I hereby give notice that an ordinary meeting of the Finance and Performance Committee will be held on:

Date:	**Wednesday, 30 November 2016**
Time:	**9.30am**
Meeting Room:	**Reception Lounge**
Venue:	**Auckland Town Hall 301-305 Queen Street Auckland**

Finance and Performance Committee

OPEN ADDENDUM AGENDA

MEMBERSHIP

Chairperson	Cr Ross Clow	
Deputy Chairperson	Cr Desley Simpson, JP	
Members	Cr Dr Cathy Casey	Cr Mike Lee
	Deputy Mayor Bill Cashmore	Cr Daniel Newman, JP
	Cr Fa'anana Efeso Collins	Cr Dick Quax
	Cr Linda Cooper, JP	Cr Greg Sayers
	Cr Chris Darby	Cr Sharon Stewart, QSM
	Cr Alf Filipaina	IMSB Member David Taipari
	Cr Hon Christine Fletcher, QSO	Cr Sir John Walker, KNZM, CBE
	Mayor Hon Phil Goff, JP	Cr Wayne Walker
	Cr Richard Hills	Cr John Watson
	IMSB Member Terrence Hohneck	
	Cr Penny Hulse	
	Cr Denise Lee	

(Quorum 11 members)

Mike Giddey
Senior Governance Advisor

28 November 2016

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Annual Budget 2017/2018 - Mayoral Proposal on items for Public Consultation

File No.: CP2016/23974

Purpose

1. To propose items for public consultation on the Annual Budget 2017/18[1].

Executive summary

2. The Annual Budget 2017/18 is the last under the Long Term Plan 2015-2025.

3. Next year the council will commence deliberations on the Long Term Plan 2018-2028. This will be the primary vehicle for making significant budgetary changes over the triennium, including the replacement of the Interim Transport Levy with a more durable instrument such as a regional fuel tax.

4. The mayoral proposal for the Annual Budget 2017/18 places high priority on rating stability in the 2017/18 year to restore public confidence in the council's financial management and prudence. Previous years have been characterised by volatile movements in rates, which has been unnerving for ratepayers.

5. The 2016/17 financial year was the first time since amalgamation all residential and farm lifestyle ratepayers had the same general rates increase. Businesses also received the same, slightly lower rates increase (consistent with the long term differential strategy). We need to reinforce the stability that arisen from the standardisation of rating policy across the region. A core objective of the mayoral proposal is that all ratepayers will receive a general rates increase of 2.5% in 2017/18. Achieving this will require the Uniform Annual General Charge to increase by 2.5% (to preserve its percentage share of general rates), and the business-residential rating differential to be held at its 2016/2017 level.

6. The second priority is to commence implementation of a revenue strategy that creates the financial headroom for the council to bring forward capital investments in transport and housing infrastructure without recourse to unacceptably high increases in general rates. A significant infrastructure deficit has arisen from years of underinvestment, coupled with rapid population growth. Addressing this challenge requires the council to draw on new revenue sources to ensure the financial burden is borne by those who will benefit from the infrastructure investment. The Annual Budget 2017/18 consultation represents the first step towards executing this revenue strategy, and includes proposals relating to:

   - the council's participation in the government's Housing Infrastructure Fund,
   - introducing growth infrastructure targeted rates for significant housing developments,
   - introducing a visitor levy to fund visitor related expenditure of Auckland Tourism, Events and Economic Development (ATEED).

7. The mayoral proposal also recommends we consult the public on the introduction of a living wage for employees of the council group over the triennium. Implementing the living wage in a staged manner over three years will provide opportunities to build on the social equity payments already built into the council's remuneration policy, and lock-in opportunities to lift productivity through complementary initiatives to upskill the workforce. It will also ensure the living wage is funded through council efficiencies, such as better fleet management and group procurement.

[1] The Local Government Act this defines this as the "Annual Plan" but this report uses the term 'annual budget' as it is more accurately conveys the substance of the process to the public.

8. Another spending priority will be a $0.5 million investment in 2017/18 to promote collaboration across council, government agencies, charities and philanthropists to address chronic homelessness. The scale of spending does not trigger the materiality or significance thresholds for community consultation.

9. Council will be required to examine the cost effectiveness and necessity for all aspects of its operational and capital expenditures. This will be promoted through a continuing programme of value for money reviews, better procurement, and the adoption of group shared services. Efficiency targets for council business units and council controlled organisations will be identified as part of the budget refresh scheduled for February 2017.

10. Following the Committee's initial deliberations on this Mayoral proposal, the proposal will be resubmitted for consideration by the Finance and Performance Committee at its meeting on 13 December 2016. At that time the Committee will be invited to make final recommendations for consideration by the Governing Body at its meeting on 15 December 2016.

Recommendation/s

That the Finance and Performance Committee:

a) **note** that the mayoral proposal places high priority on:

   i) achieving rating stability in the 2017/18 year to restore public confidence in the council's financial management and prudence;

   ii) commencing the implementation of a revenue strategy that creates the financial headroom for the council to accelerate capital investments in transport and housing infrastructure without recourse to unacceptably high increases in general rates;

b) **note** that rating stability can be achieved by:

   i) capping general rates increases at 2.5% in 2017/18;

   ii) increasing the Uniform Annual General Charge in line with the general rates increase;

   iii) pausing implementation of the Long-term Differential Strategy, which relates to business and residential rates, for one year;

   iv) not making changes to the share of the Interim Transport Levy (ITL) paid by residential and business ratepayers;

c) **agree** that the Annual Plan 2017/18 public consultation document include the following items:

   Rating policy changes

   i) the Uniform Annual General Charge (UAGC), including the mayor's proposal that the UAGC only increase in line with the general rates increase;

   ii) pausing implementation of the Long-term differential strategy – which relates to business and residential rates – for one year;

   iii) introduction of a visitor levy to fund visitor related expenditure of Auckland Tourism, Events and Economic Development (ATEED);

iv) introduction of growth infrastructure targeted rates, and the associated changes to the council's Revenue and Financing Policy;

v) the expansion and establishment of business improvement districts;

vi) waste management targeted rates;

Other budget changes

vii) mass transit network.

viii) introduction of a Living wage over three years

ix) homelessness

Budget changes for information

x) the rural fire service, reflecting the anticipated enactment of the Fire and Emergency New Zealand (FENZ) Bill;

xi) changes to the implementation of the Waste Management and Minimisation Plan;

xii) Housing Infrastructure Fund;

xiii) Skypath implementation;

d) **note** that efficiency targets for council business units and council controlled organisations will be identified as part of the budget refresh scheduled for February 2017.

Comments

Consultation requirements

11. The Local Government Act 2002 requires each local authority to consult on and adopt a LTP every three years. In each intervening year local authorities are required to consult the Auckland community on any significant or material changes to the relevant year of the LTP through the Annual Budget consultation document.

12. Significance is determined by the local authority's *Significance and Engagement* policy. The council's finance and legal staff have developed internal guidance to test potential budget changes against significance and materiality thresholds.

13. Most changes to rating policy require consultation.

14. Legislation also requires that the council's consultation document include a summary of key matters from Local Board Agreements and the Draft Tūpuna Maunga Authority operational plan for the annual plan year.

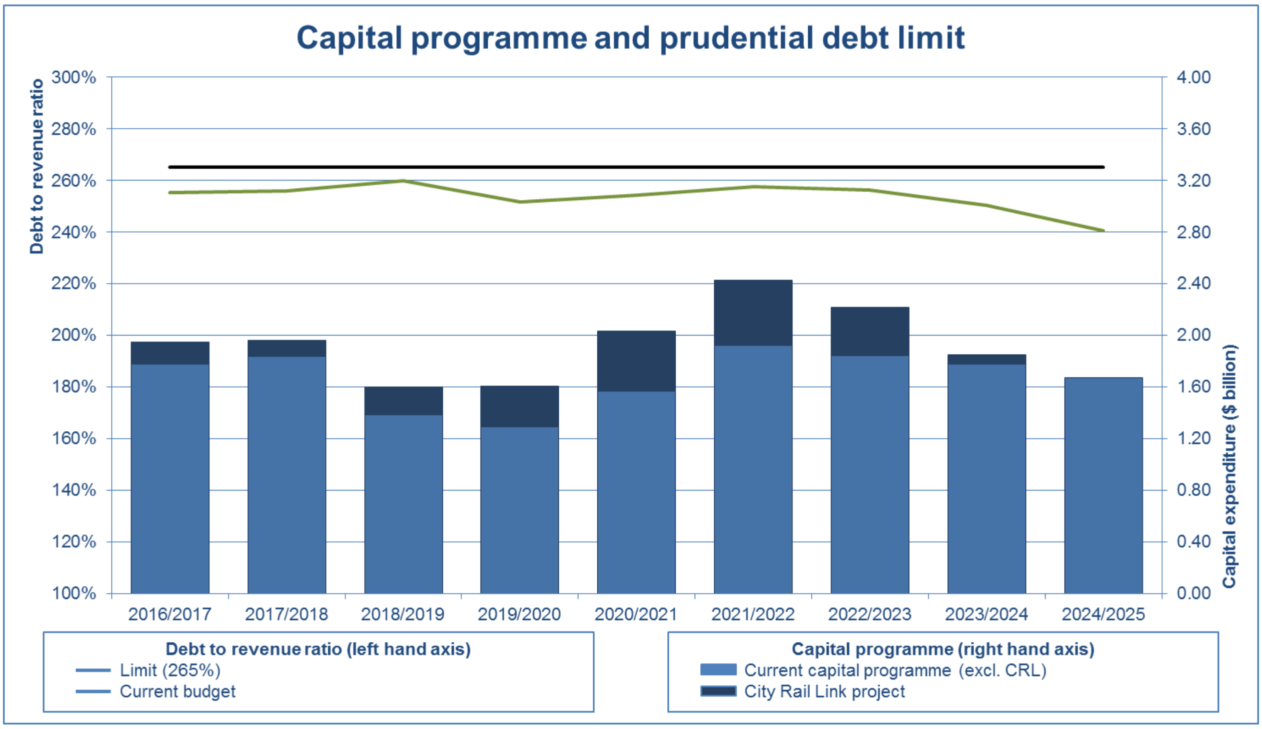
15. The consultation document may include other issues that the council considers to be of high public interest but which are not legislatively required.

Financial position

16. 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%.

17. 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.

18. 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.
19. 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.
20. 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%.
21. 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).



Financial Strategy

22. A core tenet of the council's financial management approach is maintaining our AA credit rating. This credit rating underpins the council's access to international credit markets and competitive interest rates. This is the focus of the council's prudential limits, which are expressed as debt and interest as a percentage of revenue. When the prudential limits are paired with the revenue settings we calculate the maximum borrowing the council can undertake, and therefore the size of its capital investment programme.

23. A credit downgrade would reduce investor confidence in Auckland Council, drive up our cost of borrowing, and reduce our capacity to secure longer duration debt.

Annual Budget 2017/18 - Consultation Items

Rating policy levers

24. Consulting the community on a lower average general rates increase via the Annual Budget consultation document is not necessary unless material changes to service levels are required to achieve it. A reduction in service levels is not on the agenda, as current forecasts indicate general rates increases can be contained without compromising the council's prudential limits. For the sake of transparency, however, there is merit in clearly signalling to the public in the document our intention to reduce the rates increase below the currently planned 3.5 per cent.

25. Only the Governing Body can set a rate (general or targeted). The council has three levers to manage the distribution of the rates requirement across ratepayers:
    - the level of the UAGC
    - the business-residential differential
    - targeted rates.

26. To provide ratepayers with rating stability in the 2017/2018 year[2] the council would need to:
    - increase the UAGC in line with the general rates increase
    - keep the rating differentials at the 2016/2017 level.

Uniform Annual General Charge (UAGC)

27. The current rating policy provides for the UAGC ($394 for 2016/2017) to be increased annually by the general rates increase. This maintains the proportion of rates raised from the UAGC at approximately 13.4 per cent. Increasing the UAGC by the increase in general rates for 2017/2018 will provide rating stability.

28. My strong preference is to increase the UAGC in line with the general rates increase. Any proposal to materially change the UAGC would need to be canvassed with the Auckland community through the consultation document.

Long-term differential strategy

29. 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. 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.

[2] Looking forward to 2018/19 it should be noted that during 2017 properties will be revalued for the purposes of establishing the rating liability to apply for the first year of the Long-term Plan 2018-2028. Revaluation will inevitably result in a change in the rating distribution across Auckland.

30. The differentials relative to the urban residential rate for 2016/2017 are set out in the table below.

	Property category	Business differential split	Relative differentials within usage categories for 2016/2017	Rate in the dollar for 2016/2017 (including GST) ($)	Differential relative to urban residential rate for general rate for 2016/2017
Business grouping	Urban business	32.7 per cent	1.00	0.00693795	2.74
	Rural business		0.9	0.00624415	2.46
Non-business grouping	Urban residential	67.3 per cent	1.0	0.00253439	1.00
	Rural residential		0.9	0.00228095	0.90
	Farm and lifestyle		0.8	0.00202751	0.80
	No road access		0.25	0.00063360	0.25
	Uninhabitable island(1)		0	0	0

31. To allow for all ratepayers to have the same rates increase in 2017/2018 requires pausing the LTDS for a year. A one year pause will extend the timeframe to achieve the goal of the LTDS by one year to 2037/2038. The intention is that the LTDS will be resumed when the replacement for the Interim Transport Levy is implemented, as any replacement is expected to shift more of the burden of incremental transport investment on to businesses. While I consider the current parameters of the ITL to be inequitable with respect to its impact on residential ratepayers, I am prepared to not reopen the design of the ITL given it has only a year to run.

Targeted rates

32. The use of targeted rates provides the council with an opportunity to better align the sources of revenue with the beneficiaries of specific expenditures. A range of targeted rates are set out in the rating policy. Possible additional targeted rate initiatives are discussed below.

Visitor levy

33. The number of commercial guest nights in Auckland rose from 6 million in the year ending July 2011 to 7.3 million in the year ending July 2016. This growth is partly attributable to the visitor attraction and major events activities of Auckland Tourism, Events and Economic Development (ATEED), and has placed additional demands on the city's infrastructure and services. In light of the benefits visitors derive from the council activities, ATEED has been exploring with the commercial accommodation sector the available options for indirectly funding some or all of ATEED's visitor-related expenditure from visitors rather than Auckland ratepayers.

34. The council cannot set a bed tax, but may be able to achieve a similar outcome through a targeted rate on accommodation providers which we expect to be passed on to guests through an additional charge on their bills. The revenue captured through a levy is expected to be $20 - $30 million per annum. Indicative council analysis suggests the levy would translate into a 3-4% surcharge on a typical tariff for a 4-5 star hotel – in the order of $6-10 per night. Municipal charges of this nature are common practice in OECD countries.

35. Staff will engage with the tourism and accommodation sector on the design of the levy and include their perspectives in a report back to the council in the New Year. In the event the levy is implemented the tourism and accommodation sector will be invited to participate on a governance body that will advise ATEED on the allocation of levy revenues.

Growth infrastructure targeted rates

36. 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. Because these new areas are currently rural and lack the infrastructure needed to support new neighbourhoods and town centres, substantial investment will be needed in new roads, sewers, water pipes, parks and community facilities.

37. 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.

38. Landowners pay nothing while they hold their land in an undeveloped state.

39. Where these charges are not adequate to cover the cost of providing infrastructure to service a particular development, that creates a funding challenge for the council. Typically the council resolves this by either delaying the infrastructure investment until there are sufficient houses being built in a particular area to make the investment viable, or uses general rates to make existing ratepayers across Auckland subsidise the cost of the infrastructure.

<u>Proposal</u>

40. To help address Auckland's housing and infrastructure challenges, the council has been investigating a range of alternatives for funding the significant bulk infrastructure costs associated with new developments. One approach is to use targeted rates alongside the existing development contribution and infrastructure charges. This approach would effectively spread a lump sum charge out over time as an annual payment, and can be triggered ahead of development occurring.

41. This approach has a number of advantages including:
    - increasing land holding costs, thereby weakening the incentives for landbanking
    - reducing the reliance on existing ratepayers across Auckland to subsidise new housing developments
    - creating a closer link between the rates paid by landowners in a specific area and the uplift in the value of their land as a result of it being available for development
    - establishing a more predictable and secure revenue stream for council

42. Where growth infrastructure targeted rates are applied to large scale developments of thousands of houses this should assist with our efforts to place downward pressure on land price increases across the Auckland region.

<u>Implementation</u>

43. The first step is a discussion with Aucklanders generally about the merits of using growth infrastructure targeted rates as a tool to fund infrastructure for new housing developments.

44. Before any new charges are introduced, the council would first consult with the affected land owners about the size of the charge, when it would commence, how long it will apply for, what infrastructure it will fund, and how the cost would be applied to particular properties.

45. The council is most likely to focus first on those areas where the planning and regulatory areas have already been addressed via the Auckland Unitary Plan, developers' plans are well advanced and the infrastructure needs are well understood.

46. The council's Revenue and Financing Policy would need to be amended to provide for the use of targeted rates to fund growth infrastructure including water and wastewater. The council must identify all its sources of funding in its Revenue and Financing Policy, and is required to consult on any material changes to it.

47. Staff may recommend one or more growth infrastructure targeted rates for consultation later in this Annual Budget process. Any recommendation will be supported by an analysis of the funding options relevant to the individual proposal and consultation with the affected land owners and wider community.

Business improvement district - establishment and expansion

48. The Business Improvement District (BID) programme enables the Auckland business sector to fund local business investment, promotion and joint initiatives with council and central government. Funding is secured through a targeted rate set by Auckland Council on all businesses properties in a defined business association area. Business associations are incorporated societies independent from Auckland Council, and the targeted rate revenue is passed to the business association as a grant.

49. Activities funded through the BID programme include:

- promotions, events and marketing campaigns
- business support and enterprise
- local economic development activities
- skill and expertise development
- crime prevention initiatives
- networking and shared services
- local improvement projects
- advocacy to local and central government.

50. Currently $15.7 million is collected from targeted rates to fund activities across 48 participating business associations, representing over 25,000 Auckland businesses.

51. Establishing or expanding a BID area requires the business association to undertake a ballot of members (business ratepayers and occupiers of business properties in the BID area). Ballots are coordinated by an independent polling agent separate from Auckland Council and the business association.

52. The following BID establishments and expansions are proposed for 2017/18.

BID	Proposed change
Uptown	Expansion
Wiri	Expansion
Manukau	Expansion
Henderson-Lincoln	New establishment

53. To be successful a ballot:

- must achieve a threshold of at least 25% of the total voting forms being returned, and
- of the returned voting forms, a minimum of 51% of the votes must be in favour.

54. The results of the ballots will be reported back to the Local Boards and to the Governing Body to support final decisions.

Waste Management targeted rates

55. The intent of the Waste Management and Minimisation Plan (WMMP) is to move to a charging regime that promotes waste minimisation. Waste management services have been transitioning to a region-wide delivery approach. The associated charges have been incrementally adjusted from the legacy council regimes.

56. Full implementation of that approach is still some way off. In the interim, some material changes are required to standardise recycling charges across the region as the services are now standardised. In addition, some adjustments are proposed to charges where extra services are requested. The detail of the proposed changes are set out in **Attachment One**.

Local board targeted rates

57. Local targeted rates provide a funding mechanism for local boards to make investments in their communities beyond the resourcing available to them from general rates funding. At present there are two local targeted rates promoted by local boards. These fund free swimming pool access for adults in the respective local board areas:

- Otara Papatoetoe swimming pool targeted rate
- Mangere Otahuhu swimming pool targeted rate.

58. At this stage no additional local targeted rates have been proposed by local boards for 2017/18. If a Local Board wishes to propose a local targeted rate we encourage that they make a submission no later than 28 February 2017. Any proposals received in the New Year will need to be subject to a separate consultation process.

Other budget changes

59. Three other potential budget changes that do not meet the significance and materiality thresholds but are nevertheless of high public interest could be included in the Annual Budget consultation document:

a. Mass transit network

An expanded and well-connected mass transit network is at the heart of Auckland Transport's plans for supporting growth in existing urban and future urban areas. Auckland Transport has indicated the intention to accelerate planning and design works on routes and the most optimal mode, whether it be bus or light rail. It has also indicated the opportunity for early acquisition of strategically important properties. The debt impact is projected to be approximately $40 million in 2017/18.

b. Living wage

I am committed to achieving a living wage for Council employees, with this being implemented in a staged manner over the triennium. This will effect departments such as Libraries, Customer Services and Arts, Communities and Events. A staged implementation will allow us to build on the progress made through social equity payments, and to align implementation with workforce reorganisations so productivity gains can be locked-in through staff training and career development. These proposed changes also have the additional benefit of having a positive impact on gender pay equity, as two thirds of staff in these teams are women.

A living wage is estimated to cost around $9 million to implement, with this relating to around 2,100 staff who are currently below the living wage, and another 1,200 staff just above the living wage who may require wage adjustments to preserve relativities. A three year timeframe allows for the fiscal impact of the policy to be funded by efficiencies, such as better fleet management and group procurement.

c. Homelessness

We face a significant challenge in relation to homelessness in Auckland. The Government has acknowledged this problem by putting $3 million over three years towards supporting experienced community agencies already working with the homeless. I am proposing that Council plays a coordinating role bringing together central government agencies like Housing NZ, MSD, DHBs and Police with NGOs and private businesses supporting the homeless. Council has put money into the James Liston hostel and supporting NGOs, and will contribute $500,000 a year to ensuring the efforts of all of these groups are coordinated.

Budget changes for public information

60. Staff have identified some potential budget changes that do not require decisions as part of the Annual Budget process. However, we are legally required to consult on them, and their inclusion in the consultation document will ensure the Auckland community is aware of the changes. The budget changes in this category are:

   a. Rural Fire Service
   Auckland Council is currently a key player in delivering and funding rural fire services. The Fire and Emergency New Zealand (FENZ) Bill is currently before Parliament and is expected to pass in April 2017. If passed, this will amalgamate New Zealand's urban and rural fire services into an integrated fire and emergency service. Consequently, the council would no longer deliver rural fire services as of 1 July 2017. The cessation of a service previously provided by council would trigger the need to inform the public via the council's annual plan process. The net financial impact of the change is likely to be minimal.

   b. Waste Management and Minimisation Plan (WMMP) implementation reset
   As part of the WMMP Auckland Council has successfully introduced region-wide inorganic and recycling collections and is establishing a network of Community Recycling Centres. The programme team is reviewing the planned implementation of food waste and organic refuse collections. This is to ensure services for all waste streams are planned holistically, implemented in a manner bringing best value for money, and support the aspirational goal of zero waste to landfill by 2040. The review will delay rolling out the food waste and user pays refuse collection services. As a delay to a currently planned service, there is a need to inform the public via the annual plan process.

   c. Housing Infrastructure Fund
   Central government established a $1 billion Housing Infrastructure Fund (HIF) to assist high-growth local authorities with providing infrastructure to support housing development. The council is preparing an application for funding from the HIF. Should the council's bid be successful, there would be a substantial increase in the capital expenditure in transport, stormwater, water supply and wastewater in high-growth areas of Auckland. While this is a central government investment decision, a potential change of this nature would need to be clearly signalled in the annual plan consultation document.

   d. Skypath financial implications
   SkyPath is a cycling and walking project that will be attached to the Auckland Harbour Bridge. It seeks to complete a key missing gap in Auckland's cycling and walking networks. It is planned as a Public Private Partnership (PPP) and as part of this Council would permit the collection of fares by the private sector from users (cyclists and pedestrians) of the pathway.

   On 28 July 2016, the Governing Body agreed to proceed with the SkyPath project and make a budget provision for SkyPath in the 2017/2018 Annual Plan and the LTP 2018-2028. This includes:

   - $7.2 million additional capex in 2017/2018 for ancillary projects at the landings at each end of the SkyPath, and
   - the provision of a revenue underwrite from 2019/2020, if required, as part of the 2018-2028 LTP.

Efficiency Targets and value for money reviews

61. Reducing the average general rates increase for 2017/2018 from 3.5 per cent to 2.5 per cent depends, in part, on sustaining and refreshing the programme of efficiency savings. The specific efficiency savings proposals do not trigger materiality or significance thresholds, provided there is no adverse impact on service levels.

62. Efficiency targets for council business units are likely to be set as part of the Budget refresh scheduled for February. Council controlled organisations (CCOs) will also be set targets as part of the process.

63. The Finance and Performance Committee will also be overseeing an ongoing programme of value for money reviews, as required under section 17A of the Local Government Act. The forward programme of reviews is expected to be considered by the Committee at its December meeting, with a view to the reviews informing deliberations on the LTP 2018-2028.

Consideration

Local board views and implications

64. The views of local boards have not been sought in relation to this advice.

65. Legislation requires that the council's consultation document include a summary of key matters arising from proposed Local Board Agreements.

Māori impact statement

66. A summary of the draft Tūpuna Maunga Operational Plan 2017/18 will be included in the consultation document.

67. Any specific impact of the proposed consultation items on Māori is expected to be identified and addressed through the consultation process. The Local Government Act establishes requirements with respect to engaging Māori in decision making, and taking into account Māori perspectives and traditions, and council will be advised about those requirements throughout the Annual Budget process.

Implementation

68. The key milestones for the preparation and approval of the Annual Budget 2017/18 are set out below:

30 November 2016:	Finance and Performance Committee has initial deliberations on the consultation items
13 December 2016:	Finance and Performance Committee makes recommendations on consultation items
15 December 2016:	Governing Body agrees consultation items for the Annual Budget
9 February 2017:	Governing Body adopts consultation document and supporting material
February-March 2017	Public consultation on the Annual Budget
1 June 2017:	Governing Body confirms decisions for incorporation into the Annual Budget
29 June 2017:	Governing Body adopts Annual Budget 2017/2018

Item 9

Attachments

No.	Title	Page
A⇩	Waste management targeted rates changes	17

Signatories

Author	His Worship the Mayor, Hon Phil Goff

Waste management targeted rates changes

Implementing standard services and charges for recycling and refuse disposal is continuing under the Waste Management and Minimisation Plan (WMMP) as service contracts come up for renewal.

The estimates of charges in this attachment may be subject to change.

Standard region wide Waste management targeted rate

Every ratepayer will be provided with the same basic services, which include inorganic and recycling services in 2017/2018. A standard region wide rate (base charge) of $100 (incl. GST) is proposed to cover the costs of these services. Ratepayers receiving the same service will pay the same rate across the region.

This will mean a decrease in the charges for Auckland and Manukau residents of $14 per annum and an increase for Waitakere and North Shore of around $9 per annum. Auckland and Manukau residents would pay an additional charge of $118 for their rates funded refuse service.

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	106.5	91.49	91.49	232.73	232.73	104.69	104.69
Base charge 2107/18 (includes inorganic & recycling collections)	100.37	100.37	100.37	100.37	100.37	100.37	100.37
Refuse charge 2017/2018	0	0	0	118.28	118.28	0	0
Change	-6.13	8.88	8.88	-14.08	-14.08	-4.32	-4.32

Current refuse services are described in the table below.

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 or private bin provision	Council pre-paid bags or private provision		

Extra recycling bin charge

It proposed that ratepayers wishing to receive an extra recycling bin will be charged an additional $61.64 per annum. The standard Waste management targeted rate will fund all residents a choice of either a 120L, 240L or 360L bin. At present the service offers a 240L bin and an additional bin free of charge in all the former council areas except Auckland City where an additional charge is levied for the extra bin. Residents who have a high volume of recycling will now be able to have a 360L bin.

Stop free commercial cardboard collection in former North Shore, Waitakere and Rodney

It is proposed that the free commercial cardboard collection, which is provided in selected town centres and commercial areas in the former Rodney, North Shore and Waitakere council areas is stopped. These properties will need to make their own arrangements for recycling cardboard, as businesses do in other parts of the city, above what can be managed with the new 360L bins. This will produce a net budget saving of $370,000 per annum.

Introduction of rates funded refuse bin service in Manukau

Currently former Manukau council area has a rates funded bag service for their refuse. A rates funded 120L refuse bin will be introduced in Manukau for the 2017/2018 year. This provides Manukau ratepayers with the same service as is available in Auckland. Residents with a high volume of refuse will be able to have a 240L bin instead of a 120L for an additional $55 per annum. The new service will address contractors' health and safety concerns with the bag collection service.