

DESCRIPTION OF TWO OPTIONS FOR FINANCIAL DECISION MAKING

Introduction

1. Following initial consideration and direction by the political working party two alternative approaches to financial decision making are further explored in this paper. The analysis has been broken down into the key elements of financial decision making i.e. new investments, disposals, renewals, operations, procurement and funding.

A. Enhanced status quo

This option is based on the governing body continuing to set the overall budget availability and allocating the budget between local boards (the allocation is currently based on legacy service levels). The budgets will be funded from general rates and decisions made by the GB on the level of rates, efficiency savings and levels of service would be reflected through, as necessary, to the LB budgets. Within these parameters some additional flexibility for LB decision making is proposed.

B. Local decision making within parameters

In this option additional decision making is enabled for LBs through all or some of the costs of local activities and services being funded through a local rate. This enables the LB to have much increased flexibility in determining levels of service in different activities and to directly engage with their community on the costs and benefits of providing those services. The key issues identified with this option are the impact of redistributing the costs of local services on different communities and the additional costs of supporting LB decision making.

Capital expenditure

2. In preparing this discussion paper an underlying assumption for both options described above, is that capital expenditure budgets, both major new investments and renewals, will continue to be a function of GB decision making for the following reasons:
 - a) One of the crucial financial issues for Auckland Council moving forward is debt levels and maintaining the AA credit rating. Central control of capital expenditure and the resulting debt to revenue ratios is essential. No practical ways to implement a more devolved decision making model while maintaining that control have been identified.
 - b) The PWP has expressed a clear view that investment in major¹ new assets should continue to be decided by the governing body and funded by general rates. The reasons for this were that:

¹ Major is defined as any asset where the value exceeds the LB discretionary capital budget (3 year total)

- i. Regional planning exercises such as the Community Facilities Plan identify the priorities for investment in community assets
 - ii. LB members are not best placed to make decisions that impact across areas outside of their own LB boundaries
 - c) During the local board workshops to date no strong contrary views have been presented.
 - d) The requirement for renewals is largely driven by the major investment decisions that the GB makes. The level of funding to be applied to renewals is very much part of the overall strategic financial management of debt capacity.
 - e) The removal of costs associated with capital expenditure reduces the impact of the redistribution from funding local activities through local rates.
3. Investments in assets of a more minor nature (through the LB capex fund) will continue to be a LB function.

New investments

- 4. As discussed above, both models of decision making propose that decisions on major new assets will continue to be a GB function. The financial operating costs associated with these decisions (interest, depreciation etc.) will be funded from general rates.
- 5. Assets funded from the LB capex fund will continue to be a LB decision.

Key issues for implementation

- 6. During the initial discussions of this workstream, one of the concerns identified with the current approach is that there is little incentive for a LB to look for savings in a capital project, in fact there is a perverse incentive as any savings on budget are absorbed back into the overall capital expenditure budget (conversely overspends are covered from within the overall budget).
- 7. It is difficult to address this issue other than through refining the budget process. Some improvements have already been implemented by maintaining a centrally controlled contingency fund.

Disposals - service assets

Current approach

- 8. Assets which are currently used to provide council funded services, classified as local activities, are already covered by the “service property optimisation” policy adopted in 2015. This policy allows local boards to make decisions on disposing of one or more service assets, where these are considered as underutilised, and re-invest the proceeds into a new or upgraded facility to provide community services. Principles set out for these decisions are:
 - a) Optimisation is a cross-council-portfolio approach targeting suboptimal service assets.
 - b) Projects will deliver service and strategic outcomes, such as housing and urban regeneration.

- c) Optimisation will equal or enhance existing levels of service, but with reconfigured assets.
- d) Optimisation will have nil impact on existing rate assumptions.
- e) Optimisation will capture additional (uncharted) value opportunities.
- f) Optimisation will reduce holding costs of property and generate latent value and/or return.
- g) Optimisation provides an opportunity for local boards to directly reinvest in Auckland Plan strategic directions and activities within in their LB area benefitting the local community.
- h) Reinvestment will advance planned LTP projects and current business strategies and plans.

Enhanced status quo

- 9. The existing policy is based on the concept of disposal of existing assets in order to invest in a new asset(s) of equivalent value. The policy does give a significant level of decision making to local boards. The only potential additional matter would be final decision making. This still resides with the GB should a LB decide to dispose of and reinvest in a service asset.
- 10. Providing the criteria set out in the principles above, are met, it is proposed that the final decision be allocated to the LB. For the purposes of transparent financial management, any disposals and acquisitions would be reported on a regular basis to the Finance and Performance Committee.

Local decision making within parameters

- 11. As set out above, the existing policy does give LBs significant decision making and it is proposed to add an allocation for the LB to make the final decision. In addition, in this model there is some further flexibility with the financial parameter of the policy. The current policy requires a nil impact on rates, however local rates would enable any additional operational costs to be funded. In the context of capital expenditure for major assets being a GB function, the costs relating directly to the capital expenditure (debt, finance and depreciation) will still need to be neutral.

Key issues for implementation

- 12. A key issue identified to be addressed as part of the implementation phase is the need to support LBs with professional advice from the viewpoints of appropriate service provision for their community and commercial property expertise. A number of existing potential projects are stalled or moving slowly waiting for this advice to become available.

Disposals – non-service assets

Current approach

- 13. Assets that are located within a LB boundary but are not used to provide a local activity or service and are surplus to requirements fall within the jurisdiction of the GB. The proceeds from sale have usually been tagged, as part of the Annual Plan or LTP

process, to offset debt. LBs views are sought before disposal and where LBs disagree with the proposed disposal, they will advocate to the GB for retention of the asset.

Enhanced status quo

14. There is no proposed change to the current approach that decisions on non-service assets are a GB decision. Where it is clear that a property proposed for sale does not fit within the current policy framework for a future use, but a LB wishes the GB to retain the property, then it is proposed that the holding costs are funded by the LB from its discretionary (LDI) budget. There is some existing practice underway of this nature and it is proposed that this become the general approach going forward.

Local decision making within parameters

15. The proposed approach under this model is the same as enhanced status quo, with the additional opportunity for the LB to fund any finance costs from a local rate or savings in operational costs elsewhere.

Renewals

Current approach

16. Renewals are a capital expenditure item that is driven by the type and age of the asset. In theory they are funded by depreciation, which is charged as an operating expense. In practice, the amount of renewal applied will rarely match the amount collected in any particular year. Assets do not deteriorate in a linear way and the amount required for asset renewal is driven by the condition assessment and Asset Management Planning process. Choices can also be made on the level of renewal based on usage of the asset and available funding.
17. As a capital expenditure item, renewals impact on the overall level of debt of the council. The requirement for renewals is also largely driven by the major investment decisions that the GB makes. For those reasons it is proposed that decisions on the total amount of funding available for renewals continues to be a GB decision and general rate funded. These decisions will be made through the LTP or Annual Plan process.
18. The current renewal budget is insufficient to maintain all assets at a high level so the allocation of the overall renewal budget between LBs is based on categorisation of the assets most in need of renewing. LBs are presented with a three year programme of renewals and have the ability to reprioritise within that programme (within class of asset), providing that the financial and work programming impacts are largely neutral. The options outlined below consider giving LBs more discretion over the renewal funding that is allocated to them.

Enhanced status quo

19. There are two options for future allocation of renewals under this model.

Option A – current approach

20. The current approach takes a region wide view of asset condition. In an environment where funding is insufficient to renew all assets, this approach is intended to ensure that those assets with the lowest condition rating are given priority. Should a LB indicate that an asset is underutilised and/or is coming to the end of its useful life, therefore renewal is not warranted, then, the released funding would be moved to the next priority asset, regardless of where in Auckland that asset is located.

21. This should ensure that the available funding is applied where it is most needed. However, there is little incentive for LBs to provide feedback of this nature when the consequence is that they potentially lose the funding to another area.

Option B – bulk funding approach

22. This option would give full discretion of application of renewals across all of the assets within a LB area. LBs would be able to apply renewal funding across categories of asset and use their discretion as to whether to apply the funding to the lowest condition assets or to others which, for example, may not be as much in need of renewal but are more fully utilised. There are some financial constraints to this flexibility i.e.

- the funding can only be applied to asset renewal and not redirected to operational funding; and
- any proposed deferrals of funding from one year to the next would be subject to the normal capital deferral approval process.

23. The advantages of this option are that a LB will have far more decision making over the allocation of the renewals budget to the assets within their area. Their decision making can be informed by local knowledge and community feedback.

24. The implications of this approach are as follows:

- Redirection of renewal funding within a LB area will undermine the regional approach to bringing all assets to a baseline level of service within a restricted funding envelope. Some assets with a lower condition rating may be unable to be maintained while others with a higher condition rating in another area may receive funding
- In subsequent years this could result in funding being allocated to the same assets where a LB has not applied the funding in the previous year e.g. a LB chooses not to apply funding to the renewal of a kitchen in an underutilised community house, but applies it elsewhere. The following year that asset still shows as a category 5 so further funding is allocated and again the LB uses that funding elsewhere
- In order to support the LB decision making in this option greater staff support and advice will be required.

Local decision making within parameters

25. As already covered earlier in this report, the overall proposal is that the amount of capital expenditure allocated to renewals remain as a GB decision. The capital expenditure programme is one of the key regional financial decisions which impacts on debt management. As a GB decision the funding requirements of renewals would be funded from debt and general rates. In this context the two major options for this model are as described above and a third option is enabled by the local rate funding approach.

Option A - current approach

26. As described above.

Option B - bulk funding approach

27. As described above.

Option C – local rate funded “top-up” renewals

28. This option is in addition to which ever of the above two options is decided upon and would enable a LB to raise funds through their local rate, to top-up the renewal amount allocated by the GB. It is important to note that there is no ability for the LB to raise debt, so the amount of renewal top-up required would need to be rated for in full.

Key issues for implementation

29. There are a number of issues that will need to be addressed in order to implement a change to a more bulk funded approach to renewals:
- a) Work is already underway to support LBs through improved robustness and availability of asset information and condition assessments for local assets. This information and significant additional staff support and advice to will need to be in place to support LB decision making. This will require greater resourcing than currently – further work is required to estimate the resourcing requirements. It is likely to have an impact on budgets.
 - b) The ability to reallocate funding from the recommended renewals schedule poses risks of asset deterioration with longer term impacts on viability, and escalating maintenance costs. It also creates the risk of renewals funding being allocated to the same assets each year when there has been a decision to not apply renewals funding to that asset, as described above. Some protocols to manage these risks need to be developed.

Operations

Current approach

30. Operational budgets cover the cost of operating the asset (maintenance, security, cleaning etc.) and the cost of providing services (staff costs, consumables, external providers, grants etc.)

31. In the current decision making model, LBs have very limited control over these budgets. Some service level improvements can be achieved by the LB utilising their discretionary (LDI) budget to fund the additional cost. There are many examples of these across the region:
- a) Extending library hours in some LB areas to meet previous service standards
 - b) Topping up grants to arts and museum facilities
 - c) Delivering programmes in areas where there is perceived need but none are funded through the existing budgets
 - d) Subsidising venue hire for community groups
 - e) Contracting outside resources to progress projects where there would otherwise be a delay.
32. One of the key issues in considering decision making options for this area is the historical basis on which the allocation of operational budgets is made. The difference in the size of operational budgets between LBs (when considered on a per capita or per rateable property basis) has several contributing factors:
- a) Number of assets within a LB boundary – there is not an even distribution of major assets such as libraries, sportsfields and swimming pools between LB boundaries. The costs incurred with operating these facilities are therefore quite different in each LB area and the catchments for the use of these facilities is often wider than the LB boundary.
 - b) Levels of service – the level of service that is provided is often different between LB areas and is based on the level of service that was provided by the legacy council. The example used most often is in the area of community centres and houses. Some offer fully staffed facilities (relatively high cost) while others are little more than venues for hire with no on-site staffing (low cost). A view expressed during workshops with LBs has been the desire to establish what a standard level of service should be for various activities. This is now well established for the library service but not for other activities. Understanding a standard level of service would be important for the “enhanced status quo” model in particular. Some work is to be initiated through a community and arts centre service framework.
 - c) Service delivery model – The way a service is delivered can result in quite different cost structures. A grant to a community owned and run facility (such as an art gallery) will generally be much lower cost than owning and running a similar facility. Even with council owned facilities such as swimming pools, some are fully run by council staff while others are contracted out to a private company.
33. The combined impact of these factors results in very different operational costs for each LB. The attached table (Appendix 1) sets out the direct operational costs (as incurred in the 2015/16 financial year) by LB, by activity area.
34. There appears to be reasonable level of acceptance that the variation in costs associated with the number of assets is justifiable and, to some extent the historical approach to method of delivery. However, there is a level of concern about different levels of service and a desire to see this addressed.

Enhanced status quo

35. As noted above, LBs currently have very limited ability to move allocated funding between activities or even within an activity e.g. from one community house to another.
36. Operational costs are general rate funded on the basis of a level of service (primarily historical as already discussed)) being provided. Any reduction in service would come with the expectation that the general rates used to fund that activity are reduced or that the funds are reprioritised in a more regional context as part of the setting of the budget and the general rate.
37. However, within this context some additional flexibility could potentially be provided to allow LBs to move funding within an activity area e.g. from one community house to another. Also, where possible, a menu of options for programmes could be provided rather than one region wide programme of activities. In order to enable this flexibility, the work noted above on a community and arts centre service framework, would need to be progressed.
38. While this does provide some additional decision making for LBs, it will not address the concerns of historical uneven funding levels – as it relates to levels of service. The options for addressing this issue within this model lie with the GB. Either more funding would need to be provided to give all LBs the same level of service, or the allocation would need to be reviewed to distribute the amount of total funding more evenly.
39. The latter approach would result in a drop in levels of service for some LBs and an increase for others. There are problems with both approaches and at this stage the base information that would be needed to either re-allocate, or top-up funding, is not available.

Local decision making within parameters

40. In this model, the costs of running the services associated with local assets, as outlined above, will be partially or fully funded by a local targeted rate. General rates will be reduced by the amount of these costs from across all local boards and the costs associated with each individual local board recovered through a local rate.
41. Local boards would then be responsible for determining the levels of service and method of delivery for each of their activities. This would give a great deal of flexibility to the LBs to reduce or increase funding to any particular activity and reflect the net financial impact into the local rates – this may be savings passed onto the ratepayer or an increase in rates (and/or fees) to provide additional services. General rates could be used to subsidise local activities in return for an agreed minimum level of service for some activities.
42. Additional parameters for consideration in this option are:
 - a) All statutory requirements for consultation with the public must be met. Any significant change in service level must be signalled through the LTP or Annual Plan process (in this case via the local board agreements) and appropriate public consultation take place.
 - b) A minimum “notice period” for changes in service levels that impact on staffing. It is the role of the Chief Executive to employ staff and respond to governance decisions

with the appropriate level of resourcing. However, those governance decisions need to be cognisant of the ability of the organisation to respond within practical timeframes

- c) Any decisions that have significant impact outside of the LB area must have sought the views of the affected LBs and the GB. There are a number of assets across the region that have a very wide catchment of users (e.g. West Wave, the Central library, Lopdell House) and any change to services levels or fees would have an impact well beyond the LB boundary. In these situations some consultation with relevant LBs and the GB would be necessary. It may also be necessary for the public consultation process to extend beyond the LB boundary.

43. This option gives maximum flexibility of decision making to LBs. However, the key issue is the effect of the redistribution of rates. It creates quite different impacts on individual LBs and this is discussed further below in the Funding section.

Key issues for implementation

44. Two issues to be addressed that would underpin implementation of both options are:

- a) The understanding of the different service levels across the region and establishment of a framework for addressing this. Project 17 has helped address this for parks. Libraries have a good framework already in place and, as alluded to above, work is being initiated on a community and arts centre service framework which would be a significant component of this.
- b) Providing staff support and advice to LBs on service level options within the relevant model to ensure decisions are made on the best available information. There will be resourcing implications associated with this and these would be much greater in “Local decision making within parameters” where the provision of greater flexibility would require more professional advice.

45. In addition to the above, there are specific issues for each of the two models:

Enhanced status quo –

- a) To give LBs more choice in the operational programmes, further work may be required to identify a range of programmes from which LBs can choose rather than rolling out a regional set of programmes.

Local decision making within parameters -

- a) Establishing protocols for consultation and input into a LB decision from other LBs and the GB where a decision has implications outside of an individual LB area
- b) Additional support and rigour around LB consultation on LB agreements with the potential impact on service levels and local rate setting

Procurement

Current approach

46. Currently most decisions are either delegated to staff or, if they are of significance in terms of quantum of dollars, they go through the Strategic Procurement Committee.
47. Project 17 has introduced the concept of involving local boards in the specification of major maintenance programmes before they are taken to the market. These specifications are determined at multi-board level to ensure that the scale of procurement still produces economies of scale. The final decision on awarding contracts rests with the Strategic Procurement Committee (it exceeds staff delegation).

Enhanced status quo

48. Project 17 has addressed many of the issues of concern to LBs. The contract covers the key assets for which the LB has responsibility. Under this model, consideration will be given to applying the same approach to other areas of significance to LBs e.g.
- Contracts for the management of swimming pools/ recreation centres
 - Community facilities management and service provision

Local decision making within parameters

49. In this model, LBs would become responsible for procuring operational services associated with local assets rather than the GB or its committees. Practically this would mean determining specifications and standards of service required and utilising the procurement team to provide support to the procurement process. Suggested parameters to ensure a reasonable degree of efficiency is preserved would include:
- Staff delegations are set at a level which ensure efficient operations
 - The regional procurement strategy, policy and processes are followed
 - Contracts for maintenance and renewal of assets are integrated and managed as geographic clusters, as in Project 17, to ensure that the advantages of procurement at scale are maintained
 - Contracts would run for a specified minimum period and be synchronised across the region to enable management of the procurement process and impact on implementation of new contracts

Key issues for implementation

50. The “local decision making within parameters” model has the potential to create significant issues for major contracts. New contracts have recently been put in place and are implemented for a five year period. Following this, careful consideration needs to be given to how the advantages of Project 17 are maintained going forward.
51. The parameters suggested above are a starting point for discussion but would need much more detailed work to strike the balance between local preferences and achieving the procurement advantages from the approach adopted in Project 17.

52. As with other areas in this model, significant staff advice and support for LBs will be needed to be provided. This will have resourcing implications.

Funding

Current approach

53. Local boards are currently funded from general rates and income from fees and charges on local activities. The level of general rate funding is set by the GB through the LTP and Annual Plan processes. The amount of change from one year to the next in LB budgets funded by general rates is driven by factors such as:

- application of inflation assumptions
- application of efficiency savings
- changes in funding to reflect the addition of costs associated with new assets
- any regionally agreed changes to service levels.

54. As already noted earlier in this report, one of the key issues for LBs in this funding model is that it is based on legacy levels of service and modes of delivery. It also reflects GB decisions on levels of rate increase and consequent changes in service levels, albeit after discussion with LBs and consideration of their advocacy on these issues.

55. With regard to fees and charges, the GB adopts a schedule of fees and charges which the LB can vary as long as any shortfalls in revenue are funded from the LB's discretionary (LDI) budget.

56. Local boards also have the option to recommend a targeted rate to the GB (legislatively only the GB can set a rate). This can be set to raise extra funding for a specific local service or activity.

Enhanced status quo

57. No additional powers are proposed for the enhanced status quo model – the specific direction was that this model be general rate funded. On that basis the current approach would apply.

Local decision making within parameters

Rates

58. This model is based on local activities and services being funded, fully or partially, by a local rate. This will reduce the general rate by the cost of local activities. These costs then would be allocated to each LB on the basis of where the costs are incurred. A local rate would be set for each LB to recover those costs.

59. Some rates modelling of the impact of this approach is being prepared. The modelling has not used budget information for LB costs, but actuals from 2015/16 financial year. There is more confidence that this is robust information and it is acknowledged that should this option be progressed, more detailed work on budget information would need to be undertaken. Only direct costs are being included (salaries, maintenance contracts,

materials etc.) Depreciation, interest and corporate overheads have been excluded as these elements are not directly related to LB decisions.

60. Models to show the potential impact of a redistribution of rates based on the information as described above are underway and will be presented at the meeting. It should be noted that should this option be implemented, it would not be until year 2 of the LTP at the earliest. Any change to the Local Board Funding Policy will be consulted on with the LTP, but cannot be applied until after consultation and final decisions of the governing body.
61. By that time the three yearly property revaluation will have taken place and this will result in a different distribution of general rates. For that reason and the fact that budgets will have potentially changed in the intervening period, these models should be considered indicative only.

Rates mitigation measures

62. There are two approaches to mitigating the impact of the redistribution of rates.
63. The first approach is to subsidise the local rate with a proportion of local activity costs being funded by general rates. This recognises the network nature of local assets and activities and the fact that users of the services will also come from outside the LB boundary. It also creates an environment where all ratepayers are making a contribution to offset full costs being imposed on communities that can least afford it.
64. Two options are being modelled (indicative only) and will be presented at the meeting:
- a) Fifty per cent funding of local activity direct costs from local rates with the balance being funded from the general rate on a direct 50/50 basis.
 - b) Fifty per cent funding of local activity direct costs from local rates with the balance being funded from the general rate but allocated on a formula. The formula used in this case is that each Board receives a \$2 million fixed amount and the rest of the general rate subsidy is allocated based on a combination of population and the deprivation index.
65. While the options described above use 50% general rate funding it is not necessarily proposed to limit the local board decision making. There could be a minimum service standard set as part of the general rate subsidy, or local boards could be enabled to have full discretion over the combined local activity funding.
66. The second approach is to phase in the rate changes over 3-5 year period. This has not been specifically modelled but would spread the changes in equal components each year.

Fees and charges

67. The starting point for fees and charges is a standard set of fees determined by the GB. The LB can reduce fees and cover the loss of revenue either from savings or from an increase to the local rate. The LB could also increase fees in order to raise more funding for an increase in level of service for the activity or a reduction in the amount of the local rates.

68. In addition the LB could determine to charge fees for activities and services that are not currently user pays.

69. Additional parameters for consideration in this option are:

- a) All statutory requirements for consultation with the public must be met. Any change in fees and charges must be signalled through the LTP or Annual Plan process (in this case via the local board agreements) and appropriate public consultation take place.
- b) Any decisions on fees and charges that have significant impact outside of the LB (i.e. where users of the asset or service come from other parts of the region) must have consulted with the affected LBs and the GB. It may also be necessary for the public consultation process to extend beyond the LB boundary.

Key issues for implementation

70. The key issues for implementation relate primarily to the “local decision making within parameters” model. These are:

- a) Additional staff support and advice on rate setting (analysis and modelling) and options and analysis for fee setting.
- b) Establishing protocols for consultation and input into a LB decision from other LBs and the GB where a decision has implications outside of an individual LB area
- c) Additional support and rigour around LB consultation on LB agreements with the proposed local rates and fees and charges.

Other issues

Key issues for implementation

71. In addition to the key decision areas outlined above, there are issues of budgeting and financial reporting that will need to be addressed for the “local decision making within parameters” model. The option, as described above, is focused on those costs that could be directly controlled by LBs i.e. salaries, material, contract costs etc.

72. The current LB budgets also incorporate interest, depreciation and overheads. How these costs are budgeted and reported in this context will need to be resolved. The LBs will also need to be supported with good financial advice on areas such as budgeting and project costings, which will also require additional resources.

Direct costs per local board - 2015/2016 ABS actual + budgeted LDI

	Expense						Revenue			Swimming Pool Targeted Rate	General Rates Funded ABS						General Rates Funded LDI	Swimming Pool Targeted Rate	
	Planning (net of BID)	IES	Governance	Community services	PSR	Total	Community services	PSR	Total		Planning (net of BID)	IES	Governance	Community services	PSR	Total			
Albert - Eden	0	3	1,092	3,134	8,639	12,868	1,522	-1	1,521		0	3	1,092	1,612	8,640	11,347	1,370	0	
Devonport-Takapuna	0	0	975	2,944	5,364	9,283	334	1,377	1,711		0	0	975	2,610	3,987	7,572	1,345	0	
Franklin	0	3	1,143	2,486	5,626	9,258	363	27	390		0	3	1,143	2,123	5,599	8,868	1,423	0	
Great Barrier	197	0	842	409	345	1,793	2	0	2		197	0	842	407	345	1,791	596	0	
Hibiscus and Bays	0	0	1,068	3,175	8,749	12,992	165	2,705	2,870		0	0	1,068	3,010	6,044	10,122	1,352	0	
Henderson-Massey	0	41	1,098	6,025	11,936	19,100	475	5,378	5,853		0	41	1,098	5,550	6,558	13,247	1,879	0	
Howick	0	0	1,130	5,314	10,812	17,256	260	4,355	4,615		0	0	1,130	5,054	6,457	12,641	2,127	0	
Kaipatiki	0	0	1,066	4,021	8,173	13,260	398	5,144	5,542		0	0	1,066	3,623	3,029	7,718	1,284	0	
Manurewa	0	0	1,067	3,172	7,119	11,358	611	2,778	3,389		0	0	1,067	2,561	4,341	7,969	1,458	0	
Mangere - Otahuhu	19	0	1,024	5,976	7,029	14,048	382	1,027	1,409	497	19	0	1,024	5,594	5,505	12,142	2,054	497	
Maungakiekie - Tamaki	0	0	1,020	3,247	5,863	10,130	458	3	461		0	0	1,020	2,789	5,860	9,669	1,287	0	
Otara - Papatoetoe	0	0	1,026	4,519	8,100	13,645	378	3,128	3,506	536	0	0	1,026	4,141	4,436	9,603	1,776	536	
Orakei	0	0	1,027	1,987	6,956	9,970	213	571	784		0	0	1,027	1,774	6,385	9,186	1,005	0	
Papakura	0	8	973	1,828	4,574	7,383	327	0	327		0	8	973	1,501	4,574	7,056	1,555	0	
Puketapapa	0	0	974	2,128	4,009	7,111	461	0	461		0	0	974	1,667	4,009	6,650	875	0	
Rodney	0	1	1,081	2,424	6,104	9,610	254	1	255		0	1	1,081	2,170	6,103	9,355	1,345	0	
Upper Harbour	12	89	1,025	932	4,065	6,123	45	0	45		12	89	1,025	887	4,065	6,078	818	0	
Waiheke	0	0	852	871	2,562	4,285	223	0	223		0	0	852	648	2,562	4,062	707	0	
Waitemata	0	0	1,019	6,399	11,084	18,502	1,801	2,146	3,947		0	0	1,019	4,598	8,938	14,555	1,153	0	
Whau	0	0	1,024	2,192	3,909	7,125	279	0	279		0	0	1,024	1,913	3,909	6,846	1,452	0	
Waitakere Ranges	136	502	970	2,567	3,502	7,677	321	0	321		136	502	970	2,246	3,502	7,356	1,332	0	
																	183,833	28,193	1,033

Note: Direct costs include salaries, materials, contract costs, utility costs, etc
Direct costs do not include depreciation, interest, corporate overheads
IES = Infrastructure & Environmental Services
PSR = Parks, Sport and Recreation

Direct costs per local board - 2015/2016 ABS actual + budgeted LDI

			General Rates Funded ABS - per ratepayer					General Rates Funded ABS - per SUIP						
			Planning (net of BID)	IES	Governance	Community services	PSR	Total	Planning (net of BID)	IES	Governance	Community services	PSR	Total
Albert - Eden	32,746	37,297	0.00	0.09	33.35	49.23	263.85	346.52	0.00	0.08	29.28	43.22	231.65	304.23
Devonport-Takapuna	21,462	24,105	0.00	0.00	45.43	121.61	185.77	352.81	0.00	0.00	40.45	108.28	165.40	314.13
Franklin	28,093	30,006	0.00	0.11	40.69	75.57	199.30	315.67	0.00	0.10	38.09	70.75	186.60	295.54
Great Barrier	1,363	1,358	144.53	0.00	617.75	298.61	253.12	1,314.01	145.07	0.00	620.03	299.71	254.05	1,318.85
Hibiscus and Bays	38,622	41,704	0.00	0.00	27.65	77.93	156.49	262.08	0.00	0.00	25.61	72.18	144.93	242.71
Henderson-Massey	36,052	39,629	0.00	1.14	30.46	153.94	181.90	367.44	0.00	1.03	27.71	140.05	165.48	334.28
Howick	44,847	49,851	0.00	0.00	25.20	112.69	143.98	281.87	0.00	0.00	22.67	101.38	129.53	253.58
Kaipatiki	29,449	32,222	0.00	0.00	36.20	123.03	102.86	262.08	0.00	0.00	33.08	112.44	94.00	239.53
Manurewa	23,125	26,179	0.00	0.00	46.14	110.75	187.72	344.61	0.00	0.00	40.76	97.83	165.82	304.40
Mangere - Otahuhu	17,927	21,286	1.06	0.00	57.12	312.04	307.08	677.30	0.89	0.00	48.11	262.80	258.62	570.42
Maungakiekie - Tamaki	26,766	31,096	0.00	0.00	38.11	104.20	218.93	361.24	0.00	0.00	32.80	89.69	188.45	310.94
Otara - Papatoetoe	20,781	24,333	0.00	0.00	49.37	199.27	213.47	462.11	0.00	0.00	42.16	170.18	182.31	394.66
Orakei	31,310	33,960	0.00	0.00	32.80	56.66	203.93	293.39	0.00	0.00	30.24	52.24	188.02	270.49
Papakura	17,743	19,300	0.00	0.45	54.84	84.60	257.79	397.68	0.00	0.41	50.41	77.77	236.99	365.60
Puketapapa	16,807	18,989	0.00	0.00	57.95	99.18	238.53	395.67	0.00	0.00	51.29	87.79	211.12	350.20
Rodney	28,244	29,903	0.00	0.04	38.27	76.83	216.08	331.22	0.00	0.03	36.15	72.57	204.09	312.84
Upper Harbour	21,059	24,148	0.57	4.23	48.67	42.12	193.03	288.62	0.50	3.69	42.45	36.73	168.34	251.70
Waiheke	6,602	6,958	0.00	0.00	129.05	98.15	388.06	615.27	0.00	0.00	122.45	93.13	368.21	583.79
Waitemata	48,681	52,892	0.00	0.00	20.93	94.45	183.60	298.99	0.00	0.00	19.27	86.93	168.99	275.18
Whau	24,491	28,188	0.00	0.00	41.81	78.11	159.61	279.53	0.00	0.00	36.33	67.87	138.68	242.87
Waitakere Ranges	18,002	19,134	7.55	27.89	53.88	124.76	194.53	408.62	7.11	26.24	50.70	117.38	183.02	384.45

Note: Direct costs include salaries, materials, contract costs, utility costs, etc
Direct costs do not include depreciation, interest, corporate overheads
IES = Infrastructure & Environmental Services
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DISCUSSION DOCUMENT ONLY - NOT COUNCIL POLICY
Rate Models (indicative only)

					100% TR			50% TR (Direct funding)			50% TR (Allocation formula)		
	Ratepayers	SUIPs	Population	Deprivation Index	Total Rates Variance (%)	Variance (\$/ratepayer/	Variance (\$/SUIP/pa)	Variance (%)	Variance (\$/ratepayer/	Variance (\$/SUIP/pa)	Total Rates Variance (%)	Variance (\$/ratepayer/	Variance (\$/SUIP/pa)
Albert - Eden	32,746	37,297	94,695	5	-2.2%	-81	-72	-1.4%	-52	-45	-1.0%	-36	-32
Devonport-Takapuna	21,462	24,105	55,470	3	-1.8%	-69	-61	-0.9%	-35	-31	0.2%	6	5
Franklin	28,093	30,006	65,322	4	3.4%	81	76	2.0%	47	44	3.2%	78	73
Great Barrier	1,363	1,358	939	9	155.5%	1,845	1,852	98.0%	1,163	1,167	15.2%	180	181
Henderson-Massey	36,052	39,629	107,685	7	6.4%	150	136	3.5%	83	75	2.3%	54	49
Hibiscus and Bays	38,622	41,704	89,832	3	-1.4%	-37	-34	-0.9%	-23	-22	0.5%	12	11
Howick	44,847	49,851	127,125	4	-2.6%	-84	-75	-1.4%	-45	-41	-0.3%	-9	-8
Kaipatiki	29,449	32,222	82,494	5	-1.1%	-29	-26	-0.5%	-15	-13	-1.8%	-49	-45
Mangere - Otahuhu	17,927	21,286	70,959	9	11.6%	423	356	7.1%	259	218	4.8%	208	175
Manurewa	23,125	26,179	82,242	7	5.1%	124	110	3.1%	76	67	-2.7%	-65	-57
Maungakiekie - Tamaki	26,766	31,096	70,002	7	-2.5%	-103	-88	-1.5%	-62	-53	-2.3%	-92	-79
Orakei	31,310	33,960	79,536	3	-4.9%	-200	-184	-3.0%	-120	-110	-1.5%	-60	-55
Otara - Papatoetoe	20,781	24,333	75,663	9	9.8%	268	229	6.3%	172	147	0.6%	47	40
Papakura	17,743	19,300	45,633	7	10.4%	236	217	6.5%	147	135	4.2%	95	87
Puketapapa	16,807	18,989	52,938	6	4.5%	124	110	2.4%	66	59	0.0%	0	0
Rodney	28,244	29,903	54,879	4	3.9%	95	89	2.2%	52	49	4.4%	105	99
Upper Harbour	21,059	24,148	53,670	3	-4.4%	-168	-147	-2.6%	-98	-86	-2.2%	-86	-75
Waiheke	6,602	6,958	8,337	7	18.3%	468	444	10.6%	271	257	8.3%	213	202
Waitakere Ranges	18,002	19,134	48,399	4	14.1%	277	260	8.3%	162	153	8.9%	174	164
Waitemata	48,681	52,892	77,136	5	-6.3%	-296	-272	-3.8%	-179	-164	-2.1%	-100	-92
Whau	24,491	28,188	72,594	7	0.8%	22	19	0.8%	21	18	-3.1%	-80	-70
1,415,550													

Note: 1. Based on actual 2015/2016 ABS direct costs + budgeted LDI

2. Changes in property values due to triennial revaluations will impact rates from 1 July 2018 and may change the above impacts