

## Attachment A: Assessment of options for legacy remissions

1. Four options were considered for the legacy schemes:
  1. integrate with grants schemes with three year transition for current recipients
  2. retain the status quo
  3. extend to entire region
  4. remove.
2. The following criteria were used to assess options for the legacy remissions and postponements policies.
  - equity – same treatment for all ratepayers in all areas across Auckland
  - transparency
  - cost
  - minimise the effects of change
  - administrative simplicity.

Option	Equity and Transparency	Cost to council	Minimise the effects of change	Administrative simplicity
<b>Remove immediately</b>	All decisions on council support to deliver these types of outcomes subject to the same scrutiny Process transparent	Saving of \$900,000	Immediate impact on current recipients. Whilst remissions mainly small some current recipients may not be able to accommodate change in a short time period.	No impact as administration costs minimal
<b>Proposed: Replace with grants with a three year transition</b>	<b>All decisions on council support to deliver these types of outcomes subject to the same scrutiny.</b> Transition provides time to integrate this support into wider decision making on delivery of the relevant outcomes across the region Process transparent	<b>Cost neutral</b>	<b>No immediate impact. Three years in which to develop relationships with the council, if none presently exist, and to adapt to new funding environment</b>	<b>Volumes of applications for grants would increase but could be managed within current systems</b>

Option	Equity and Transparency	Cost to council	Minimise the effects of change	Administrative simplicity
Retain the status quo	<p>Inequitable as only available in some parts of the region.</p> <p>Remissions and postponements are not a transparent mechanism for supporting wider council goals because they are not prioritised against other expenditure proposals or subject to the same value for money scrutiny because they:</p> <ul style="list-style-type: none"> <li>are recorded as a charge against revenue and do not appear as a cost in the councils accounts</li> <li>do not increase the rates requirement and hence do not impact the headline rates increase<sup>1</sup> (They still increase the rates burden on other ratepayers)</li> </ul>	Cost neutral	No impact	No impact
Extend current remissions to the entire region	<p>More equitable because remissions are available to all ratepayers.</p> <p>Remissions and postponements are not a transparent mechanism for supporting wider council goals because they are not prioritised against other expenditure proposals or subject to the same value for money scrutiny (same as Retain the status quo.)</p>	<p>Additional costs for extending the current remission schemes estimated at \$4.5 - \$6 million as follows.</p> <p>\$40,000 for 100 properties with a QEII covenant. Significantly more if extended to 4500 properties with other types of covenants.</p> <p>\$3 million for Category A heritage properties in the Unitary Plan.</p> <p>\$1.5 million for 50 per cent remission to \$3 million for 100 per cent remission for community and sporting organisations</p>	<p>No impact on existing recipients.</p> <p>Average residential ratepayer will pay \$10 more per year in rates.</p>	<p>One off additional costs to communicate to potential recipients and assess applications. Once eligibility is established ongoing costs are minimal</p>

<sup>1</sup> The headline rates increase in an annual or long-term plan, is a comparison of the annual rates requirement to the previous years budgeted rates requirement. Moving a charge against revenue to an expenditure item like grants will increase the council's costs and inflate the apparent rates increase. However, remissions and postponements are a cost already borne by those ratepayers not receiving them. Therefore an adjustment will be made to the 2017/2018 budgeted rates requirement for the purpose of calculating the rates increase proposed for 2018/2019.