



I hereby give notice that an ordinary meeting of the Governing Body will be held on:

Date: Thursday, 30 June 2016
Time: 9:30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Governing Body OPEN AGENDA

MEMBERSHIP

Mayor	Len Brown, JP	
Deputy Mayor	Cr Penny Hulse	
Councillors	Cr Anae Arthur Anae	Cr Dick Quax
	Cr Cameron Brewer	Cr Sharon Stewart, QSM
	Cr Dr Cathy Casey	Cr Sir John Walker, KNZM, CBE
	Cr Bill Cashmore	Cr Wayne Walker
	Cr Ross Clow	Cr John Watson
	Cr Linda Cooper, JP	Cr Penny Webster
	Cr Chris Darby	Cr George Wood, CNZM
	Cr Alf Filipaina	
	Cr Hon Christine Fletcher, QSO	
	Cr Denise Krum	
	Cr Mike Lee	
	Cr Calum Penrose	

(Quorum 11 members)

Elaine Stephenson
Democracy Advisor

23 June 2016

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TERMS OF REFERENCE

Those powers which cannot legally be delegated:

- (a) the power to make a rate; or
- (b) the power to make a bylaw; or
- (c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the long term council community plan; or
- (d) the power to adopt a long term plan, annual plan, or annual report; or
- (e) the power to appoint a Chief Executive; or
- (f) the power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long term plan or developed for the purpose of the local governance statement; or
- (g) the power to adopt a remuneration and employment policy.

Additional responsibilities retained by the Governing Body:

- (a) approval of a draft long term plan or draft annual plan prior to community consultation
- (b) approval of a draft bylaw prior to community consultation
- (c) resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of electoral officer
- (d) adoption of, and amendment to, the Committee Terms of Reference, Standing Orders and Code of Conduct
- (e) relationships with the Independent Māori Statutory Board, including the funding agreement and appointments to committees.
- (f) approval of the Unitary Plan
- (g) overview of the implementation of the Auckland Plan through setting direction on key strategic projects (e.g. the City Rail Link and the alternative funding mechanisms for transport) and receiving regular reporting on the overall achievement of Auckland Plan priorities and performance measures.

Exclusion of the public – who needs to leave the meeting

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Independent Māori Statutory Board

- Members of the Independent Māori Statutory Board who are appointed members of the committee remain.
- Independent Māori Statutory Board members and staff remain if this is necessary in order for them to perform their role.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Other staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.

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1 Affirmation

His Worship the Mayor will read the affirmation.

2 Apologies

At the close of the agenda no apologies had been received.

3 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

4 Confirmation of Minutes

That the Governing Body:

- a) confirm the ordinary minutes of its meeting, held on Wednesday, 25 May 2016, including the confidential section, as a true and correct record.

5 Acknowledgements and Achievements

His Worship the Mayor will acknowledge the passing of Marguerite (Margaret) Jones and recognise the Auckland Council Group's achievements during the month of June.

6 Petitions

7 Public Input

Standing Order 7.7 provides for Public Input. Applications to speak must be made to the Democracy Advisor, in writing, no later than **one (1) clear working day** prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of **thirty (30) minutes** is allocated to the period for public input with **five (5) minutes** speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

8 Local Board Input

Standing Order 6.2 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to **five (5) minutes** during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give **one (1) day's** notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 6.1 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.

9 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
 - (i) The reason why the item is not on the agenda; and
 - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

10 Notices of Motion

At the close of the agenda no requests for notices of motion had been received.

Comments

Background

9. Once every three years, the council is required to adopt a ten-year budget (long-term plan), and in the intervening years an annual budget (annual plan). These plans set out the service levels and budgets for the coming year as well as being used to set rates.
10. The ten-year Budget 2015-2025, set out a capital investment programme of \$18.7 billion, while capping rates increases at no more than an average of 3.5 per cent. Total council borrowings were forecast to rise from \$7.2 billion to \$11.6 billion, while assets were forecast to increase from \$42 billion to \$60 billion in 2024/2025. For 2016/2017 the ten-year Budget forecast rates to increase by 3.2 per cent, with \$1.9 billion of capital investment and operating expenditure of \$3.7 billion, with operating revenue continuing to be less than total operating expenditure in line with council's policy of moving towards fully funding depreciation by 2025.
11. Legislative changes mean that the council no longer produces a draft annual budget for consultation. Instead consultation now focuses on significant or material differences to the ten-year Budget 2015-2025.
12. Each year an agreement must be developed for each local board that sets out priorities, budgets and intended levels of service for local activities, and the capital and operating expenditure required to fund these activities. These agreements between local boards and the Governing Body are made as part of the annual budget or ten-year budget process.
13. Each year a Tūpuna Maunga Operational Plan is developed to provide a framework in which the council will carry out its functions for the routine management of the maunga and administered lands. The Tūpuna Maunga Operational Plan must be adopted concurrently with the council's annual budget and be included in summary form in the annual budget.

Developing the consultation document

14. The process to develop council's consultation document for the Annual Budget 2016/2017 began with a programme briefing to the Finance and Performance Committee in August 2015. Workshops on financial policy and budget changes for 2016/2017 were held in September, October, and November 2015.
15. In October 2015, the Finance and Performance Committee agreed its preference to consult on the following financial policy topics:
 - the quantum of the Uniform Annual General Charge
 - the share of the interim transport levy met by businesses and the basis on which it is distributed among business ratepayers
 - an option to reallocate part of the rates from large farm/lifestyle properties over all other ratepayers
 - amendment of the Māori Freehold Land rates remission and postponement policy.
16. During these workshops, staff also provided information and analysis to assist understanding of the existing budgets. This included:
 - draft three-year activity review programme
 - six year revenue and expenditure trends by council activity area
 - social and economic spend analysis
 - grants budgets for 2015/2016
 - opportunities to discuss aspects of this analysis with representatives from Arts, Culture and Events (ACE), Auckland Tourism, Events and Economic Development (ATEED), Auckland Transport (AT) and Governance.

- Provision of the above information did not result in any significant or material proposals to change budgets for 2016/2017.
17. In November 2015, the Finance and Performance Committee received the two independent reports from Ernst & Young (EY) and Cameron Partners on alternative sources of financing available to Auckland Council. A further workshop was held on 24 February 2016, to discuss options provided in these reports.
 18. Local boards held a series of meetings and workshops in October and November 2015, ahead of meetings in December to adopt their content for consultation. This included key priorities for 2016/2017 and a tailored two-page summary, by local board, that was distributed to all households. Local boards discussed their advocacy priorities with the Finance and Performance Committee on 27 and 30 November 2015.
 19. In December 2015, the Tūpuna Maunga Authority met to approve its budget for 2016/2017 and the Draft Tūpuna Maunga Operational Plan was subsequently adopted by the Tūpuna Maunga Authority.
 20. On 10 December 2015, the Finance and Performance Committee received the Mayoral proposal for consultation. This set out a list of rating policy issues for consultation based on the recommendations from the Finance and Performance Committee meetings in preceding months. The Mayoral proposal also asked for staff to report back on a proposal to trial an extension of the “retrofit your home” programme to incorporate septic tank replacement.
 21. On 17 December 2015, the Governing Body agreed the following consultation topics for the Annual Budget 2016/2017:
 - quantum of the Uniform Annual General Charge over a range of options from \$350 to \$650
 - an option to increase the share of the Interim Transport Levy paid by businesses and to share it among businesses on capital value rather than as a fixed charge
 - an option to reduce rates for large farm/lifestyle properties (over 50 hectares) from 80 per cent of the urban residential rate to 60 per cent, with a small increase to all residential rate payers and other farm/lifestyle ratepayers (including a remission for small individual blocks being used as a single combined property)
 - changes to remissions of rates on Māori land to address issues with how the land is valued and restrictions on how it can be used
 - pilot of an on-site wastewater financial assistance programme to be repaid via a voluntary targeted rate
 - a note that council will be further considering the options set out in the EY and Cameron Partners reports on Alternative Sources of Financing
 - draft Tūpuna Maunga Operational Plan
 - local board priorities
 - potential capital programme changes.
 22. On 10 February 2016, the Governing Body adopted the consultation document, supporting material, and agreed the approach to consultation.

Public consultation

23. The consultation document formed the basis for public consultation and focused on the key potential changes for 2016/2017. More detailed information was also provided in supporting information.
24. Public consultation ran between 15 February 2016 and 24 March 2016 – this extended consultation period provided around four weeks for residents to respond to the household summary delivered to letterboxes in the March edition of OurAuckland.

25. A public awareness raising campaign ran from early February to mid-March 2016 to encourage participation. This included the promotional material in the February edition of OurAuckland, a household summary (including feedback form) in the March edition of OurAuckland, advertisements in local and regional newspapers, online banner advertisements, media releases, targeted stakeholder communications and social media.
26. Three broad channels were used to collect feedback to make it easy for Aucklanders to get involved. These were:
 - written submissions – this included a hard copy feedback form (distributed to Auckland households as part of OurAuckland), an online feedback form and also any emails, letters, pro forma or other written communications received
 - in-person – events were held across Auckland (largely in the evenings and weekends) to provide an opportunity for Aucklanders to speak in person to elected members and rates subject matter experts. Three events were specifically targeted towards Māori with a focus on rating of Māori Freehold Land. One event was also held for key stakeholders in a traditional hearing style with all councillors invited to hear spoken feedback
 - digital – feedback was also collected through social media channels (Facebook and Twitter) using #aklbudget.

Consideration of feedback received

27. There were 3,321 written submissions received (including 45 late submissions), providing around 22,684 feedback points. Of the submissions received:
 - most were written, with 75 per cent being provided using the feedback form (either online, posted or emailed)
 - online submissions increased to 31 per cent (up from 25 per cent on the ten-year Budget)
 - 2,627 provided feedback on regional topics and 2,459 on local topics.
28. There were 426 attendees at 31 Have Your Say events, providing around 2,345 feedback points. All attendees were also given the opportunity to provide a written submission. Have Your Say and community events provided a qualitative source of feedback to consider alongside the quantitative analysis of written feedback.
29. There were 35 pieces of feedback received through digital channels (Twitter and Facebook).
30. A significant volume of feedback was received in response to the rates-related questions on the feedback form. Three other rates topics that did not have questions on the feedback form only received a small volume of feedback. Feedback was also received on topics that had not been consulted upon.
31. The following approach was used to ensure decision-makers were well informed about feedback received:
 - staff with specific subject matter expertise reviewed feedback received relevant to their areas of expertise and summarised the issues raised
 - two reports were prepared summarising feedback on regional matters and these were discussed at the Finance and Performance Committee briefing 26 April 2016. These reports did not contain analysis of the implications of the feedback received as this was included in decision-making reports
 - 21 reports were also prepared summarising the feedback for each local board area and these were considered by each local board between 15 and 26 April 2016
 - a separate report was prepared summarising feedback received on the draft Tūpuna Maunga Operational Plan. This was considered on 26 April 2016, when joint deliberation was held between the Tūpuna Maunga o Tamaki Makaurau Authority and the Governing Body.

32. In addition to the feedback summary reports, all feedback received was made available to elected members prior to the Finance and Performance Committee briefing on 26 April 2016. On 28 April, the feedback summary reports, along with all feedback received, were made available to the public via the Auckland Council website.
33. On 9 May 2016, discussions were held between local boards and the Finance and Performance Committee. These discussions provided an opportunity for local board views and advocacy to be considered ahead of decision making.

Decision making

34. On 2 May, (Hui 18) the Tūpuna Maunga Authority approved the Tūpuna Maunga Operational Plan 2016/2017. Under delegation, the Chair and Deputy Chair of the Maunga Authority subsequently approved the Summary of the Operational Plan 2016/2017 for inclusion in the Annual Budget 2016/2017.
35. On 13 May 2016, the Finance and Performance Committee recommended to the Governing Body the decisions required to finalise the Annual Budget 2016/2017. The Governing Body subsequently agreed these decisions. This included adoption of the Tūpuna Maunga Operational Plan 2016/2017 and decisions required to finalise local board agreements.
36. Following decisions made by the Governing Body on 13 May 2016, agreements were prepared for each local board that reflected:
 - the impact of decisions made by the Governing Body on 13 May 2016
 - re-prioritisation decisions by local boards of locally driven initiative (discretionary) budgets
 - the allocation of central costs (including depreciation, interest, corporate overheads and staff costs)
 - minor administrative adjustments, if any.
37. Local board business meetings were held between 8 and 15 June 2016, where all 21 local boards adopted their agreements for 2016/2017.
38. Two volumes (attachments A and B) have been prepared that make up the Annual Budget 2016/2017 for adoption today, these are:
 - Volume 1 – Provides an overview of the key highlights and priorities for 2016/2017, the prospective financial statements and funding impact statements for 2016/2017, and a summary of the Tūpuna Maunga Operational Plan 2016/2017
 - Volume 2 – Includes the local board agreements and other local information, including the Allocation of decision-making for non-regulatory activities.

The Annual Budget 2016/2017 includes capital expenditure of \$1.9 billion and operating expenditure of \$3.7 billion. Legislative changes now mean that less information is required in the annual budget document which has subsequently reduced its size.
39. When preparing, consulting on and making decisions on the Annual Budget 2016/2017, the council has followed a thorough process, including considering:
 - significance or materiality of the differences to year two of the ten-year Budget
 - extent of the council's resources
 - usual decision-making practices in the Local Government Act 2002 (Part 6)
 - decisions that are required for this annual budget
 - financial management requirements.

Staff have reviewed the processes outlined above and confirm that council has complied with all legal requirements for adoption of the annual budget today.

Consideration

Local board views and implications

40. Local board agreements are required to be adopted each year as part of the annual budget/ten-year budget. These agreements set out priorities, budgets and intended level of service for local activities, and the capital and operating expenditure required to fund these activities.
41. Local boards have been involved in developing the Annual Budget 2016/2017. Prior to making final decisions, discussions were held between the Finance and Performance Committee and local boards. On 13 May 2016, the Finance and Performance Committee was also provided with a summary report and all resolutions on advocacy and regional issues passed by local boards regarding decision making for the annual budget.

Māori impact statement

42. Council has an important role in enabling mana whenua and our Māori communities to fully contribute to and benefit from Auckland becoming the world's most liveable city. Activities that contribute to this were identified in the ten-year Budget 2015-2025. Key highlights since the adoption of the ten-year Budget 2015-2025, for each area of spend are included in Part 2: Our Activities of Volume 1.

Implementation

43. The Local Government Act 2002 requires the council to adopt the Annual Budget 2016/2017 before 1 July 2016. Adoption of the Annual Budget 2016/2017 is required before the council can set rates for 2016/2017, which will be considered in a separate report following adoption on today's agenda.
44. Following adoption of the Annual Budget 2016/2017 today, staff will prepare the final documentation for distribution and also undertake activity to close the consultation loop with Aucklanders. A digital version of the document will be available from council's website and printed copies will be available to view at libraries service centres and local board offices. Copies will also be provided to the Secretary for Local Government and the Auditor-General to meet legislative requirements and to council's trustee companies who oversee our debenture trust deed requirements in New Zealand and other jurisdictions. Hard copies will also be available on request.
45. An email will be sent to all submitters or Have Your Say event attendees (who provided an email address) advising them of the adoption of the Annual Budget 2016/2017. They will be directed to the council website where they will find a summary of the decisions made along with electronic copies of the document.
46. Local boards may also undertake activity to close the loop at a local level as part of their ongoing programme of engagement activity with local communities.

Attachments

No.	Title	Page
A	Volume 1: Our Plan 2016/2017 (<i>Under Separate Cover</i>)	
B	Volume 2: Local Board information (<i>Under Separate Cover</i>)	

Signatories

Author	Aaron Matich - Programme Manager
Authorisers	Matthew Walker - GM Financial Strategy and Planning Sue Tindal - Group Chief Financial Officer Stephen Town - Chief Executive

Rates setting 2016/2017

File No.: CP2016/12885

Purpose

1. To set the rates for 2016/2017 and to adopt amendments to the Māori land rates remission and postponement policy and the Rates remission and postponement policy.

Executive summary

2. This report contains the recommendations necessary to set the rates for 2016/2017. Legislation requires that rates are set by resolution of the council after the adoption of the Annual Budget 2016/2017 (annual plan) and that they must be set in accordance with the:
 - Revenue and Financing Policy in the ten-year Budget 2015-2025.
 - Funding Impact Statement in the Annual Budget 2016/2017.
3. The recommendations include the following agreed rates related decisions for 2016/2017:
 - an average general rates increase of 2.4 per cent for existing ratepayers
 - a Uniform Annual General Charge (UAGC) of \$394
 - continuation of the Interim Transport Levy (targeted rate) and the current farm/lifestyle differential
 - implementation of decisions regarding Business Improvement District (BID) rates and the Rural Franklin recycling targeted rate.
4. The average general rates increase of 2.4 per cent translates to an average increase (general rates and Interim Transport Levy combined) for residential and farm/lifestyle ratepayers of 2.5 per cent and businesses of 1.9 per cent. Individual targeted rates have been calculated to reflect the updated budgets for 2016/2017.
5. The recommendations in this report also set the instalment dates, early payment discount, and penalties to be applied for late payment for 2016/2017.
6. The report also recommends adoption of the amendments to the Māori land rates remission and postponement policy and associated amendments to the Rates remission and postponement policy as agreed by the Governing Body on 13 May 2016.

Recommendation/s

That the Governing Body:

- a) adopt the amended Māori land rates remission and postponement policy and the amendments to Rates remission and postponement policy in Attachment A to the agenda report.
- b) resolve under the Local Government (Rating) Act 2002 to set rates for the 2016/2017 financial year and to authorise the addition of penalties as follows:
 - i) that a Uniform Annual General Charge be set, for all rateable land, at \$394 (including GST) per separately used or inhabited part of a rating unit.
 - ii) that a general rate be set for all rateable land based on the capital value of the land and at different rates in the dollar for different categories of land as set out in the table below:

Category	Rate in the dollar of capital value (including GST)
Urban business	0.00693795
Urban residential	0.00253439

Rural business	0.00624415
Rural residential	0.00228095
Farm/lifestyle	0.00202751
No road access	0.00063360
Uninhabitable islands	0

- iii) that a transport targeted rate be set for all rateable land, except land in the Uninhabitable Islands category, per separately used or inhabited part of a rating unit (SUIP) and differentially for different categories of land, as follows:

Categories	Amount of rate per SUIP (\$) (including GST)
Urban business and rural business	182.85
Urban residential, rural residential, farm/lifestyle and no road access	113.85

- iv) that waste management targeted rates be set differentially for different categories of land at different fixed amounts, as set out in the table below:

Category	Type of waste management targeted rate	Amount of rate (\$ including GST)	Basis for charging
Rating units in the former Auckland City	Waste management – full service	232.72	Per available service
	Waste management – where refuse opt out applies	99.81	Per available service
	Waste management – where recycling opt out applies	160.36	Per available service
	Waste management – where both refuse and recycling opt out applies	27.45	Per available service
	Waste management – additional recycling charge	72.36	Per service provided
Rating units in the former Franklin District where a service is provided or available	Waste management – refuse collection	32.33	Per SUIP
Rating units in the former Franklin District where a service is provided or available ¹	Waste management – recycling collection	72.36	Per SUIP
Rural rating units in the former Franklin District where a service is provided or available from November 2016 ²	Waste management – recycling collection (part-year)	48.24	Per SUIP
Rating units in the former Manukau City where a service is provided or available	Waste management	232.72	Per SUIP
Rating units in the	Waste management	91.49	Per SUIP

¹ The Franklin District recycling targeted rate applies to rating units in the Pukekohe, Waiuku and Clarks Beach / Waiiau Pa collection areas.

² The Rural Franklin District recycling targeted rate applies to rating units outside the Pukekohe, Waiuku and Clarks Beach / Waiiau Pa collection areas.

former North Shore City and the former Waitākere City where a service is provided or available			
Rating units in the former Papakura District where a service is provided or available	Waste management	104.69	Per SUIP
Rating units in the former Rodney District where a service is provided or available	Waste management	106.51	Per SUIP

Note to table: For these purposes the various waste services are as set out in the Auckland Waste Management and Minimisation Plan.

- v) that a city centre targeted rate be set differentially for all rateable land in the urban business and urban residential differential categories, as defined for the purposes of the general rate, in the city centre area, of an amount of \$0.00189405 (including GST) per dollar of the capital value of the rating unit for urban business rating units and of a fixed amount of \$58.54 (including GST) per separately used or inhabited part of a rating unit for urban residential rating units.
- vi) that Business Improvement District (BID) targeted rates be set for all rateable land in the business differential categories, as defined for the purposes of the general rate, within the defined Business Improvement District area, of a fixed amount per rating unit and a rate in the dollar of capital value, as set out in the table below:

BID area	Fixed amount per rating unit (\$) (including GST)	Rate in the dollar of capital value (including GST)
Avondale	0.00	0.00145348
Birkenhead	0.00	0.00124071
Blockhouse Bay	0.00	0.00189800
Browns Bay	0.00	0.00065062
Devonport	250.00	0.00083762
Dominion Road	0.00	0.00083696
Ellerslie	0.00	0.00265433
Glen Eden	0.00	0.00129014
Glen Innes	0.00	0.00163569
Greater East Tamaki	195.00	0.00004342
Heart of the City	0.00	0.00058100
Howick	0.00	0.00115113
Hunters Corner	0.00	0.00097756
Karangahape Road	0.00	0.00065545
Kingsland	0.00	0.00059865
Mairangi Bay	250.00	0.00133539
Māngere Bridge	0.00	0.00188364
Māngere East Village	0.00	0.00039300
Māngere Town	0.00	0.00516632
Manukau Central	0.00	0.00053787
Manurewa	0.00	0.00120568
Milford	0.00	0.00089400

Mt Eden Village	0.00	0.00080328
New Lynn	0.00	0.00067081
Newmarket	0.00	0.00089729
North Harbour	150.00	0.00011580
North West District	250.00	0.00033089
Northcote	0.00	0.00348423
Old Papatoetoe	0.00	0.00191715
Onehunga	0.00	0.00166822
Orewa	0.00	0.00110834
Ōtāhuhu	0.00	0.00101654
Ōtara	0.00	0.00159309
Panmure	0.00	0.00212543
Papakura	0.00	0.00087408
Parnell	0.00	0.00069001
Ponsonby	0.00	0.00073593
Pukekohe	0.00	0.00061541
Remuera	0.00	0.00147577
Rosebank	0.00	0.00047608
South Harbour	0.00	0.00059146
St Heliers	0.00	0.00143481
Takapuna	0.00	0.00048645
Te Atatu	0.00	0.00181102
Torbay	0.00	0.00101267
Uptown	0.00	0.00020349
Waiuku	0.00	0.00113461
Wiri	0.00	0.00048007

- vii) that the Ōtara-Papatoetoe and Māngere-Ōtāhuhu swimming pool targeted rates be set for all rateable land in the residential differential categories, as defined for the purposes of the general rate, located in the respective Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas, as set out in the table below:

Local board area	Fixed amount per SUIP (\$) (including GST)
Māngere-Ōtāhuhu	30.86
Ōtara-Papatoetoe	28.97

- viii) that the Riverhaven Drive targeted rate be set on land in Riverhaven Drive, Rodney, in respect of which the council has provided financial assistance for the construction of a road that gives access to the properties, of an amount of \$10,317.02 (including GST) per rating unit
- ix) that the Glorit flood gate restoration targeted rate be set at an amount of \$166.0784 (including GST) per hectare of land in the three properties below benefiting from the facility (as assessed by the council), as follows:

Valuation number	Legal description (abbreviated)	Area of benefit (Ha)	Amount of rate (\$) (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

- x) that the Waitakere rural sewerage targeted rate be set for all land in the district of the former Waitakere City Council which has an on-site waste management system and in respect of which the council has available the service of pumping out the system and which is scheduled to take place within the three-year period commencing 1 July 2016, of an amount of \$188.46 (including GST) for each such on-site waste management system.
- xi) that the Retro-fit Your Home targeted rate be set on land in respect of which the council has provided financial assistance under the Retro-fit your home scheme, at different levels for each year that the ratepayer has started repaying the financial assistance by this targeted rate, of an amount set out in the table below:

Year of repayment	Rate in the dollar of value outstanding as at 1 July 2016 (including GST)
1	0.14824703
2	0.16189566
3	0.17954399
4	0.20319261
5	0.23644248

- xii) that the Kumeu Huapai Riverhead Wastewater targeted rate be set on land in respect of which the council has provided financial assistance to connect to the Kumeu Huapai Riverhead pressurised wastewater scheme, at different levels for each year that the ratepayer has started repaying the financial assistance by this targeted rate, of an amount set out in the table below:

Year of repayment	Rate in the dollar of value outstanding as at 1 July 2016 (including GST)
1	0.12136053
2	0.12648574
4	0.13948996

- xiii) that the Point Wells Wastewater targeted rate be set on land in respect of which the council has provided financial assistance to connect to a pressure wastewater collection system in Point Wells, of an amount per separately used or inhabited part of a rating unit based on the extent of the financial assistance as shown in the following table:

Total assistance provided	Amount of fixed rate (\$) (including GST)
\$ 8,000	674.60
\$ 8,500	716.76
\$ 9,000	758.92
\$ 9,500	801.08
\$10,000	843.25

- xiv) that the Jackson Crescent Wastewater targeted rate be set on land in respect of which the council has provided financial assistance to connect to a wastewater collection scheme in the Jackson Crescent, Martins Bay areas, of an amount of \$608.88 (including GST) per rating unit.
- xv) that for the purposes of the above rates, the definitions of the differential categories, former rural Franklin District, the city centre area, the various Business Improvement Districts and the expression "separately used or inhabited part of a rating unit" are as set out in the Funding Impact Statement

in the council's Annual Plan 2016/2017.

- xvi) that in 2016/2017, the rates be due in four equal instalments, as set out in the table below:

Instalment	Due Date
1	31 August 2016
2	28 November 2016
3	28 February 2017
4	29 May 2017

- xvii) that a penalty of ten per cent will be added to so much of any instalment of rates assessed in the 2016/2017 rating year that remains unpaid on the day after the due date.
- xviii) that further penalties of ten per cent will be added to rates assessed in previous financial years that are unpaid on 8 July 2016; and then again on 8 January 2017.
- xix) That the discount for the early payment of rates be set at 0.91 per cent of the 2016/2017 rates, if those rates, together with any outstanding prior years' rates and penalties, are paid in full on or before the due date of the first instalment (31 August 2016).

Comments

Background

7. At its meeting on 13 May 2016, the Governing Body agreed the Finance and Performance Committee recommendations regarding rates policy issues for inclusion in the Annual Budget 2016/2017. These included:
- Uniform Annual General Charge (UAGC) of \$394
 - continuation of the Interim Transport Levy (ITL) and farm/lifestyle general rate differential in their current form
 - pilot scheme for septic tank upgrades to be funded from a targeted rate to apply from 2017/2018
 - targeted rate to fund a kerbside recycling service in rural Franklin
 - BID expansions in North Harbour, Glen Eden and Browns Bay
 - amendments to the Māori land rates remission and postponement policy and associated amendments to the Rates remission and postponement policy.
8. The council is required to have a Māori freehold land rates remission and postponement policy. The policy is called the Māori land rates remissions and postponement policy as it covers some land in several different forms of Māori ownership.
9. The average general rates increase of 2.4 per cent translates to an average rates increase (general rates and Interim Transport Levy combined) for residential and farm/lifestyle ratepayers of 2.5 per cent and businesses 1.9 per cent. The average increase for business is slightly higher than originally estimated as growth in the business sector has been lower than that in the non-business sector.
10. Because the transition to one rating system is complete and because the council is making no change to the UAGC, the ITL and the general rate differentials, most ratepayers will experience rates increases that are very close to the sector averages outlined above.

11. There are some exceptions for Franklin business ratepayers who are still transitioning to a new rating policy, properties with new additions or extensions, and any specific properties affected by a new or changed targeted rate. The council is also reducing the proportion of rates collected from businesses in equal steps from 32.7 per cent to 25.8 per cent by 2036/2037. This means that residential and farm/lifestyle ratepayers will have slightly higher rates increases each year.

Decision-Making

Rates resolution

12. For the council to assess rates for the 2016/2017 financial period, section 23 of the Local Government (Rating) Act 2002 (LG(R)A) requires the council to set the rates by resolution. The resolutions contained in this report are consistent with the relevant legislation and the Annual Budget 2016/2017.
13. The budget is set based on the assumption that rates will be invoiced on time. A delay in setting the rates may cause issues in delivery of the rates assessment/invoice in time for the first instalment due date. It will also cause delays to when the arrears penalty can be applied. Delaying the setting of rates may result in increased administrative costs to the council.
14. A copy of the rates resolution will be sent to the Secretary of Local Government within 20 working days of adopting the rates resolution.
15. The LG(R)A requires that the instalment due dates must also be set in the same resolution as those used to set the rates. The resolutions necessary for the Governing Body to set the rates and instalment due dates for the 2016/2017 financial period are included in the recommendations in this report.

Business Improvement District targeted rates

16. The council uses targeted rates to fund Business Improvement District (BID) programmes where businesses have agreed to work together, with the support of the council to improve their business environment.
17. Consultation on the Annual Budget 2016/2017 included possible extensions to the existing BID programmes in Glen Eden, North Harbour and Browns Bay BID boundaries. Successful ballots for the extension of the Glen Eden, North Harbour and Browns Bay were undertaken in April 2016.
18. The resolutions necessary for the Governing Body to set the BID rates for 2016/2017 are included in recommendations of this report.

Septic tank upgrade targeted rate

19. Consultation was undertaken on a pilot scheme to offer financial assistance for septic tank upgrades in the West Coast lagoons and on Waiheke Island to be repaid via a targeted rate. The rate will be implemented for the 2017/2018 year for those property owners who take up the offer during 2016/2017.

Early payment discount, late payment penalties and instalment dates

20. This report recommends that the rates be payable in four equal instalments on:

- instalment 1: 31 August 2016
- instalment 2: 28 November 2016
- instalment 3: 28 February 2017
- instalment 4: 29 May 2017.

These dates are adjusted from those in the ten-year Budget 2015-2025 to ensure they remain on a week day and provide the rates team sufficient time to produce the rates notices. Ratepayers can pay more regularly if they wish.

21. Staff recommend that a ten per cent penalty be payable for late payment of rates for each rates instalment due date, and that a ten per cent penalty on the previous years' rates arrears be added at the beginning of the financial year (or five working days after the rates resolution, whichever is the later) and then again six months later. It is necessary to set the penalty rate at ten per cent, as used by all the previous councils, to discourage the use of the council as a bank by ratepayers. Costs incurred by the council from the late payment of rates must inevitably be met by those ratepayers that pay on time. Most councils use a ten per cent penalty. This is consistent with the current policy.
22. The early payment discount policy is available to ratepayers who pay their full year's rates before the due date of the first rates instalment. Under this policy, the council provides a discount based on the council's forecast short term borrowing cost, 2.45 per cent for 2016/2017. This passes on council's interest cost saving to those ratepayers who pay early. For the early payment discount to remain cost neutral to the early payment discount rate should be set at 0.91 per cent.
23. The resolutions necessary for the Governing Body to set the early payment discount, late payment penalty, and instalment dates are included in the recommendations of this report.

Consideration

Local board views and implications

24. The Governing Body has decision-making authority for setting rates.
25. Local boards' views on the rating policy proposals were considered alongside feedback from consultation on the Annual Budget 2016/2017 in May 2016.

Māori impact statement

26. The council does not hold information on the ethnicity of ratepayers, so is not able to identify the exact impact of the policy options on Māori. The rates recommendations in this report will have a similar impact on Māori as it will on other ratepayers.
27. The impact on Māori of changing the Māori land rates remission and postponement policy was discussed in staff advice attached to the Mayoral Proposal (Attachment B: Rates related policies) that was considered by the Finance and Performance Committee on 13 May. A targeted engagement process was undertaken to support engagement with Māori and Māori land owners as part of consultation on the Annual Budget 2016/2017.
28. The Māori land rates remission and postponement policy recognises that Māori land often has significant barriers to development and use. The agreed changes to the policy acknowledge the barriers and seek to reduce the burden of rates on Māori land owners accordingly.

Implementation

29. There are no implementation issues. The recommendations in this report have been checked by the legal department for legislative compliance.

Attachments

No.	Title	Page
A	Māori land rates remission and postponement policy	27
B	Amendments to the rates remission and postponement policy	31

Signatories

Authors	Eric Wen – Advisor Financial Policy Andrew Duncan – Manager Financial Policy
Authorisers	Matthew Walker - GM Financial Strategy and Planning Sue Tindal - Group Chief Financial Officer Stephen Town - Chief Executive

This scheme includes wāhi tapu sites and land that has been set aside and protected for cultural, historic or natural conservation purposes.

A qualifying rating unit will be eligible for a 100 per cent remission of the rates on the portion of the rating unit that is undeveloped and unused.

Part 2 - Remission to adjust Māori rateable land values

The council will consider remission for land that:

- is valued for a highest and best use that in the view of the council is unlikely to be achieved within Māori ownership
- has significant impediments to development and use due to the nature of its ownership, such as owners being deceased and not succeeded to, but which does not already qualify for the maximum rateable valuation adjustment of 10 per cent of the land value.

If an application is approved under this scheme the Council will request its Valuation Service Provider to determine a rates-remission value of the land. The rates remission land value will be assessed as follows:

For land that has a best potential use that in the view of the council is unlikely to be achieved within Māori ownership: the land will be valued to exclude any potential for subdivision and/or development that the land may have that is unlikely to be achieved in Māori ownership. The rates remission land value will be prepared to preserve uniformity and equitable relativity with comparable parcels of land whose valuation does not contain any such potential value for subdivision and/or development.

For land that has significant impediments to development and use due to the nature of its ownership, such as owners being deceased and not succeeded to: the rates remission land value will be calculated as if the maximum valuation adjustment of 10 per cent had been applied.

A property may be eligible for one or both of these adjustments to the rates remission land value. For properties that qualify for both adjustments, the rates remission land value will be an assessment of the net effect of both adjustments.

The rates remission for any rating period will be an amount equal to the difference between the amount of the rates for that period calculated according to the rateable land value of the property and the amount of the rates that would be payable for that period if the rates remission land value of the property were its rateable land value.

No objection to the amount of any rate remission or rates remission land value determined by the Council and its Valuation Service Provider will be upheld.

Part 3 - Remission for marae and urupā greater than 2 hectares in size

Under the Local Government Rating Act 2002, land used for marae or urupā (burial grounds) is non-rateable, for a maximum land area of two hectares.

Under this scheme the council will remit 100 per cent of the rates, excluding any rate levied for a service actually provided to the rating unit, for land exceeding the two hectare limit for non-rateability that is used for a:

- marae, including land used for access, parking, curtilage, Marā kai (gardens), Whanau hopuni (camping and temporary accommodation) and land used for customary practice, cultural use, wananga, recreational and arts facilities
- urupā.

A remission will not be applied for land used for commercial or other private benefit, private residential housing, or which is covered by a liquor licence. Where a property has qualifying and non-qualifying uses the rates remission will be apportioned for the part of land that qualifies for remission under this scheme.

Part 4 - Remission for Māori land used for non-commercial purposes for the community benefit of Māori

Part 4 caps the rates paid on land that is used for non-commercial purposes for the community benefit of Māori.

A property is eligible for a remission under part 4 of this policy if the land, or part of the land, is used for non-commercial purposes for the community benefit of Māori (including papakāinga housing, community facilities, Marae and associated infrastructure).

For eligible rating units, the council will remit the portion of the rating unit's rates that are attributable to its land value.

Part 5 - Remission of previous years rates arrears on Māori land

The remission of the historical rate arrears removes barriers that may stop owners developing the land and encourages them to start paying the rates.

A property is eligible for a remission of the previous years' rates arrears under part 5 of this policy if the owners pay the current year's rates for three years. If the annual rates are paid for three years, the previous years' arrears, along with the arrears penalties will be remitted.*

Attachment B **Amendments to the Rates remission and postponement policy**

Remission of uniform annual general charges and targeted rates levied as fixed charges on rating units

Objectives

The objective of this scheme is to promote fairness in the application of rating by allowing the council to remit fixed charges in circumstances where it is equitable to do so.

Conditions and criteria

The council may remit uniform annual general charges and targeted rates levied as fixed charges, where the application meets one of the following criteria:

1. The rating unit is used solely for vehicle parking in conjunction with a building on a rating unit in the same ownership, and no car parking is available on the main property.
2. The rating unit is used jointly with one or more units as a single farm or horticultural entity and the group of rating units would otherwise be treated as a single rating unit, except that
 - a. the units are not strictly contiguous (for example, a farm run-off block).
 - b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
3. The rating unit is Māori land used jointly with one or more Māori land units as a single entity and the group of rating units would otherwise be treated as a single rating unit, except that
 - a. the units are not strictly contiguous
 - b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
4. The rating unit is classed by the council as a remote island that is uninhabitable or cannot be used for any practical use.

A remission will not apply to any rate that is levied for a

- a. separate residential dwelling or business located on the rating unit
- b. service actually provided to the rating unit.

Owners wishing to claim a remission under this policy may be required to make a written application or declaration and to supply such evidence as may be requested to verify that a remission should be granted under this policy.