasonable burden on ratepayers, presenting conflict between funding principles, for example between affordability and financial prudence and sustainability. In such circumstances, the council will remain prudent and ensure it promotes both the current and future interests of the community by forecasting to reach a position over time where it fully funds depreciation (apart from the exceptions above).

Table 3.1.2 below sets out the minimum level of depreciation funding the council will incorporate when calculating its rates requirement.

Table 3.1.2 Proportion of depreciation expenditure to be funded

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Funded	67%	70%	74%	78%	82%	85%	89%	93%	96%	100%
Not funded	33%	30%	26%	22%	18%	15%	11%	7%	4%	0%

As a result of this policy of moving towards funding 100 per cent of depreciation by 2025 the council has resolved that for three of the next 10 years, the councils operating revenue (adjusted for items such as vested assets and development contributions) will be less than the councils total operating expenditure (including depreciation). This implies that in the early years of the plan, the council is more reliant on borrowings, rather than rates and other current revenue, to fund its capital expenditure. However, the council considers that the level of council debt is manageable and prudent in every year of the plan. In particular, the projected level of council debt will not result in the council's interest expense exceeding our prudential target of 12 per cent of revenue. Further information about our prudent approach to managing debt is included in our Financial Strategy in section 1.3.

The council considers that this policy on funding depreciation and the consequential impacts on councils operating budgets and debt levels is financially prudent, reasonable and appropriate having had regard to our funding principles, the factors in section 100(2) of the Local Government Act 2002 and all other relevant matters.

Sources of funding

The sources of funding applied under this policy are limited to those set out under section 103 (2) of the LGA 2002.

Sources of funding: Operating expenditure

The council has determined the funding sources for operating expenditure after considering the funding principles set in Table 3.1.1.

Table 3.1.3 Funding sources for operating expenditure

Funding source	Rationale
Fees and charges	Fees and 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 paying for benefits received principle. 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 building consent is met by the building owner
Grants and subsidies	Grants and subsidies are generally only appropriate for funding the operating costs of the particular activity that the grant or subsidy is intended to pay for. For example, NZTA (government) transport subsidies can only be used to fund transport projects.
Development or financial contributions	Development contributions or financial contributions can only be used to fund capital expenditures related to growth and financing costs incurred due to timing differences between growth-related capital expenditure being incurred and the related development contribution being received
Targeted rates	<p>Targeted rates are appropriate for funding operating activities where the activity mainly benefits a specific group of ratepayers or where the action or inaction of that group contributes to the need for the activity. These include, for example where:</p> <ul style="list-style-type: none"> an individual or a group of ratepayers voluntarily chooses to adopt the rate, such as for business improvement districts or the Retrofit Your Home scheme the benefit of the activity falls on an identifiable subset of ratepayers to incentivise land owners to develop land in response to a commitment to the provision of infrastructure (including projects to support growth) to provide certainty of the council recovering its costs the rate is for a specific service such as for refuse collection.
General rates	General rates are appropriate for funding activities where it is not practicable or cost-effective to identify the individual or group of beneficiaries (or causers of costs) of the service and charge them for the benefits received or costs imposed (e.g. regional parks and open spaces). It is also appropriate for general rates to partially fund activities where the provision of a private good also generates wider social benefits or where the application of fees and charges either causes affordability issues or compromises the wider objectives of the activity. This is consistent with the guiding principle of affordability
CCO profits, and net rental and interest from investments	CCO profits and net returns from investments will be used to offset the general rates funding requirement of other council activities, reducing the burden on all ratepayers
Borrowing	Borrowing will not generally be used to fund operating expenses. The council may choose to borrow for an operating expense where it is providing a grant to an external community organisation that is building an asset such as a community facility or in other cases where operating expenditure provides enduring economic benefits. Borrowing may also be used to fund the interest expense accrued on borrowing during the period of construction of an asset; and to fund the cost of discovered liabilities such as the council's share of weathertightness claims. In

Funding source	Rationale
	these cases borrowing and repaying the debt over time promotes intergenerational equity by spreading the responsibility for funding across the generations who will benefit
Trusts, bequests and other reserve funds	Certain operating expenditure may be funded from restricted or special funds that are subject to special conditions of use, whether under statute or accepted as binding by the council. Transfers from reserves may only be made when the specified conditions for use of the funds are met
Other funding sources	The use of any other funding sources should be assessed with regard to the guiding principles. Any miscellaneous revenue not linked to a specific activity should be used to fund activities that would otherwise be funded through the general rate
Surpluses from previous financial years	A surplus may be available to be carried forward if the actual surplus/(deficit) is improved compared to the forecast surplus/(deficit). Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward. The amount of any surplus carried forward will be accounted for as an operating deficit in the year the benefit is passed to ratepayers

Note: Auckland Council does not intend to use lump sum contributions or proceeds from asset sales to fund operating expenditure.

The funding mix for activities shown in Table 3.1.6 below reflects the application of the above principles and rationale to the operating expenditure of individual activities.

Sources of funding: Capital expenditure

The council has determined the funding sources for capital expenditure after considering the funding principles set out in Table 3.1.1.

Table 3.1.4 Funding sources for capital expenditure

Funding source	Rationale
General rate	Appropriate funding source where it is not practicable or cost-effective to identify the individual or group of beneficiaries (or causers of costs) of the capital expenditure
Targeted rates	<p>Appropriate to fund capital expenditure projects (including projects to support growth):</p> <ul style="list-style-type: none"> that benefit a specific group of ratepayers to incentivise land owners to develop land in response to a commitment to the provision of infrastructure to provide certainty of the council recovering its costs where greater transparency in funding the cost of the activity is desirable
Fees and charges	<p>Appropriate funding source where users of a service can be identified and charged according to their service.</p> <p>Examples include water charges and Infrastructure Growth Charges from Watercare Services Limited</p>
Interest and	Interest and dividends from investments may be used where appropriate and consistent with

Funding source	Rationale
dividends from investments	the councils funding principles to fund capital expenditure projects and to reduce the reliance on ratepayer funding.
Borrowing	Borrowing is used to spread the funding requirement for capital expenditure across multiple years. Given assets deliver benefits throughout their useful lives it is appropriate that the funding is spread across the useful life
Proceeds from asset sales	Funds received from the sale of surplus assets will generally be used to repay borrowings. On a case-by-case basis these surpluses may be used to fund investment in another asset of higher strategic priority than the asset sold
Development or financial contributions	Appropriate to fund capital expenditure in anticipation of or in response to development (growth) that will generate a demand for additional reserves, network or community infrastructure (such as stormwater systems). Contributions are set through the council's Contributions policy
Grants, subsidies, and donations	Appropriate to fund specific capital expenditure projects as per terms of the grant, subsidy or donation. An example of this is NZTA subsidies to partially fund transport projects
Trusts, bequests and other reserve funds	Certain capital expenditure may be funded from restricted or special funds that are subject to special conditions of use, whether under statute or accepted as binding by the council. Transfers from reserves may only be made when the specified conditions for use of the funds are met
Other sources	Other revenue sources may be used where appropriate and consistent with the council's funding principles to fund capital expenditure projects and to reduce the reliance on ratepayer funding. An example of this is the use of commercial returns from property holdings to fund capital spend on those property assets

Note: Auckland Council does not intend to use lump sum contributions to fund capital expenditure.

The funding mix for activities shown in Table 3.1.6 below reflects the application of the above principles and rationale to the operating and capital expenditure of individual activities.

Rating policy

The council will use general rates to fund activities which have a '½ public good'½ element, e.g. civil defence, or where it wishes to subsidise the provision of services because of the wider social benefits they provide e.g. libraries.

Valuation basis

The general rate will be set on the basis of capital value. Capital value better reflects the level of benefit a property is likely to receive from services rather than land value or annual value.

Application of a uniform annual general charge

To ensure that the rates burden isn't disproportionately borne by higher value properties the council has decided to set a uniform annual general charge (UAGC). Every ratepayer will therefore make a minimum contribution to meeting the council's costs.

The charge will apply to every separately used or inhabited part of a rating unit e.g. shop in a mall or granny flat. This ensures equal treatment between these properties and main street shops or apartments on individual titles.

Rates differentials

It is the council's view that some land uses receive more benefit from, or place more demand on, council services and/or may have a differing ability to pay rates. The differentials will be determined based on land use and location.

The council will apply general rates differentially (the base level for rating is the residential sector) and may also apply targeted rates differentially to:

- businesses in the urban area
- business and residential properties in rural areas
- farm/lifestyle properties
- properties with no direct or indirect road access and properties on uninhabited islands.

The council has decided that the appropriate basis for differential for business is to raise 25.8 per cent of the general rates take, which is substantially lower than the current level. Business rates will move to that level in equal steps by 2037/2038 to manage the affordability impact of the shift in the rates burden to the residential sector, with a pause in the 2017/2018 year

Targeted rates

The council mainly uses targeted rates where there is a clearly identifiable group benefiting from a specific council activity. Targeted rates will apply to properties that receive certain services, or which are located in specified areas. Targeted rates may be used where the council wishes to incentivise development in areas where infrastructure investments have been made and/or to provide more certainty over the timing of payment for those investments. Targeted rates may also apply universally to fund a specific activity where a greater degree of transparency is desired. The council does not have a lump sum contribution policy and will not invite lump sum contributions for any targeted rate.

The council intends to set targeted rates to fund activities as set out in Table 3.1.5 below.

Table 3.1.5: Services to be funded by targeted rates

Targeted rate	Services to be funded
Solid waste targeted rates set in each	Refuse, inorganic and recycling services as appropriate in that former

Targeted rate	Services to be funded
former council area	council area
City centre targeted rate	Investment in projects to enhance the central city environs
Local targeted rates as proposed by local boards	Local activities in the local board's area
Business improvement district targeted rates	Investments to enhance the environs in the area of the business association as agreed with the business association
Loan repayment targeted rates	To repay financial assistance provided by the council to ratepayers for specific purposes
Waitakere rural sewerage targeted rate	To pay for the provision of inspection and pump out services for on-site waste management systems
Transport targeted rate	Accelerated capital programme for transport
Infrastructure targeted rates	Activities provided from infrastructure in infrastructure development area
Accommodation provider targeted rate	ATEEDs visitor attraction and major events expenditure

Annual adjustments to regulatory fees and charges

The council will amend its regulatory fees and charges annually to:

- reflect increases in costs as measured by the council rate of inflation and/or
- maintain the cost recovery levels underlying the basis for setting the fee levels.

The change to fee levels will be made on a practical basis recognising that the percentage change applied to individual fees may not precisely equal the council rate of inflation. This also means smaller fees may increase by more material amounts in one year and remain constant for a period before being adjusted again.

Application of funding principles to the funding of operating and capital expenditure for each activity

The council has determined the sources of funding for capital and operating expenditure for each of its activities after considering the principles set out in Table 3.1.1 and the rationale for the use of funding sources in Tables 3.1.3 and 3.1.4 above. A brief summary of the decisions and consideration of funding principles for each activity is set out in table 3.1.6 below.

Table 3.1.6 Funding sources for operating and capital expenditure for each activity

Theme: Auckland Development

Group of Activities	Activities	Consideration of funding principles	Funding policy
Waterfront Development	Waterfront Development	This involves both commercial operations that deliver private benefits and public initiatives that benefit the community as a whole	<p>Costs of commercial operations are funded from user charges and other non-rates revenue</p> <p>Costs of public initiatives are primarily funded from the general rate</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Property Development	Property Development	Lessees, tenants and purchasers derive the full benefit	<p>Costs are fully funded from lease revenue, rents and the sale of development properties</p> <p>Borrowings are used to address cash-flow timing differences</p>
Regional Planning	Regional Planning	<p>The community as a whole benefit from this activity</p> <p>The city centre redevelopment programme directly benefits businesses in the city centre area through enhancing the quality of the environment in the city centre for workers and visitors</p>	<p>Costs are primarily funded from the general rate</p> <p>Costs associated with the city centre redevelopment programme are funded from a combination of the city centre targeted rate and general rates</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on</p>

Group of Activities	Activities	Consideration of funding principles	Funding policy
			<p>qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Local Planning and development	Local Planning and Development - Locally Driven Initiatives	The community as a whole benefit from this activity	<p>Costs are fully funded from the general rate</p> <p>Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Local Planning and development	Local Planning and Development - Asset Based Services	<p>Business improvement districts (BIDs) directly benefit from council expenditure on local economic development made at their direction</p> <p>The rest of the councils service in local planning and development benefits the community as a whole</p>	<p>Grants provided to each BID for spending in the BID area are funded from the respective BID targeted rate</p> <p>Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available</p> <p>The balance of the costs are funded from the general rate</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>

Theme: Economic and Cultural Development

Group of Activities	Activities	Consideration of funding principles	Funding policy
Economic Growth and Visitor Economy	Economic Growth and Visitor Economy	<p>The related industries benefit from increased visitor numbers</p> <p>The community as a whole benefit from growth in the economy and employment</p>	<p>Visitor attraction and major events expenditure is funded by targeted rates</p> <p>Economic development costs are primarily funded from the general rate</p> <p>Subsidies from government and other sources are utilised where available</p> <p>User charges are applied where benefits are private (event tickets)</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and</p>

Group of Activities	Activities	Consideration of funding principles	Funding policy
			to address cash-flow timing differences
Regional Facilities	Regional Facilities	<p>Users of the facilities derive a direct benefit</p> <p>The community as a whole benefit through a more diverse and vibrant lifestyle and an increased sense of pride and identity created by the events hosted in the facilities</p> <p>An enhancement to the overall economy and employment resulting from increased visitor numbers</p>	<p>The majority of the costs are funded from the general rate with the balance funded from user charges such as venue hire</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>

Theme: Environmental Management and Regulation

Group of Activities	Activities	Consideration of funding principles	Funding policy
Regulation	Regulation	<p>The need for the council involvement is mainly caused by licence or consent applicants or holders whose activities, if unregulated, could cause nuisance to the public or pose a threat to the safety or health of the community</p> <p>In some cases it is difficult to identify and charge the parties who cause the costs (e.g. owners of unregistered dogs)</p> <p>In some cases charging the full cost may discourage compliance</p> <p>Certain related services (e.g. provision of property information) deliver private benefit to users</p>	<p>Costs are primarily funded from user charges</p> <p>Certain charges are set at a level below cost to encourage compliance, with the balance funded from general rates</p> <p>Where costs cannot be easily attributed to individual parties, they are funded from the general rate</p> <p>Targeted rates are used where there is a clearly identifiable group benefiting from a specific council activity (e.g. on-site sewerage pump out)</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Solid Waste and Environmental Services	Solid Waste and Environmental Services	<p>Service users derive a direct benefit</p> <p>The waste minimisation goals set by the council support recycling and resource recovery initiatives</p> <p>The community as a whole benefit from the public services such as public litter bin clearing, waste minimisation education and hazardous waste collection and disposal</p> <p>In some cases it is difficult to identify and charge the parties who cause the costs (e.g. illegal dumping)</p> <p>The provision of civil defence is a public good that benefits the</p>	<p>The funding policy outlined below will be implemented over time in conjunction with the implementation of the council's Waste Management and Minimisation Plan (WMMP)</p> <p>Costs for the collection and disposal of refuse will be funded from user charges. However, until full implementation of the WMMP a combination of targeted rates and charges will be used</p> <p>Costs for recycling and resource recovery initiatives are funded from targeted rates</p> <p>Subsidies from government and other sources are utilised where available</p> <p>Where the benefit is public or it is difficult</p>

Group of Activities	Activities	Consideration of funding principles	Funding policy
		community as a whole	<p>to identify the exacerbators, the costs will be funded from the general rate</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p> <p>Costs associated with civil defence are funded from the general rate</p>
Local Environmental Management	Local Environment - Locally Driven Initiatives	These are public goods that benefit the community as a whole	<p>Costs are fully funded from the general rate</p> <p>Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Local Environmental Management	Local Environment - Asset Based Services	These are public goods that benefit the community as a whole	<p>Costs are fully funded from the general rate</p> <p>Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Stormwater Management	Stormwater Management	These are public goods that benefit the community as a whole (except for a small number of local projects that benefit a specific group of ratepayers)	<p>Costs are primarily funded from the general rate</p> <p>Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Development contributions are used to</p>

Group of Activities	Activities	Consideration of funding principles	Funding policy
			<p>fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Financial contributions are used to fund the costs of environmental mitigation through the resource consent process</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>

Theme: Governance and Support

Group of Activities	Activities	Consideration of funding principles	Funding policy
Regional Governance	Regional Governance	These are public goods that benefit the community as a whole	<p>Costs are primarily funded from the general rate (note 30)</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Local Governance	Local Support Services	These are public goods that benefit the community as a whole	<p>Costs are primarily funded from the general rate 1</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Organisational Support	Organisational Support	<p>Certain services within this activity (e.g. provision of financial assistance to certain ratepayers and supply of information for commercial or private use) deliver private benefits</p> <p>The remainder of the activity contributes to the council's provision of other external services</p>	<p>Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers</p> <p>There is a small amount of revenue from fees and charges</p> <p>The remainder of the costs are allocated to the council's external services</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Investment	Investment	All ratepayers as a whole bear the risk of	Any profit realised is used to reduce

Group of Activities	Activities	Consideration of funding principles	Funding policy
		the investments	<p>the general rate requirement</p> <p>Any loss would be funded from the general rate or other revenue</p> <p>Borrowings are used to address cash-flow timing differences</p>

Note: Revenue from council owned cafeteria is currently grouped under this activity and is used to offset the general rate.

Theme: Theme: Parks, Community and Lifestyle

Group of Activities	Activities	Consideration of funding principles	Funding policy
Regional Parks, Sport and Recreation	Regional Parks, Sport and Recreation	<p>Service users derive a direct benefit</p> <p>The community as a whole benefit from access to high quality open space</p> <p>In most cases it is impractical to directly charge users</p> <p>In some cases the service is private and a charge can be implemented (e.g. use of park space or facilities for private functions)</p>	<p>Costs are primarily funded from the general rate</p> <p>User charges may apply where the service is private and a charge can be implemented</p> <p>Subsidies from government and other sources (including from any targeted rate, grants, donations and sponsorships) are utilised where available</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Local Parks, Sport and Recreation	Local Parks, Sports and Recreation - Locally Driven Initiatives	<p>Service users derive a direct benefit</p> <p>The community as a whole benefit from access to high quality open space</p> <p>In most cases it is impractical to directly charge users</p> <p>In some cases the service is private and a charge can be</p>	<p>Costs are primarily funded from the general rate</p> <p>User charges may apply where the service is private and a charge can be implemented</p> <p>Subsidies from government and other sources (including from any targeted rate, grants, donations and sponsorships) are utilised where available</p> <p>Targeted rates are used to fund operations,</p>

Group of Activities	Activities	Consideration of funding principles	Funding policy
		implemented (e.g. use of park space or facilities for private functions)	<p>maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Local Parks, Sports and Recreation - Asset Based Services	Local Parks, Sports and Recreation - Asset Based Services	<p>Service users derive a direct benefit</p> <p>The community as a whole benefit from access to high quality open space</p> <p>In most cases it is impractical to directly charge users</p> <p>In some cases the service is private and a charge can be implemented (e.g. use of park space or facilities for private functions)</p>	<p>Costs are primarily funded from the general rate</p> <p>User charges may apply where the service is private and a charge can be implemented</p> <p>Subsidies from government and other sources (including from any targeted rate, grants, donations and sponsorships) are utilised where available</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Regional Community Services	Regional Community Services	<p>Service users derive a direct benefit</p> <p>The wider public benefit from a more vibrant and friendly community and a safer community environment</p>	<p>Costs are primarily funded from the general rate</p> <p>User charges may apply where the service is private and a charge will not compromise the council's social objectives</p> <p>Subsidies from government and other</p>

Group of Activities	Activities	Consideration of funding principles	Funding policy
		The target recipients of the services may have affordability issues	<p>sources, (including from any targeted rate, grants, donations and sponsorships) are utilised where available</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Local Community Services	Local Community Services - Locally Driven Initiatives	<p>Service users derive a direct benefit</p> <p>The wider public benefit from a more vibrant and friendly community and a safer community environment</p> <p>The target recipients of the services may have affordability issues</p>	<p>Costs are primarily funded from the general rate</p> <p>User charges may apply where the service is private and a charge will not compromise the council's social objectives</p> <p>Subsidies from government and other sources, (including from any targeted rate, grants, donations and sponsorships) are utilised where available</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Local Community Services - Asset	Local Community Services - Asset	Service users derive a direct	Costs are primarily funded from the general

Group of Activities	Activities	Consideration of funding principles	Funding policy
Based Services	Based Services	<p>benefit</p> <p>The wider public benefit from a more vibrant and friendly community and a safer community environment</p> <p>The target recipients of the services may have affordability issues</p>	<p>rate</p> <p>User charges may apply where the service is private and a charge will not compromise the council's social objectives</p> <p>Subsidies from government and other sources, (including from any targeted rate, grants, donations and sponsorships) are utilised where available</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>

Theme: Transport

Group of Activities	Activities	Consideration of funding principles	Funding policy
Roads and Footpaths	Roads and Footpaths	<p>Road and footpath users derive a direct benefit</p> <p>There are legal and practical constraints in directly charging users</p> <p>The vast majority of the public are users</p>	<p>Costs are funded predominantly from the general rate</p> <p>Government grants are utilised where available</p> <p>Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired. Targeted rates may also be used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers</p> <p>Costs associated with the city centre redevelopment programme are funded from a combination of the city centre targeted rate and general rates</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions</p>

Group of Activities	Activities	Consideration of funding principles	Funding policy
			<p>are not used</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Public Transport and Travel Demand Management	Public Transport and Travel Demand Management	<p>Service users derive a direct benefit</p> <p>Public transport provides benefit for the wider community by reducing demand from private transportation for roading infrastructure</p>	<p>Costs are funded from a combination of the general rate, user charges and government grants</p> <p>Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>
Parking and Enforcement	Parking and Enforcement	<p>Parking customers derive the full benefit</p> <p>Individuals failing to comply with restrictions create the need for the council involvement</p>	<p>Costs are fully funded from user charges and fines</p> <p>Borrowings are used to address cash-flow timing differences</p>

Theme: Water Supply and wastewater treatment and disposal

Group of Activities	Activities	Consideration of funding principles	Funding policy
Water Supply	Water Supply	Water and wastewater customers derive the full benefit	<p>Costs are mainly funded from user charges</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of</p>

Group of Activities	Activities	Consideration of funding principles	Funding policy
			<p>ratepayers and development contributions are not used</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of water users and to address cash-flow timing differences</p>
Wastewater	Wastewater Disposal	Water and wastewater customers derive the full benefit	<p>Costs are mainly funded from user charges</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) where a project benefits a specific group of ratepayers and development contributions are not used</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of water users and to address cash-flow timing differences</p>

5.2 Rating mechanism

This section sets out how the council will set its rates for 2017/2018/2018. It explains the basis on which each ratepayer's rating liability will be assessed. In addition, it covers the council's early payment discount policy.

Background

The council's general rate is made up of the Uniform Annual General Charge (UAGC) and the value-based general rate. Revenue from the general rate is used to fund the council activities that are deemed to generally and equally benefit Auckland and on activities which user pays is not applied.

The following table sets out the forecast rating base for Auckland Council as at 30 June 2017.

Capital value	491,093,312,844
Land value	290,833,886,353
Rating units	544,195
Separately used or inhabited parts of a property	604,884

How the increase in the rate requirement is applied

The increase in the general rate requirement will be split to maintain the proportion of the UAGC at around 13.4 per cent of the general rate. This is achieved by applying the general rates increase to the UAGC and rounding to the nearest dollar.

Uniform annual general charge (UAGC) and other fixed rates

The UAGC is a fixed rate that is used to fund general council activities. The council will apply the UAGC per separately used or inhabited part of a rating unit (SUIP). The definition of a separately used or inhabited part of a rating unit is set out in the following section.

Where two or more contiguous rating units are owned by the same person or persons, and are used jointly as a single unit, the ratepayer will be liable for only one uniform annual general charge.

The council will also set the following targeted rates which will have a fixed rate component:

- Interim Transport Levy (ITL)
- Waste management targeted rate
- part of some Business Improvement District targeted rates
- City centre targeted rate for residential properties

- Point Wells wastewater targeted rate
- Jackson Crescent wastewater targeted rate
- Riverhaven Drive targeted rate
- Waitākere rural sewerage targeted rate
- Ōtara-Papatoetoe swimming pool targeted rate
- Māngere-Ōtāhuhu swimming pool targeted rate.

Funds raised by uniform fixed rates, which include the UAGC and any targeted rate set on a uniform fixed basis, cannot exceed 30 per cent of total rates revenue under Section 21 of Local Government (Rating) Act 2002.

A UAGC of \$404 (including GST) will be applied per SUIP for 2017/2018. This is estimated to produce around \$210.5 million (excluding GST) for 2017/2018.

The definition of a separately used or inhabited part of a rating unit

The council defines a separately used or inhabited part (SUIP) of a rating unit as ‘any part of a rating unit that is separately used or inhabited by the ratepayer, or by any other person having a right to use or inhabit that part by virtue of a tenancy, lease, licence or any other agreement’. For the purposes of this definition, parts of a rating unit will be treated as separately used if they come within different differential categories, which are based on use. An example would be a rating unit that has a shop on the ground floor (which would be rated as business) and a residence upstairs (rated as residential).

Rating units used for commercial accommodation purposes, such as motels and hotels, will be treated for rating purposes as having one separately used or inhabited part, unless there are multiple businesses within the rating unit or another rating differential applies. Examples of how this might apply in practice are as follows:

- a business operating a motel on a rating unit will be treated for rating purposes as a single separately used or inhabited part. If that rating unit also includes a residential unit, in which the manager or owner resides, then the rating unit will be treated for rating purposes as having two separately used or inhabited parts
- a hotel will be treated for rating purposes as a single separately used or inhabited part, irrespective of the number of rooms. If, on the premises, there is a florist business and a souvenir business, then the rating unit will be treated for rating purposes as having three separately used or inhabited parts.

A similar approach applies to universities, hospitals, rest homes and storage container businesses. Vacant land will be treated for rating purposes as having one separately used or inhabited part.

Rating units that have licence to occupy titles, such as some retirement villages or rest homes, will be treated as having a separately used or inhabited part for each part of the property covered by a licence to occupy.

Value-based general rate

The value-based general rate will be assessed on capital value and is assessed by multiplying the capital value of a rating unit by the rate per dollar that applies to that ratepayer differential group.

Rates differentials

General and targeted rates can be charged on a differential basis. This means that a differential is applied to the rate or rates so that some ratepayers may pay more or less than others with the same value rating unit.

The differential for urban residential land is set at 1.00. Business land attracts higher rates differentials than residential land. Lower differentials are applied to rural, farm/lifestyle and no road access land.

The council defines its rates differential categories using land use and location. The definition for each rates differential category is listed in the table below. For clarity, where different parts of a rating unit fall within different differential categories then rates will be assessed for each part according to its differential category. Each part will also be classified as being a separate SUIP (see definition above).

Rates differential definitions	
Differential group	Definition
Urban business	Land in the Metropolitan Urban Limit (MUL), including vacant land that has a land use classification of commercial, industrial, transport, utility or public communal – licensed. Also includes any land that is used for community services, but which is used for commercial, or governmental purposes, or which is covered by a liquor licence
Urban residential	Land in the MUL, as well as land within the Pukekohe township that is used exclusively or almost exclusively, for residential purposes, and includes tenanted residential land, rest homes and geriatric hospitals. It excludes hotels, motels, serviced apartments, boarding houses and hostels. ⁽¹⁾ Land used for community services and used by a not for profit ratepayer for the benefit of the community will be charged the residential rate (this does not include land covered by a liquor licence)
Rural business	Land outside the MUL, including vacant land, that has a land use classification of commercial, industrial, transport, utility network ⁽²⁾ , or public communal – licensed. Also includes any land that is used for community services, but which is used for commercial, or governmental purposes, or which is covered by a liquor licence
Rural residential	Land outside the MUL that is used exclusively or almost exclusively for residential purposes, and includes tenanted residential land, rest homes and geriatric hospitals. It excludes hotels, motels, serviced apartments, boarding houses and hostels ⁽¹⁾ . Land used for community services and used by a not for profit ratepayer for the benefit of the community will be charged the residential rate (this does not include land covered by a liquor licence)
Farm and lifestyle	Any property with a land use classification of lifestyle or rural industry, excluding mineral extraction
No road access	Includes all land (irrespective of use) for which direct or indirect access by road is unavailable or provided for, and all land situated on the islands of Ihumoana, Kaikoura, Karamuramu, Kauwahia, Kawau, Little Barrier, Mokohinau, Motahaku, Motuketekete, Motutapu, Motuihe, Pakatoa, Pakihi, Ponui, Rabbit, Rakitu, Rangiahua, Rotoroa and The Noises
Uninhabitable	Includes land on all Hauraki Gulf islands and Manukau Harbour other than Waiheke, Great Barrier

Rates differential definitions	
Differential group	Definition
islands	and the islands named in the definition of No road access.

Notes to previous table:

- Hotels, motels, serviced apartments, boarding houses and hostels will be rated business except when the land owner provides proof that the land is used exclusively or almost exclusively for residential purposes. Land owners must provide proof of long-term stay (at least 90 days) for over 50 per cent of the units, as at 30 June each year. Proof should be in the form of a residential tenancy agreement or similar documentation.
- Utility networks are classed as rural business differential. However, all other utility rating units are classified based on their land use and location.

The long-term differential strategy

In 2017/2018 the council is pausing the long-term differential strategy by maintaining the proportion of general rates revenue raised from business ratepayers. The business differential ratios will be set so that 32.7 per cent of general rates (UAGC and value-based general rate) come from businesses. This is the same level as in 2017/2018.

2017/2018

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2017/2018. This is estimated to produce around \$1,330 million (excluding GST) for 2017/2018.

Value-based general rate differentials for 2017/2018

Property category	Effective relative differential ratio for general rate for 2017/2018	Rate in the dollar for 2017/2018 (including GST) (\$)	Share of value-based general rate (excluding GST) (\$)	Share of value-based general rate (%)
Urban business	2.73	0.00709866	432,675,941	32.5%
Urban residential	1.00	0.00260042	744,153,891	56.0%
Rural business	2.46	0.00638879	49,515,783	3.7%
Rural residential	0.90	0.00234038	39,744,594	3.0%
Farm and lifestyle	0.80	0.00208034	63,299,016	4.8%
No road access	0.25	0.00065011	278,012	Less than 0.1%
Uninhabitable island ⁽¹⁾	0	0	0	0

Note: 1. Uninhabitable islands ratepayers are liable for the UAGC only, which is automatically remitted through the rate remission policy.

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the value-based general rates requirement determined on their share of the city's land value rather than a share of the city's capital value as applies for other properties. The rates in the dollar are set out in the following table.

Land value general rates

Differential group	Rate in the dollar for 2017/2018 (including GST) to be based on the land value of the property (\$)
Urban business	0.01552325
Rural business	0.01397093

Targeted rates

The council does not have a lump sum contribution policy and will not invite lump sum contributions for any targeted rate.

Interim Transport Levy

Background

The council is funding an accelerated transport programme from 2015/2016 to 2017/2018 to provide better transport outcomes than the basic programme consulted on for the Long-term Plan 2015-2025. . The rate will fund expenditure within the following activities: Roads and footpaths; and Public transport and travel demand management.

Activities to be funded

The Interim Transport Levy (ITL) will be used to help fund the capital costs of the accelerated transport programme.

The ITL will apply from 2015/2016 to 2017/2018.

How the rate will be assessed

A differentiated targeted rate will be applied as a fixed amount per SUIP on all rateable land except land classified as uninhabited Islands as defined for rating purposes. A targeted rate of \$182.85 (including GST) per SUIP will be applied to all rateable land classified as business (Urban business and Rural business) as defined for rating purposes, and \$113.85 (including GST) per SUIP to all rateable land not classified as business (Urban residential, Rural residential, Farm and lifestyle, and No road access) as defined for rating purposes. The fixed amounts will remain at this level for three years. This is estimated to produce around \$62.8 million (excluding GST) for 2017/2018, \$9.2 million from business and \$53.6 million from non-business.

Waste Management targeted rate

Background

The public benefit component of providing waste management services is funded through the general rate e.g. public litter bins.

The refuse, recycling, inorganic collection and other waste management services in Auckland are being standardised under the Waste Management and Minimisation Plan (WMMP). A new targeted rate structure is proposed to reflect the standardisation. This includes

- a region-wide base rate to cover the cost of recycling, inorganic collection, resource recovery centres and the Hauraki Gulf Islands subsidy
- a standard refuse rate will apply in the former Auckland City and the former Manukau City to fund refuse collection
- additional rates may apply to properties that request additional recycling or refuse services.

Where user charges currently apply, these will continue.

The council is implementing the Auckland Waste Management and Minimisation Plan. Information on the plan can be found on the council's website.

From 2017/2018, properties in rural Franklin will receive a full-year recycling service from the council as well as the inorganic collection service. These will be funded from the base service rate. 2017/2018

Activities to be funded

The targeted rate for waste management is used to fund refuse collection and disposal services (including the inorganic refuse collection), recycling, waste transfer stations and resource recovery centres within the solid waste and environmental services activity.

How the rate will be assessed

For land outside of the district of the former Auckland City Council where a service is provided or available, the targeted rate for the base service and the standard refuse service (for the former Manukau City) will be charged on a per SUIP basis. See the UAGC section prior for the council's definition of a SUIP. Land which has an approved alternative service will not be charged a targeted rate for waste management. The standard refuse service includes one 120 litre refuse bin (or equivalent).

For land within the district of the former Auckland City Council, the targeted rate for the base service and the standard refuse service will be charged based of the number and type of services supplied or available to each rating unit. For rating units made up of one SUIP, the council will provide one refuse collection service. For rating units made up of more than one SUIP, the council will provide the same service as was provided at 1 July 2017, unless otherwise informed by the owner of the rating unit (that is, at least one base service and one refuse collection service). Land which has an approved alternative service will be charged the waste service charge that excludes the approved alternative service or services.

For land within the former district of Manukau City, a large refuse rate will apply, on top of the standard refuse rate, if a 240 litre refuse bin is supplied instead of the standard 120 litre bin.

For all land across Auckland, an additional recycling rate will apply if an additional recycling service is supplied.

In the future, the waste management targeted rate may be adjusted to reflect changes in the nature of services and the costs of providing waste management services to reflect the introduction of the Auckland Waste Management and Minimisation Plan.

The following table sets out the waste management targeted rates to be applied in 2017/2018. This is estimated to produce around \$76.4 million (excluding GST) for 2017/2018.

Waste management targeted rates

Service	Differential group	Proposed amount of targeted rate for 2017/2018 (including GST) \$	Charging basis	Share of targeted rate (excluding GST) (\$)
Base service	Rating units in the former Auckland City	101.63	Per service available	14,443,495
	Rating units in the former Franklin District, Manukau City, North Shore City, Papakura District, Rodney District and Waitakere City	101.63	Per SUIP	32,505,941
Base service excluding recycling	Rating units in the former Auckland City	39.61	Per service available	878,325
Standard refuse	Rating units in the former Auckland City	118.81	Per service available	16,752,048
	Rating units in the former Manukau City	118.81	Per SUIP	11,315,508
Large refuse	Rating units in the former Manukau City	55.00	Per service available	506,957
Additional recycling	All rating units	62.02	Per service available	44,665

Waste management rates for opt outs in the former Auckland City:

- Land which has an approved alternative refuse service will be charged the base service rate (\$101.63).
- Land which has an approved alternative recycling service will be charged the standard refuse rate (\$118.81) and the base service excluding recycling rate (\$39.61).
- Land which has approved alternative refuse and recycling services will be charged the base service excluding recycling rate (\$39.61).

Accommodation Provider Targeted Rate

Background

Auckland Council, through Auckland Tourism, Events, and Economic Development (ATEED), has a strong focus on developing Auckland's visitor economy into a sustainable year-round industry, including working with industry partners such as Tourism New Zealand and Auckland International Airport Limited to attract high-value visitors, and facilitating the

establishment of world-class attractions. The Auckland Convention Bureau team attracts business events which inject millions annually into the economy.

ATEED is also focused on continuing to expand Auckland as a world-leading events city through attracting, delivering and/or supporting an annual portfolio of more than 30 major events. In addition, an ATEED subsidiary is working towards delivering World Masters Games 2017 – the largest participation sporting event in the world.

Activities to be funded

The Accommodation Provider Targeted Rate will be used to help fund the costs of visitor attraction, major events and destination and marketing which are part of council's "economic growth and visitor economy" activity. It will apply from 2017/2018.

How the rate will be assessed

A targeted rate will be applied to all land defined as business for rating purposes used by visitor accommodation providers. Visitor accommodation includes hotels, serviced apartments, motels, motor inns, campgrounds, motor parks, holiday parks, backpackers, short stay hostels, bed and breakfasts, homestays and lodges. Visitor accommodation excludes long-stay residential accommodation.

A rate in the dollar of \$0.01394584 (including GST) of rateable capital value will be applied in 2017/2018 to business land used for visitor accommodation purposes. This is estimated to produce around \$27.8 million (excluding GST) for 2017/2018.

City centre targeted rate

Background

The City Centre targeted rate is to help fund the development and revitalisation of the city centre. The rate applies to business and residential land in the City Centre area.

Activities to be funded

The City Centre redevelopment programme aims to enhance the city centre as a place to work, live, visit and do business. It achieves this by providing a high-quality urban environment, promoting the competitive advantages of the city centre as a business location, and promoting the city centre as a place for high-quality education, research and development. The programme intends to reinforce and promote the city centre as a centre for arts and culture, with a unique identity as the heart and soul of Auckland. . The rate will fund expenditure within the following activity: Regional planning; Roads and footpaths; Local parks, sports and recreation.

The targeted rate will continue until 2024/2025 to cover capital and operating expenditure generated by the projects in the City Centre redevelopment programme. From 2016/2017, unspent funds from the targeted rate will be used to transition the depreciation and

consequential operating costs of capital works to the general rate so that from 2019/2020 these costs will be entirely funded from general rates.

How the rate will be assessed

A differentiated targeted rate will be applied to business and residential land, as defined for rating purposes, in the city centre. You can view a map of the city centre area at www.aucklandcouncil.govt.nz/rates or at any Auckland Council library or service centre.

A rate in the dollar of \$0.00190337 (including GST) of rateable capital value will be applied to business land in 2017/2018. This is estimated to produce around \$20.9 million (excluding GST) for 2017/2018.

A fixed rate of \$59.41 (including GST) per SUIP will be applied to residential land in 2017/2018. This is estimated to produce around \$0.9 million (excluding GST) for 2017/2018.

Business Improvement District targeted rates

Background

Business Improvement Districts (BID) are areas within Auckland where local businesses have agreed to work together, with support from the council, to improve their business environment and attract new businesses and customers. The funding for these initiatives comes from BID targeted rates, which the businesses within a set boundary have voted and agreed to pay to fund BID projects and activities.

Activities to be funded

The main objectives of the BID programmes are to enhance the physical environment, promote business attraction, retention and development, and increase employment and local business investment in BID areas. The programmes may also involve community development, and are intended to identify and reinforce the unique identity of a place and to promote that identity as part of its development. The rate will fund expenditure within the following activities: Local planning and development – locally driven initiatives, Local planning and development – asset based services.

How liability will be assessed

The BID targeted rates will be applied to business land, as defined for rating purposes, that is located in defined areas in commercial centres outlined in the following table. For maps of the areas where the BID rates will apply, go to www.aucklandcouncil.govt.nz/rates.

The BID targeted rates will be assessed using a fixed rate and value-based rate on the capital value of the property. Each BID area can decide to have part of its budget funded from a fixed rate of between \$0 to \$250 (including GST) per rating unit. The remaining budget requirement will be funded from a value-based rate for each area and be applied as a rate in the dollar. There will be different rates for each BID programme.

The table below sets out the budgets and the rates for each BID area that the council will apply 2017/2018. This is estimated to produce around \$17.6 million (excluding GST) for 2017/2018.

Business Improvement Districts fixed rates per rating unit and rates in the dollar of capital value

BID area	Budget for 2017/2018 (excluding GST) (\$)	Amount to be funded by fixed charge for 2017/2018 (excluding GST) (\$)	Fixed rate per rating unit for 2017/2018 (including GST) (\$)	Amount to be funded by property value rate based on the capital value of the rating unit for 2017/2018 (excluding GST) (\$)	Rate in the dollar for 2017/2018 to be multiplied by the capital value of the rating unit (including GST) (\$)
Avondale	137,445	0	0.00	137,445	0.00166478
Birkenhead	186,799	0	0.00	186,799	0.00125385
Blockhouse Bay	56,261	0	0.00	56,261	0.00188898
Browns Bay	152,796	0	0.00	152,796	0.00066242
Devonport	117,187	17,609	250.00	99,579	0.00082511
Dominion Road	179,694	0	0.00	179,694	0.00083174
Ellerslie	142,432	0	0.00	142,432	0.00262543
Glen Eden	91,968	0	0.00	91,968	0.00141796
Glen Innes	162,745	0	0.00	162,745	0.00161210
Greater East Tāmaki	499,803	327,948	195.00	171,855	0.00004378
Heart of the City	4,423,056	0	0.00	4,423,056	0.00061196
Henderson-Lincoln	500,000	275,433	250.00	224,567	0.00014720
Howick	158,061	0	0.00	158,061	0.00119566
Hunters Corner	126,590	0	0.00	126,590	0.00097928
Karangahape Road	415,603	0	0.00	415,603	0.00075962
Kingsland	214,492	0	0.00	214,492	0.00061814
Mairangi Bay	58,128	5,000	250.00	53,128	0.00146280
Māngere Bridge	28,800	0	0.00	28,800	0.00192781
Māngere East Village	6,106	0	0.00	6,106	0.00039339
Māngere Town	284,950	0	0.00	284,950	0.00495940
Manukau Central	489,956	0	0.00	489,956	0.00049299
Manurewa	142,141	0	0.00	142,141	0.00123295
Milford	131,698	0	0.00	131,698	0.00085700

BID area	Budget for 2017/2018 (excluding GST) (\$)	Amount to be funded by fixed charge for 2017/2018 (excluding GST) (\$)	Fixed rate per rating unit for 2017/2018 (including GST) (\$)	Amount to be funded by property value rate based on the capital value of the rating unit for 2017/2018 (excluding GST) (\$)	Rate in the dollar for 2017/2018 to be multiplied by the capital value of the rating unit (including GST) (\$)
Mt Eden Village	87,148	0	0.00	87,148	0.00082353
New Lynn	151,723	0	0.00	151,723	0.00063722
Newmarket	1,578,702	0	0.00	1,578,702	0.00090405
North Harbour	661,020	320,075	150.00	340,945	0.00012683
North West District	177,879	90,434	250.00	87,445	0.00032162
Northcote	119,982	0	0.00	119,982	0.00348371
Old Papatoetoe	124,579	0	0.00	124,579	0.00211191
Onehunga	409,738	0	0.00	409,738	0.00168741
Orewa	222,897	0	0.00	222,897	0.00111686
Ōtāhuhu	598,129	0	0.00	598,129	0.00100577
Ōtara	83,371	0	0.00	83,371	0.00174083
Panmure	434,538	0	0.00	434,538	0.00220830
Papakura	171,535	0	0.00	171,535	0.00086430
Parnell	778,613	0	0.00	778,613	0.00074973
Ponsonby	428,596	0	0.00	428,596	0.00078295
Pukekohe	437,481	0	0.00	437,481	0.00066263
Remuera	246,687	0	0.00	246,687	0.00150086
Rosebank	392,820	0	0.00	392,820	0.00046839
South Harbour	81,325	0	0.00	81,325	0.00060881
St Heliers	138,021	0	0.00	138,021	0.00143001
Takapuna	402,993	0	0.00	402,993	0.00053306
Te Atatu	93,110	0	0.00	93,110	0.00197667
Torbay	13,915	0	0.00	13,915	0.00101269
Uptown	272,539	0	0.00	272,539	0.00020183
Waiuku	125,846	0	0.00	125,846	0.00129975
Wiri	670,791	0	0.00	670,791	0.00032260
Total	17,610,689	1,036,500		16,574,189	

Note to previous table: Budget numbers include deficits and surpluses (if any) carried over from prior years.

Business Improvement Districts fixed rate per property and rates in the dollar of land value

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the Business Improvement District value based rates requirement determined on their share of the BID areas land value rather than a share of the BID areas capital value as applies for other properties. The rates in the dollar are set out in the following table.

BID	Fixed rate per rating unit for 2017/2018 (including GST) (\$)	Rate in the dollar for 2017/2018 (including GST) to be based on the land value of the rating unit (\$)
Greater East Tāmaki	195.00	0.00008050
Onehunga	0.00	0.00392148
Pukekohe	0.00	0.00143909
Rosebank	0.00	0.00107206

Māngere-Ōtāhuhu and Ōtara-Papatoetoe swimming pool targeted rates

Background

Auckland Council has a region-wide swimming pool pricing policy, whereby children 16 years and under have free access to swimming pool facilities and all adults are charged. These targeted rates fund free access to swimming pools for adults 17 years and over in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas.

Activities to be funded

To fund the cost of free adult entry to swimming pool facilities in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. The rate will fund expenditure within the following activity: Local parks sport and recreation – asset based services.

How liability will be assessed

These local activity targeted rates apply to all residential land, as defined for rating purposes that are located in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas.

How the rate will be assessed

The local activity targeted rate will be assessed using a fixed rate applied to each separately used or inhabited part of a residential property, as defined for rating purposes, in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. There will be a different fixed rate for each local board area.

The following table sets out the local activity targeted rates that apply in 2017/2018 for the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. This is estimated to produce around \$1 million (excluding GST) for 2017/2018.

Local board area	Local activity targeted rates	
	Fixed rate for each separately used or inhabited part of a rating unit for 2017/2018 (including GST) (\$)	Revenue from the targeted rate (excluding GST) (\$)
Māngere-Ōtāhuhu	31.01	501,574
Ōtara-Papatoetoe	29.14	539,148

Riverhaven Drive targeted rate

The council has constructed Riverhaven Drive for the benefit of the rating units in the immediate area. The construction of the road and the payment of the rate have been agreed with the association representing the owners of the rating units. The Riverhaven Drive targeted rate is used to repay the council for the cost of the road, including interest costs. The rate will fund expenditure within the following activities: Local planning and development – locally driven initiatives, Roads and footpaths.

The targeted rate applies to the land which benefits from the construction of a road that provides access to the rating unit. The rate will apply until the cost of the project is recovered. The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 25 years (2006/2007 to 2030/2031). The outstanding balance will reduce each year as the principal is repaid.

The council will apply a uniform rate of \$10,317.02 (including GST) per rating unit for 2017/2018. This is estimated to produce around \$72,000 (excluding GST) for 2017/2018.

Glorit Flood Gate Restoration targeted rate

A targeted rate for three rating units, detailed below, to recover the cost of Glorit flood gate restoration. The rate will fund expenditure within the following activity: Stormwater management. The rate will apply until the cost of the project is recovered. The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 10 years (2009/2010 to 2018/2019). The costs of works, together with interest and administration charges are apportioned on an area of benefit basis.

The following table sets out the Glorit Flood Gate Restoration targeted rates for 2017/2018. This is estimated to produce around \$38,000 (excluding GST) for 2017/2018.

Glorit Flood Gate Restoration targeted rate

Valuation number	Legal description (abbreviated)	Area of benefit in hectares	Amount of targeted rate for 2017/2018 (including GST) (\$)
00910-00102	Sec 27 SO 59120	245	40,689.21
00910-00502	Lot 5 DP 127940	2	332.15
00910-00400	Lot 3 DP 485231	17.5	2,906.37

Waitākere rural sewerage targeted rate

The Waitākere rural sewerage targeted rate is set as a uniform charge on all rating units in the Non-Drainage Area of the former district of the Waitākere City Council where there are on-site waste management systems that are scheduled to be inspected and/or pumped out by the council within the three-yearly cycle, to recover the costs of implementation of the On-site Waste Systems Management Plan. The uniform charge is levied in respect of each on-site waste management system utilised in conjunction with the particular rating unit. The rate will fund expenditure within the following activities: Regulation.

For 2017/2018 the council will apply a uniform rate of \$191.29 (including GST) for each on-site waste management system utilised in conjunction with the rating unit. This is estimated to produce around \$0.77 million (excluding GST) for 2017/2018.

Retro-fit your home targeted rate

The Retro-fit Your Home targeted rate is set on land that has received financial assistance from Auckland Council for the installation of clean heat, insulation, water conservation, mechanical extraction and fire place decommissioning in respect of the land. The rate will fund expenditure within the following activities: Regulation.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for nine years. The outstanding balance will reduce each year as the principal is repaid.

The targeted rate will apply as a rate in the dollar, which is multiplied against the ratepayer's outstanding balance as at 1 July each year. The rate in the dollar is set at different levels for each year that the ratepayer has been repaying the financial assistance.

The following table sets out the Retro-fit Your Home targeted rate that the council will apply in 2017/2018. This is estimated to produce around \$3.9 million (excluding GST) for 2017/2018.

Retro-fit your home targeted rate

Year of repayment	Rate in the dollar for 2017/2018 to be multiplied by the ratepayers outstanding balance as at 1 July 2016 (including GST) (\$)
1	0.14873587
2	0.16237741
3	0.18001898
4	0.20366138
5	0.23690594
6	0.28695514

On-site wastewater systems (septic tank) upgrades targeted rate

The On-site wastewater systems (septic tank) upgrades targeted rate is set on land that has received financial assistance from Auckland Council for the replacement or upgrade of failing on-site wastewater systems (septic tanks) in the west coast lagoons (Piha, Te Henga and Karekare) and Little Oneroa (Waiheke Island) catchments. The rate will fund expenditure within the following activities: Regulation.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 15 years. The outstanding balance will reduce each year as the principal is repaid.

The targeted rate will apply as a rate in the dollar, which is multiplied against the ratepayer's outstanding balance as at 1 July each year. The rate in the dollar is set at different levels for each year that the ratepayer has been repaying the financial assistance.

Applications to join the scheme were open from 2017/2018. The following table sets out the On-site wastewater systems (septic tank) upgrades targeted rate that the council will apply in 2017/2018. This is estimated to produce around \$19,000 (excluding GST) for 2017/2018.

On-site wastewater systems (septic tank) upgrades targeted rate

Year of repayment	Rate in the dollar for 2017/2018 to be multiplied by the ratepayers outstanding balance as at 1 July 2017 (including GST) (\$)
1	0.12197427

Kumeu Huapai Riverhead wastewater targeted rate

The Kumeu Huapai Riverhead wastewater targeted rate is set on land that has received financial assistance from Auckland Council for the purchase and installation of equipment for pumping waste from the property to Watercare's pressurised wastewater scheme. The rate will fund expenditure within the following activity: Organisational support.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 15 years. The outstanding balance will reduce each year as the principal is repaid.

The targeted rate will apply as a rate in the dollar, which is multiplied against the ratepayer's outstanding balance as at 1 July each year. The rate in the dollar is set at different levels for each year that the ratepayer has been repaying the financial assistance.

The following table sets out the Kumeu Huapai Riverhead wastewater targeted rate that council will apply in 2017/2018. This is estimated to produce around \$9,000 (excluding GST) for 2017/2018.

Kumeu Huapai Riverhead wastewater targeted rate

Year of repayment	Rate in the dollar for 2017/2018 to be multiplied by the ratepayers outstanding balance as at 1 July 2016 (including GST) (\$)
1	0.12197427
2	0.12709084
3	0.13305448
5	0.14845032

Point Wells wastewater targeted rate

The Point Wells wastewater targeted rate is set on land that received financial assistance to connect to the pressure wastewater collection (PWC) scheme in the Point Wells area. . The rate will fund expenditure within the following activity: Organisational support.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year according to the amount of assistance provided. The targeted rate will apply for 15 years (2009/2010 to 2023/2024). The outstanding balance will reduce each year as the principal is repaid.

The following table sets out the Point Wells wastewater targeted rate that council will apply in 2017/2018. This is estimated to produce around \$14,700 (excluding GST) for 2017/2018.

Point Wells wastewater targeted rate

Total assistance provided	Amount of targeted rate for 2017/2018 (including GST) (\$)
\$8,000	674.60
\$8,500	716.76
\$9,000	758.92

Total assistance provided	Amount of targeted rate for 2017/2018 (including GST) (\$)
\$9,500	801.08
\$10,000	843.25

Jackson Crescent wastewater targeted rate

The Jackson Crescent wastewater targeted rate is set on the rating unit that received financial assistance to connect to the pressure wastewater collection (PWC) scheme in Jackson Crescent, Martins Bay area. The rate will fund expenditure within the following activity: Organisational support.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 15 years (2009/2010 to 2023/2024). The outstanding balance will reduce each year as the principal is repaid.

The council will apply a uniform rate of \$608.88 (including GST) per rating unit in 2017/2018. This is estimated to produce \$529 (excluding GST) for 2017/2018.

Rates payable by instalment

Rates will be payable by four equal instalments due on:

- Instalment 1: 31 August 2017
- Instalment 2: 27 November 2017
- Instalment 3: 28 February 2018
- Instalment 4: 28 May 2018.

It is council policy that any payments received will be applied to the oldest outstanding rates before being applied to the current rates.

Penalties on rates not paid by the due date

The council will apply a penalty of 10 per cent of the amount of rates assessed under each instalment in the 2017/2018 financial year that are unpaid after the due date of each instalment. Any penalty will be applied to unpaid rates on the day following the due date of the instalment.

A further 10 per cent penalty calculated on former years' rate arrears to be added on the first business day of the new financial year (or five working days after the rates resolution is adopted, whichever is the later) and then again six months later.

Early payment discount policy

Objectives

The council encourages ratepayers to pay their rates in full by the date that their first instalment is due by providing a discount.

Conditions and criteria

Ratepayers will qualify for the discount rate from of their annual rates if their rates are paid in full, together with any outstanding prior years' rates and penalties, by 5.00pm on the day their first rates instalment for the new financial year is due.

Delegation of decision-making

Decisions about applying the discount will be made by staff.

Review process

The council will set the rate of discount that ratepayers are eligible for on an annual basis. The discount will be set to return to those ratepayers making an early payment the interest cost saving to the council. The interest cost saving will be set based on the council's short term cost of borrowing for the financial year in which the discount will apply. In making this forecast the council will take into account current market interest rate forecasts provided by financial institutions. The reviewed discount rate will be adopted by a council resolution at the same time as other rates-related decisions are made as part of its annual plan or long-term plan decision making process.

If the council wants to make any significant change to the discount policy, it must consult with the public.

Discount in 2017/2018

The discount is 0.83 per cent for 2017/2018.

Sample properties

The following section is intended to provide examples of the individual rates for 2017/2018. The following targeted rates are not shown:

- Business improvement district targeted rates
- On-site wastewater systems (septic tank) upgrades targeted rate
- Kumeu Huapai Riverhead wastewater targeted rate
- Riverhaven Drive targeted rate
- Glorit Flood Gate Restoration targeted rate
- Point Wells wastewater targeted rate
- Jackson Crescent wastewater targeted rate

For more information on these and other rates please see the relevant section of the Rating mechanism.

General rates and Interim Transport Levy

The table below shows indicative general rates and Interim Transport Levy for fully rateable rating units with one SUIP at different values for each of the main differential categories. An extra UAGC charge and Interim Transport Levy should be added for each extra SUIP the rating unit has.

Differential category	Capital value	UAGC (including GST) (\$)	General rate (including GST) (\$)	Interim Transport Levy (including GST) (\$)	Total rates (including GST) (\$)
Urban - business	500,000	404	3,549	183	4,136
	1,500,000	404	10,648	183	11,235
	3,000,000	404	21,296	183	21,883
	10,000,000	404	70,987	183	71,574
Urban - residential	500,000	404	1,300	114	1,818
	750,000	404	1,950	114	2,468
	1,000,000	404	2,600	114	3,118
	1,500,000	404	3,901	114	4,419
Rural - business	500,000	404	3,194	183	3,781
	1,500,000	404	9,583	183	10,170
	3,000,000	404	19,166	183	19,753
	10,000,000	404	63,888	183	64,475
Rural - residential	500,000	404	1,170	114	1,688
	750,000	404	1,755	114	2,273
	1,000,000	404	2,340	114	2,858
	1,500,000	404	3,511	114	4,029
Farm/lifestyle	500,000	404	1,040	114	1,558
	1,500,000	404	3,121	114	3,639
	3,000,000	404	6,241	114	6,759
	10,000,000	404	20,803	114	21,321

The following tables contain indicative values for the most common targeted rates. If a rating unit is liable for one of these, then the value shown should be added to the general rates and Interim Transport Levy figure from the table above to determine the total rates liability.

Waste management targeted rate

Most rating units are liable for waste management targeted rates. These vary depending on the former council area that the property is located.

Former council area	Service	Total amount of charges (including GST) (\$)				
	Number of waste management charges	1	2	3	5	10
Auckland City	Full service	220	441	661	1,102	2,204
	Opt out of refuse	102	203	305	508	1,016
	Opt out of recycling	158	317	475	792	1,584
	Opt out of both refuse and recycling	40	79	119	198	396
	Additional recycling	62	124	186	310	620
Manukau City		233	465	698	1,164	2,327
North Shore City, Waitākere City, Franklin District, Papakura District and Rodney District		102	203	305	508	1,016

Accommodation provider targeted rate

All business rating units that provide visitor accommodation are liable for the Accommodation provider targeted rate.

Business rating units that provide visitor accommodation	
Capital value	Rate (including GST) (\$)
500,000	6,973
1,500,000	20,919
3,000,000	41,838
10,000,000	139,458

City centre targeted rate

All business and residential rating units in the City Centre are liable for the City Centre targeted rate.

Business rating units located in the city centre area	
Capital value	Rate (including GST) (\$)
500,000	952
1,500,000	2,855
3,000,000	5,710
10,000,000	19,034

Residential rating units located in the city centre area	
Number of separately used or inhabited parts	Rate (including GST) (\$)
1	59.41
2	118.82
3	178.23
5	297.05
10	594.10

Swimming pool targeted rates

Residential rating units in Māngere-Ōtāhuhu and Ōtara-Papatoetoe local boards are liable for Swimming Pool targeted rates.

Residential rating units located in	Total targeted rate amount (including GST) (\$)					
	Number of separately used or inhabited parts	1	2	3	5	10
Māngere-Ōtāhuhu		31	62	93	155	310
Ōtara-Papatoetoe		29	58	87	146	291

Waitākere rural sewerage targeted rate

Some residential rating units not connected to the wastewater system in the former Waitākere City area are liable for the Waitākere Rural Sewerage targeted rate.

Residential rating units located in	Total targeted rate amount (including GST) (\$)					
	Number of septic tanks pumped out once every 3 years	1	2	3	5	10
Waitākere City that have septic tanks pumped out by council		191	383	574	956	1,913

Retro-fit your home targeted rate

Residential ratepayers who have taken advantage of the Retro-fit Your Home scheme repay the financial assistance provided via a targeted rate.

Outstanding balance at beginning of 2017/2018	Rate for first year of repayment (including GST) (\$)	Rate for second year of repayment (including GST) (\$)	Rate for third year of repayment (including GST) (\$)	Rate for fourth year of repayment (including GST) (\$)	Rate for fifth year of repayment (including GST) (\$)	Rate for sixth year of repayment (including GST) (\$)
1,500	223	244	270	305	355	430
2,000	297	325	360	407	474	574
2,500	372	406	450	509	592	717
3,500	521	568	630	713	829	1,004