

## **Attachment A: Assessment against statutory criteria**

1. When deciding from what sources to meet its funding needs, council must consider the matters set out in section 101(3) of the Local Government Act 2002, see below. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

101(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

- (a) in relation to each activity to be funded,—
  - (i) the community outcomes to which the activity primarily contributes; and
  - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
  - (iii) the period in or over which those benefits are expected to occur; and
  - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
  - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- (b) the overall impact of any allocation of liability for revenue needs on the community.

The following section considers the funding the alternative proposal for additional transport investment in the Rodney Local Board area against the criteria in section 101(3) of the Local Government Act 2002. Given the uncertainty around NZTA funding this isn't incorporated in the analysis below.

As this proposal is similar in many respects to the original the analysis is also similar. An assessment of the original proposal was set out in Attachment A: Assessment against the statutory criteria to the report entitled Rodney Local Board transport targeted rate considered at the Rodney Local Board meeting on 5 December 2017.

### **The community outcomes to which the activity primarily contributes**

The community outcomes to which the activity (transport) primarily contributes are set out in the LTP 2015-2015 as:

1. A fair, safe and healthy Auckland – By promoting walking to increase levels of physical fitness
2. An Auckland of prosperity and opportunity – Through moving people and resources efficiently which has a positive impact on productivity
3. A green Auckland – By reducing our reliance on petrol, air pollution and green-house gas emissions
4. A well connected and accessible Auckland – Providing Auckland with an efficient land transport system that encourages increased patronage of bus, rail and ferry services
5. A beautiful Auckland loved by its people – Fundamentally changing parts of our urban built environment

The transport investments proposed to be funded support these outcomes as noted in the table below.

Project/service	Community outcomes
Bus service from Huapai to Westgate	2,3 and 4
Bus service from Riverhead to Westgate	2,3 and 4
Bus service from Wellsford to Warkworth	2,3 and 4
Bus service from HJelensville to Silverdale	2,3 and 4
Bus service from Huapai to Albany	2,3 and 4
Warkworth Park and Ride	2,3 and 4
Huapai Park and Ride (investigation)	2,3 and 4
New footpaths	1 and 5

While all the projects connect to wider outcomes for the region their impact is small in a broader sense. The projects are either not included in the RLTP or bring forward work not presently scheduled for many years. Given these factors a targeted rate in the Rodney Local Board area is the most appropriate source of funding to supplement user charge revenue from the services.

### **The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals**

Where the services benefit direct users they should be funded from fares. Fares will be set at a level that does not discourage use thereby eliminating the other benefits of provision of the service. Revenue from fares that balance these factors will not be material. As a result targeted rates revenue will be required to make-up the shortfall.

The investments proposed are spread over the entire Rodney Local Board area. However, the nature of the benefits differs for each project in terms of service improvement and location. The nature of benefits is a key element in determining the appropriate funding source. The benefits of each project are described in the table below in terms of their distribution across potential beneficiaries differentiated geographically, by land use and direct use of the service.

Project/service	Beneficiaries
Bus service from Huapai to Westgate	Users Residential properties within 500m of the bus stops/route and in particular properties in Huapai and Westgate would benefit from alternative transport options to the city and other destinations to the south. Drivers along the route may also benefit from possible localised decongestion benefits No direct benefits to business properties
Bus service from Riverhead to Westgate	Users Residential properties within 500m of the bus stops/route and in

Project/service	Beneficiaries
	particular properties in Riverhead and Westgate would benefit from alternative transport options to the city and other destinations to the south. Drivers along the route may also benefit from possible localised decongestion benefits No direct benefits to business properties
Bus service from Wellsford to Warkworth	Users This service will benefit residents living in close proximity to the proposed route, providing an alternative mode of transport and possible localised decongestion benefits. This would primarily be of benefit to Wellsford residents
Bus service from Helensville to Silverdale	User This service will benefit residents living in close proximity to the proposed route, providing an alternative mode of transport and possible localised decongestion benefits. This includes Helensville, Kaukapakapa and Waitoki
Bus service from Huapai to Albany	User This service will benefit residents living in close proximity to the proposed route, providing an alternative mode of transport and possible localised decongestion benefits. This includes Huapai, Riverhead, and Coatesville
Warkworth Park and Ride	Users Residential properties in a wide catchment area around Warkworth would benefit from alternative transport options to the city and other destinations to the south. Drivers along the route may also benefit from possible localised decongestion benefits Some benefits to business in freeing up parking spaces for retail visits
Huapai Park and Ride	Users Residential properties in a wide catchment area around Huapai would benefit from alternative transport options to the city and other destinations to the south. Drivers along the route may also benefit from possible localised decongestion benefits No direct benefits to business properties
New footpaths	Individual projects mainly benefit residents in the local area. The wider community benefits from enhanced localised amenity and promoting walking and cycling.

Targeted rates can be set in to cover the entire Rodney area or geographical subsets which benefit the most from the proposed service improvements.

The cost of investment differs by electoral subdivision, see table below.

Subdivision	Rodnev	Kumeu	Wellsford	Warkworth	Dairv Flat
No of SUIPs	30,798	12,280	3,185	12,673	2,660
Annualised expenditure	\$3,932,108	\$2,184,827	\$516,560	\$938,858	\$291,863
Investment per SUIP	\$147	\$205	\$187	\$85	\$126

Note: It is proposed to set the rate at \$150 given the uncertainty around the project costs as noted in the report.

Electoral subdivisions are not set to define geographic areas of benefit for transport planning purposes. The projects proposed are spread broadly over the Rodney area although the project list has less apparent direct benefit to Warkworth. The board could address this by

adjusting the timing or content of the footpath programme during implementation when further information on costs is available.

The cost of providing the benefits differs in different parts of the region, in particular for the Warkworth, \$1.2 million and Huapai, \$4 million, park and rides. While the cost estimates differ between the areas the benefits will be similar in nature and therefore it is reasonable to set the rate based on benefit rather than cost distribution.

For the above reasons it is appropriate to set a uniform targeted rate across the entire local board area.

A targeted rate can also be set differentially to recover more of the cost from land uses that will benefit more from the services. The primary beneficiaries of the investments proposed are residential properties. The benefits arise from improved choice and utility for personal transport and improved residential amenity. There is therefore no case based on benefit distribution for differentiation to allocate more of the rates burden to business or farm properties.

The rates burden can be allocated on a fixed charge per SUIP or based on capital value. As there is a correlation between income and property value a capital value rate. As there is a strong relationship between capital value and income a rate applied on capital value would place more the charge on those potentially better able to afford it. Capital value rating would allocate more of the rates burden to business and farm properties. This isn't justified on the basis of the distribution of benefits noted above. The use of capital value would allocate more of the burden to higher value properties and less to lower value. Property owners will benefit in terms of the improved amenity and options for personal transport. They will also benefit from improvements in property value arising from these benefits. Higher capital value properties may benefit more from the latter affect.

### **The period in or over which the benefits are expected to occur**

The benefits associated with additional operating expenditure should be met by users and targeted or general rates recovering costs from the beneficiaries as they are realised.

The assets to be built with additional funding will deliver benefits over their lifetime. It would therefore be more desirable to meet the capital costs from borrowing thus spreading them over the beneficiaries over the life of the assets. However, given constraints on council borrowing it is appropriate to fund some of the upfront investment from general or targeted rates in order to realise the benefits.

### **The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity**

None of the additional services or investments are driven by a response to the actions or inactions of particular individuals or groups.

### **The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities**

Funding these projects from a targeted rate will improve the transparency of decision making on additional funding. Ratepayers will be able to clearly see exactly how any additional funding they provide will be used. This will make it easier for them to express a preference

on increased funding. A fixed rate per SUIP will make it easier to communicate to the community the cost of the service improvements relative to their benefits.

The use of a targeted rate will also improve accountability for expenditure. If a decision is made to raise additional funding by use of a targeted rate then ratepayers can be confident it will be used for that purpose. Targeted rates can only be spent on the activity for which they are raised.

Overall accountability will not be impacted as the form of funding will not influence ratepayers' ability to hold the council to account for the effectiveness of this expenditure given the technical expertise required to make such an assessment.

It is administratively straight forward to implement a targeted rate in the manner proposed.

### **Consideration of overall impact**

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council's funding decisions as a whole, not just in relation to this activity.

The total cost of a targeted rate applied over the Rodney Local Board area on a per SUIP basis is \$150 for the alternative proposal or \$2.90 per week. This is unlikely to materially impact on overall affordability for ratepayers.

For those residential ratepayers for whom it may be an issue the council offers rates postponement and administers the rates rebate scheme on behalf of the Department of Internal Affairs.

Higher capital value properties and business properties will in general be better able to manage increases in rates and accordingly consideration may be given to applying the rate on capital value or differentiating the rate between business and non-business properties. There is a correlation between capital value and income for residential properties with the average household income being higher in areas with higher capital value. Business properties can expense rates and claim back GST.