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

Date: Tuesday, 10 December 2019
Time: 9.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Kōmiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee

OPEN AGENDA

MEMBERSHIP

Chairperson
Cr Desley Simpson, JP
Cr Shane Henderson
Cr Josephine Bartley
IMSB Member Renata Blair
Cr Dr Cathy Casey
Deputy Mayor Cr Bill Cashmore
Cr Fa’anana Efeso Collins
Cr Pippa Coom
Cr Linda Cooper, JP
Cr Angela Dalton
Cr Chris Darby
Cr Alf Filipaina
Cr Hon Christine Fletcher, QSO

Deputy Chairperson
Cr Richard Hills
Cr Tracy Mulholland
Cr Daniel Newman, JP
Cr Greg Sayers
Cr Sharon Stewart, QSM
IMSB Chair David Taipari
Cr Wayne Walker
Cr John Watson
Cr Paul Young

Members
Mayor Hon Phil Goff, CNZM, JP

(Quorum 11 members)

Sandra Gordon
Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor

5 December 2019

Contact Telephone: (09) 890 8150
Email: sandra.gordon@aucklandcouncil.govt.nz
Website: www.aucklandcouncil.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Terms of Reference

Responsibilities

The purpose of the committee is to:

a) advise and support the mayor on the development of the Long-term Plan (LTP) and Annual Plan (AP)
b) monitor the overall financial management and performance of the council parent organisation and Auckland Council group
c) make financial decisions required outside of the annual budgeting processes.

The committee will establish an annual work programme outlining key focus areas in line with its key responsibilities, which include:

- advising and supporting the mayor on the development of the LTP and AP for consideration by the Governing Body including:
  o local board agreements
  o financial policy related to the LTP and AP
  o setting of rates
  o preparation of the consultation documentation and supporting information, and the consultation process, for the LTP and AP
- monitoring the operational and capital expenditure of the council parent organisation and Auckland Council Group, and inquiring into any material discrepancies from planned expenditure
- approving the financial policy of the council parent organisation
- establishing and managing a structured approach to the approval of non-budgeted expenditure (including grants, loans or guarantees) that reinforces value for money and an expectation of tight expenditure control
- approve the council insurance strategy and annual insurance placement for Council
- performance measures and monitoring
- write-offs
- acquisition of property in accordance with the LTP
- disposals in accordance with the LTP
- recommending the Annual Report to the Governing Body
- funding for achieving improved outcomes for Māori.

Powers

(i) All powers necessary to perform the committee’s responsibilities, including:
   (a) approval of a submission to an external body
   (b) establishment of working parties or steering groups.

(ii) The committee has the powers to perform the responsibilities of another committee, where it is necessary to make a decision prior to the next meeting of that other committee.

(iii) If a decision is a budgetary or financial decision that relates primarily to the Finance and Performance Committee responsibilities, the Finance and Performance Committee has the powers to make associated decisions on matters that would otherwise be decided by other committees. For the avoidance of doubt, this means that matters do not need to be taken to multiple committees for decisions.

(iii) The committee does not have:
   (a) the power to establish subcommittees
   (b) powers that the Governing Body cannot delegate or has retained to itself (section 2)
Exclusion of the public – who needs to leave the meeting

Members of the public

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

Those who are not members of the public

General principles

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

Members of the meeting

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

Independent Māori Statutory Board

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

Staff

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

Local Board members

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

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.
**Finance and Performance Committee**
10 December 2019

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<td>15</td>
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<td>10</td>
<td>Consideration of Extraordinary Items</td>
<td></td>
</tr>
</tbody>
</table>
1 Apologies

An apology from Cr P Young has been received.

2 Declaration of Interest

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

3 Petitions

There will be no petitions section.

4 Public Input

There will be no public input section.

5 Local Board Input

There will be no local board input section.

6 Extraordinary Business

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

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

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

“Where an item is not on the agenda for a meeting,-
(a) That item may be discussed at that meeting if-
   (i) That item is a minor matter relating to the general business of the local authority; and
   (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”
Te take mō te pūrongo
Purpose of the report

Whakahāpopototanga matua
Executive summary
2. This is a late covering report for the above item. The comprehensive agenda report was not available when the agenda went to print and will be provided prior to the 10 December 2019 Extraordinary Finance and Performance Committee meeting.

Ngā tūtohunga
Recommendation/s
The recommendations will be provided in the comprehensive agenda report.
Te take mō te pūrongo
Purpose of the report
1. To provide an overview of the Annual Budget 2020/2021 process and to agree a base set of information used to prepare the consultation material.

Whakarāpopototanga matua
Executive summary
2. The council is required to prepare and adopt an annual plan (referred to by Auckland Council as the Annual Budget) for each financial year.

3. Before adopting an annual budget, the council must consult on any significant or material differences from the content of the long-term plan for the financial year to which the proposed annual budget relates. The consultation document must also include:
   - content relating to local board agreements
   - a summary of the draft Tūpuna Maunga o Tāmaki Makaurau Authority Operational Plan 2020/2021 (draft operational plan)

4. Local boards adopt local material for inclusion in the consultation document and supporting information at their business meetings in December 2019.

5. The Maunga Authority will be asked to adopt the draft operational plan and the summary at a hui on 3 February 2020. These documents will then be presented to the Governing Body meeting on 12 February 2020 for agreement.

6. On 10 December 2019 the Finance and Performance Committee will consider items for consultation on the annual budget and make recommendations to the Governing Body. The Governing Body will consider these recommendations at its meeting immediately following the Finance and Performance Committee meeting.

7. Staff will then prepare a consultation document and supporting information for adoption at the Governing Body meeting on 12 February 2020. The Governing Body will also be asked to approve the consultation approach for the Annual Budget 2020/2021.

8. The consultation process will run from 21 February to 22 March 2020. Following feedback from the community, local boards and the Finance and Performance Committee will reconsider budgets and final decisions will be made in May 2020 before the Governing Body adopts the Annual Budget 2020/2021 in June 2020.

Ngā tūtohunga
Recommendation/s
That the Finance and Performance Committee:

a) agree to recommend to the Governing Body that consultation material for the Annual Budget 2020/2021:
   i) is based on year three of the 10-year Budget 2018-2028 updated for subsequent decisions and new information
   ii) includes content to support the development of local board agreements
   iii) includes the summary of the draft Tūpuna Maunga o Tāmaki Makaurau Authority Operational Plan 2020/2021 as agreed between the Maunga Authority and the council.
Horopaki

Context

9. The council is required by legislation to prepare and adopt an annual plan (referred to by Auckland Council as the Annual Budget), every year, except once every three years when the long-term plan (LTP) acts as the annual budget.

10. The annual budget outlines what we plan to do and how we plan to pay for it over the coming financial year.

11. Auckland Council is also required to include local board agreements and a summary of the Tūpuna Maunga Authority Operational Plan in its annual budget. Content relating to each local board agreement and a summary of the draft Maunga Authority Annual Operational Plan must also be included in the annual budget consultation document.

12. Auckland Council and the Tūpuna Maunga Authority must agree the Tūpuna Maunga Annual Operational Plan each year pursuant to section 60 of Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014.

Developing the Annual Budget 2020/2021

13. The process to develop the council’s Annual Budget 2020/2021 began in early November 2019 with the Mayor’s direction setting memorandum where he invited feedback. Following this communication, a number of workshops were held to discuss the Annual Budget.

14. The council must consult on any significant or material differences from the content of the 10-year Budget 2018-2028 (also known as the LTP) for 2020/2021 financial year. Items for consultation will be agreed on 10 December 2019 at Finance and Performance Committee for recommendation to the Governing Body for approval.

15. Staff will then prepare a consultation document and supporting information for adoption by the Governing Body on 12 February 2020.

Tātaritanga me ngā tohutohu

Analysis and advice

16. The starting budget for 2020/2021 is year three of the 10-year Budget 2018-2028 (also known as the Long-term Plan). This is updated to incorporate any council decisions made since the 10-year Budget was adopted, and any changes to our significant forecasting assumptions.

17. Staff have been working with the Tūpuna Maunga Authority to develop content relating to its draft annual operational plan. The Tūpuna Maunga Authority will be asked to adopt its draft annual operational plan and summary at a hui on 3 February 2020. These documents will then be presented to the Governing Body meeting on 12 February 2020 seeking agreement.

Tauākī whakaaweawe āhuarangi

Climate impact statement

18. There are no climate implications based on decisions requested in this report.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera

Council group impacts and views

19. The annual budget is an Auckland Council Group document and will include budgets at a consolidated group level.

20. Consultation items and updates to budgets to reflect decisions and new information may include items from across the group.
Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe
Local impacts and local board views
21. Local boards have been engaged since the Mayoral direction memorandum was sent out in early November, followed by the first workshop held on 27 November 2019. Local board chairs were invited to attend Finance and Performance Committee workshops held in November and December 2019 and will continue to be invited to workshops in 2020.

22. Local boards adopt their consultation content for their proposed local board agreements in December 2019. These include the proposed key priorities for each local board for 2020/2021.

23. Local boards will present their views on regional issues to the Finance and Performance Committee on 13 May 2020 following public consultation on the proposed Annual Budget.

Tauākī whakaaweawe Māori
Māori impact statement
24. Engagement with mana whenua and mataawaka will be considered and planned for once the items for consultation are confirmed. Information on the communication and engagement approach will be presented to the Governing Body on 12 February 2020 seeking approval.

Ngā ritenga ā-pūtea
Financial implications
25. In order to support the consultation material for the Annual Budget 2020/2021 the budget is based on year three of the 10-year Budget 2018-2028 updated for subsequent decisions and new information.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations
26. There are no risks associated with the recommendations in this report.

Ngā koringa ā-muri
Next steps
27. Decisions made by the Finance and Performance Committee on 10 December 2019 are recommended to the Governing Body for agreement immediately following the meeting. The Governing Body decisions will inform the preparation of the consultation document and supporting information for consultation on the Annual Budget 2020/2021.

28. The table below sets out the remaining steps in the process (at a high level) to finalise the annual budget during 2020.

Table One: Finalising the annual budget following decisions made on 10 December 2019

<table>
<thead>
<tr>
<th>Phase</th>
<th>Timing 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing Body workshop: to review the consultation document, supporting material and consultation approach ahead of the meeting</td>
<td>5 February</td>
</tr>
<tr>
<td>Governing Body meets to adopt the consultation document and supporting material and approve the consultation approach</td>
<td>12 February</td>
</tr>
<tr>
<td>Public consultation</td>
<td>21 February – 22 March</td>
</tr>
<tr>
<td>Finance and Performance Committee receive regional feedback</td>
<td>29 April</td>
</tr>
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</table>
## Finance and Performance Committee receive feedback relating to the Tūpuna Maunga Draft Operational Plan (incl. Tūpuna Maunga Authority board members)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Timing 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local boards meet to receive local feedback</td>
<td>5 - 7 May</td>
</tr>
<tr>
<td>Finance and Performance Committee workshop budget discussions</td>
<td>6 – 20 May</td>
</tr>
<tr>
<td>Finance and Performance Committee workshop where local boards provide feedback on regional issues.</td>
<td>13 May</td>
</tr>
<tr>
<td>Finance and Performance Committee workshop - Mayor’s Proposal and decision making</td>
<td>20 May</td>
</tr>
<tr>
<td>Finance and Performance Committee meeting on final decisions</td>
<td>27 May</td>
</tr>
<tr>
<td>Local boards workshop local board agreements</td>
<td>2 – 11 June</td>
</tr>
<tr>
<td>Local boards adopt Local board agreements</td>
<td>16 – 18 June</td>
</tr>
<tr>
<td>Governing Body workshop to adopt the final annual budget</td>
<td>17 June</td>
</tr>
<tr>
<td>Governing Body meet to adopt the final Annual Budget 2020/2021</td>
<td>23 June</td>
</tr>
<tr>
<td>Final annual budget documentation and information relating to the decisions made (e.g. reports) will be made available to the public and closing the loop with submitters will be completed</td>
<td>July</td>
</tr>
</tbody>
</table>

### Ngā tāpirihanga

#### Attachments

There are no attachments for this report.

### Ngā kaihaina

#### Signatories

| Authors | Kylie Thompson - Programme Manager  
Michael Burns - Manager Financial Strategy |
|---------|--------------------------------------------------------------------------------|
| Authorisers | Ross Tucker - General Manager, Financial Strategy and Planning  
Matthew Walker - Group Chief Financial Officer |
Te take mō te pūrongo

Purpose of the report

1. To recommend minor changes to rating policy and fees for consultation as part of the Annual Budget 2020/2021. To also recommend consequential amendments to the Revenue and Financing Policy for consultation alongside the Annual Budget 2020/2021.

Whakarāpopototanga matua

Executive summary

2. Officers recommend some minor changes to rates and fees and charges to:
   - ensure that costs of council provided services are recovered from the users where appropriate. (This avoids general ratepayers subsidising the costs of providing these services)
   - adjust charges to make customer transactions easier and costs more transparent.

Increasing waste management targeted rates to reflect cost pressures

3. Waste management, including recycling and refuse collection, is a core council service and key to the achievement of the council’s waste management goals. The council collects 130,000 tonnes of recyclables each year and disposes of 180,000 tonnes of refuse to landfill. Costs of providing waste management base services have increased by $9.5 million (excluding GST). The primary driver is an increase in recycling costs of $7.7 million (excluding GST) due to declining international demand and lower prices for recyclables.

5. Officers recommend an increase in the base service charge of $19.97 to $141.03 (including GST) to recover these additional costs. Alternatives are to raise general rates by a further 0.6 per cent or landfilling recycling which would be more expensive and inconsistent with our waste management goals.

6. The council has nearly completed new standard waste collection contracts set on a volume basis for refuse and food scraps. The new contracts will encourage greater diversion of materials from landfill and deliver better financial outcomes. In the short-term volume-based refuse collection contracts increase costs in the former Auckland City and Manukau City areas. In the medium term when the food scraps service is in place the costs of refuse disposal in these areas will fall.

7. Officers recommend an increase in the standard refuse rate by $14.23 to $144.16 (including GST) and large refuse by $6.68 to $67.75 (including GST) in these areas subject to the decision on the contract tender process by the Strategy Procurement Committee at its meeting on 10 December. The average cost for residents will be on a par with, or lower than, the costs in the rest of the city.

8. Alternatives are to raise general rates by a further 0.2 percent or raise the base waste management rate spreading the cost over all service users.
Making it easier for pool owners to pay fencing inspection fees

9. There are around 26,500 pools in Auckland that require pool fencing safety inspections every three years. Owners of these pools are currently charged a $130 fee (including GST) for the first council provided inspection. To cover increased cost the fee would rise to $132 (including GST) for 2020/2021. If a subsequent recheck is required, then an additional fee of $130 (including GST) is charged ($65 if no site visit is needed). No fee is charged for pools that have an inspection by an independent third party (less than one per cent).

10. Officers recommend that the first inspection charge be replaced with a targeted rate of $44 (paid annually) (including GST). Where owners arrange an independent third-party inspection a new targeted rate of $22 per annum (including GST) is proposed to cover council costs of monitoring swimming pool inspections. Subsequent rechecks would continue to be invoiced separately.

11. Charging the first inspection charge by way of a targeted rate makes it easier for owners of swimming pools to pay their first inspection fee while leveraging previous council investment in information systems to improve cost recovery and lower administration costs.

Helping Clevedon residents connect to water and wastewater systems

12. Water and wastewater networks have recently been delivered in the Clevedon area. Local residents can now switch from their on-site systems to the reticulated network. However, the large upfront costs for Watercare connection charges and onsite works ($30,000 to $50,000) may deter residents with limited means from connecting.

13. Officers recommend introducing a voluntary financial assistance scheme to help residents with their connection costs. This would be recovered by a targeted rate of between $3,000 and $5,000 (including GST) per year over 15 years. This would have minimal impact on council debt levels.

Potential changes to the Business Improvement District Programme

14. Business Improvement District (BID) establishment ballots for One Warkworth and Central Park Henderson are scheduled to take place by June 2020. Extension ballots are also scheduled for Glen Innes, Manukau Central and Manurewa. Changes to BID targeted rates will be required if any of these ballots are successful.

Increasing transparency and cost recovery for some fees

15. Officers recommend the following fee changes to align fees charged to actual costs incurred and to increase transparency of the overall costs involved:
   - changes to structure and level of some resource consent and building control fees
   - an increase to the high impact commercial event permit fee
   - the introduction of a Micro-mobility device (i.e. e-scooter) license deposit.

16. Officers also recommend the introduction of an international visitor fee for the Auckland Botanic Gardens to align with fees charged by the Auckland Art Gallery, Auckland War Memorial Museum and international practice.

Other consultation issues

17. On 10 September 2019 the Environment and Community Committee recommended to the Governing Body consultation on changes to the:
   - Retrofit Your Home Targeted Rate
   - Waitakere Rural Sewerage Targeted Rate.
Ngā tūtohunga
Recommendation/s

That the Finance and Performance Committee:

a) recommend to the Governing Body that it agree to consult as part of the draft Annual Budget 2020/2021 on

i) increasing the waste management base service targeted rate to $141.03 (including GST)

ii) increasing the standard refuse rate and the large refuse rate in the former Auckland City and Manukau City council areas to $144.16 and $67.75 (including GST) respectively subject to the decision of the Strategic Procurement Committee on the contract tender at its meeting on 10 December

iii) replacing the three yearly $130 fee (including GST) for the first swimming pool fencing inspection with a targeted rate of $44 per year (including GST) and amending the remaining swimming pool fencing inspections fees as set out in Table 3 in this report

iv) introducing a Clevedon water and wastewater connection targeted rate

v) introducing business improvement district (BID) targeted rate for Central Park Henderson

vi) introducing business improvement district (BID) targeted rate for One Warkworth, subject to local board support

vii) expanding the BID targeted rate boundary for Glen Innes

viii) expanding the BID targeted rate boundaries for Manukau Central and Manurewa, subject to support from the relevant local boards

ix) changing regulatory fees and deposits as specified in Attachment C of the agenda report.

x) introducing an entry fee of $20 (including GST) for international visitors to the Auckland Botanic Gardens

xi) increasing the high impact event permit fee from $1,100 to $1,500 (including GST)

b) note that at its meeting on 10 September 2019 the Environment and Community Committee recommended that the Governing Body include in the consultation document for the Annual Budget 2020/2021 the proposed changes to the:

i) Retrofit Your Home scheme and the associated targeted rate

ii) legacy Waitākere City Council septic tank pump-out service and the associated targeted rate.

Horopaki
Context

18. The council is required to consult on changes to its rating policy and certain changes to regulatory fees and charges, including where fees are prescribed under the Resource Management Act or where the changes are considered “significant” under its Significance and Engagement Policy. The council can also choose to consult where it considers it appropriate to do so. As provided for in the Revenue and Financing Policy other regulatory fees are increasing in line with inflation where necessary to maintain cost recovery.

19. The council is also required to consult on changes to the Revenue and Financing Policy when proposing changes to sources of funding.
At its meeting on 10 September 2019 the Environment and Community Committee recommended to the Governing Body consultation on changes to the:

- Retrofit Your Home Targeted Rate requiring a compulsory HomeFit Assessment on all applications with a value over $2,000 with the cost of $260 to be recovered through the rate
- Waitakere Rural Sewerage Targeted Rate including limiting the septic tank pump-out service to the Waitākere Ranges Local Board area after 30 June 2021 and fully recovering the cost of the service from the targeted rate.

The recommendations of that meeting are included in Attachment A.

Tātaritanga me ngā tohutohu

Analysis and advice

Officers recommend an increase in the waste management base service targeted rate by $19.97 (including GST) from $121.06 (including GST) to $141.03 (including GST) to cover cost increases of $9.5 million (excl. GST). The cost increases (excl. GST) are made up of:

- Recycling - declining demand for recyclables: $7.7 million
- Hauraki Gulf Islands service $0.3 million
- higher take-up rate for the inorganic service $1.2 million
- other – $0.3 million

Recycling cost increase

Waste management services are a core council activity. The recycling service forms a key component of our waste management strategy to achieve the aspirational goal of zero waste to landfill by 2040. This service collects around 130,000 tonnes of recyclables each year.

The council faces the risk of further recycling cost increases. In January 2018, China implemented a policy setting tight contamination limits on imported waste. This included a 0.5 per cent contamination threshold on recyclable paper and plastics. While this is not strictly a ban, the industry is currently unable to meet this requirement without significant post-sorting reprocessing. China’s change in policy has resulted in a global reduction in demand for mixed paper and plastic. As a result, commodity prices for these products have dropped significantly as there is over supply to other existing markets. The long-term impacts of this on recycling markets are still not clear.

International recycling markets remain volatile presenting challenges to governments around the globe. Should the cost of recycling reach a level comparable to landfill the council might need to consider options for changing the recycling service and revisit its waste management and minimisation strategy.

Council is proactively working with the New Zealand recycling industry and the Ministry for the Environment as well as other local authorities throughout New Zealand to better understand the constraints and opportunities around an onshore, nationwide response to recycling processing. The focus of these discussions has primarily been in relation to plastics and fibre. Alongside this the Ministry for the Environment have recently consulted on a Priority Products discussion document which council submitted on. We are also aware of imminent calls for submissions on a review of the New Zealand Waste Levy. Both responses from the government would be enacted through the Waste Minimisation Act 2008 and would have an impact on the current recycling market challenges. These discussions and proposed initiatives continue to inform council’s strategic response to the development and use of our own services and waste infrastructure.

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1 A regulatory system proposed by the government to make producers responsible for specified problematic products at the end of life. It would ensure the costs of proper waste management are paid by producers and consumers, not communities and the environment.
27. Table 1 below sets out the options for managing increases in the cost of providing base waste management services.

**Table 1: Options for managing waste management cost increases**

<table>
<thead>
<tr>
<th>Option</th>
<th>Customer and general ratepayer impact</th>
<th>Link between charge and service delivered</th>
<th>Transparency of costs</th>
<th>Waste minimisation outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase waste management targeted rate</td>
<td>$19.97 per property</td>
<td>Charge to all properties receiving the service</td>
<td>Costs of service clear to ratepayers</td>
<td>n/a</td>
</tr>
<tr>
<td>Fund some or all of increase from general rates</td>
<td>0.6 per cent added to general rates increase if all the cost increase is funded</td>
<td>Greater proportion of costs borne by business ratepayers Some costs borne by 37,000 ratepayers who do not receive the service (such as vacant sections, utilities, carparks)</td>
<td>Overall cost of waste management no longer transparent</td>
<td>n/a</td>
</tr>
<tr>
<td>Send recycling to landfill</td>
<td>Higher refuse charges for ratepayers as landfilling remains more expensive than recycling</td>
<td>Costs of refuse management and other waste management services not individually transparent</td>
<td>Increased waste to landfill</td>
<td></td>
</tr>
</tbody>
</table>

**Refuse targeted rate in the former Auckland City and Manukau City**

28. The other element of council’s core waste management service is the weekly refuse collection. This service is provided to all urban Auckland except the former Rodney District Council area. Refuse collection services in the Rodney area are currently provided by the private sector. Planning is underway to introduce a council provided refuse service in the former Rodney District Council area from July 2020.

29. Council provided refuse services collect and send to landfill around 180,000 tonnes of waste each year. In the former Auckland City and Manukau City areas the service is funded by a fixed annual targeted rate of $129.93 (including GST) per 120 litre bin (or equivalent). An additional annual targeted rate of $61.07 (including GST) per bin is charged where a ratepayer requests a larger 240 litre bin. In the remainder of the serviced region residents purchase bin tags at $3.95 (including GST) for each 120/140 litre bin set out or $5.70 (including GST) for each 240-litre bin set out.

30. In all areas residents can choose to use a service provided by private operators. For residents in the former Auckland City and Manukau City if they choose to use a private operator, they must still pay for the rates funded council provided service. In the other areas residents are not required to pay for any council provided refuse service.

31. The council has different contracts for the collection of refuse and recycling in different parts of the city. Many of these contracts will expire soon. Officers are nearing the conclusion of negotiations to finalise new collection contracts. The new contract structure splits the waste services in Auckland into seven areas. Contractors in each area will be required to provide all the waste collection services in that area, including the rollout of the region-wide food scraps services.
32. Pricing structures for the new contracts will all be the same and are focused on the overall strategic goals set out in the Waste Minimisation and Management Plan. They will allow the council to deliver:
   - services at a lower overall cost than forecast in the 10-Year Budget 2018-2028
   - a more integrated and consistent service to customers
   - improved health and safety outcomes
   - encourage greater diversion of materials from landfill
   - environmental improvements and a lower carbon footprint.

33. One of the key changes occurring in the former Auckland City and Manukau City areas is a move to paying the collectors on a per tonne basis for refuse and food scraps. As a result of this change costs for refuse collection in these areas will rise in the short term. This requires an increase in the standard refuse rate from $129.93 to $144.16 (including GST) and in the large bin rate from $61.07 to $67.75 (including GST). The contracting model and service delivery method in the pay as you throw areas was different and higher cost than the former Auckland City and Manukau City areas. The new collection contracts don’t impact on the overall cost for services in the pay as you throw areas.

34. The annual cost of residential refuse services across the region is expected to reduce once the food scraps service is introduced and the refuse service moves to a pay as you throw model. However, ratepayers will be required to pay an additional annual targeted rate for the additional food scraps service, currently $68 (including GST).

35. Officers recommend consultation on an increase in the rates funded refuse services in the former Auckland City and Manukau City areas as the increase is more than the expected council rate of inflation. The recommended increases are:
   - $14.23, from $129.93 to $144.16 per service (including GST) or per SUIP for the standard refuse service (120 litre bin)
   - $6.68, from $61.07 to $67.75 per service (including GST) for the large refuse service (240 litre bin).

36. For the 120-litre bin this equates to a presentation rate of around 37 weeks, at $3.95 per bin, per year in the bin tag areas.

37. The table below sets out the options for managing the increases in costs of providing refuse service in the former Auckland City and Manukau City areas.

Table 2: Options for managing waste management cost increases

<table>
<thead>
<tr>
<th>Option</th>
<th>Customer and general ratepayer impact</th>
<th>Link between charge and service delivered</th>
<th>Transparency of costs</th>
<th>Waste minimisation outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the refuse service targeted rates in the former Auckland City and Manukau City areas</td>
<td>$14.23 per standard refuse service and $6.68 per large refuse service</td>
<td>Charge to all properties receiving a refuse service</td>
<td>Costs of service clear to ratepayers</td>
<td>Does not affect contracted services – allows for future outcomes to be delivered</td>
</tr>
</tbody>
</table>
### Option

**Finance** and **Performance Committee**  
10 December 2019

#### Rates and Fees Issues for Annual Budget 2020/2021 Consultation

**Item 9**

<table>
<thead>
<tr>
<th>Option</th>
<th>Customer and general ratepayer impact</th>
<th>Link between charge and service delivered</th>
<th>Transparency of costs</th>
<th>Waste minimisation outcomes</th>
</tr>
</thead>
</table>
| Increase waste management base service targeted rate | Approximately $7 per property receiving a waste service | Charge all properties receiving a waste service  
Refuse services for former Auckland City and Manukau City area subsidised by other ratepayers receiving a waste service | Overall cost of waste management no longer transparent | Does not affect contracted services – allows for future outcomes to be delivered |
| Fund some or all of increase from general rates | 0.2 per cent added to general rates increase if all the cost increase is funded | Greater proportion of costs borne by business ratepayers  
Refuse services for former Auckland City and Manukau City area subsidised by all other ratepayers including those that do not receive a waste service | Overall cost of waste management no longer transparent | Does not affect contracted services – allows for future outcomes to be delivered |

### Swimming pool fencing inspection charges

38. Officers recommend changing swimming pool fencing inspection charges so that the first inspection fee is included in the rates invoice, as a targeted rate. Currently the first swimming pool inspection is invoiced as a one-off fee ($130 including GST) after each three-yearly inspection. Including the charge on the rates invoice will make it easier for pool owners to pay by:

- bundling the costs with rates
- spreading the cost over three years
- giving them access to a range of rates payment options.

39. The recommended changes to swimming pool fencing inspection charges are set out in the table below.

**Table 3: Proposed changes to swimming pool fencing inspection charges**

<table>
<thead>
<tr>
<th>Service</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Charge 2019/2020 (incl. GST)</td>
<td>Charging method</td>
</tr>
<tr>
<td>First inspection[1]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single household</td>
<td>$130 per inspection</td>
<td>Fee invoice</td>
</tr>
<tr>
<td>Shared[2]</td>
<td>$130 per inspection</td>
<td>Fee invoice</td>
</tr>
<tr>
<td>Subsequent inspection[3]</td>
<td>$130 per inspection</td>
<td>Fee invoice</td>
</tr>
<tr>
<td>Site visit required</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Site visit not required</td>
<td>$65 per inspection</td>
<td>Fee invoice</td>
</tr>
<tr>
<td>IQPI inspection[4]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single household</td>
<td>No charge</td>
<td>n/a</td>
</tr>
<tr>
<td>Shared</td>
<td>No charge</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Notes to the table:

1. This also includes inspections carried out by the council to confirm that a pool has been removed.
2. Pools shared by multiple rating units (such as one owned by a body corporate and used by all units of an apartment building) will continue to be charged an inspection fee instead where there is no separate rates account for the shared area.
3. Pools failing the first inspection require subsequent inspections until all defects have been remedied. Approximately 50 per cent of the pools require more than one inspection. This also includes pools that fail their first inspection by an independently qualified pool inspector (IQPI) (see note 4 below) and are passed back to the council for subsequent inspections.
4. Pool owners can choose to have their pools inspected by an IQPI. Over 99 per cent of the pools in Auckland are currently inspected by the council. Pool owners who use an IQPI will be charged a reduced amount to recover costs required to maintain swimming pool data to ensure council compliance with the Building Act.

40. Including the first inspection charges on the rates invoice as a targeted rate will deliver savings of around $74,000 (excluding GST) from:
   • improved revenue recovery
   • lower administration costs.

41. Remaining charges will still be recovered by fees. Subsequent inspections are required for pools that do not meet safety standards. Inspections are also required when a pool is removed.

42. Fees are expected to increase annually by the council rate of inflation, as provided for in the council’s Revenue and Financing Policy.

Background

43. There are around 26,500 properties in Auckland with a registered swimming pool and/or spa pool. Around 8,800 properties are inspected each year. All pools must be inspected once every three years to ensure compliance with the Building Act 2004 and the Building (Pools) Amendment Act 2016. In 2019/2020 the budgeted revenue for this service is $1.4 million (excluding GST).

44. The council is undertaking a Swimming Pool Inspection Improvement project aiming at significantly improving the success rate for first inspections. This is aimed at:
   • making it easier for pool owners to comply
   • improving pool safety
   • lowering administration costs associated with second inspections.

Options

45. The table below sets out an analysis of the options for funding swimming pool fencing inspections.

Table 4: Options for funding swimming pool fencing inspections

<table>
<thead>
<tr>
<th>Option</th>
<th>Customer convenience and impact</th>
<th>Link between service delivered and charge</th>
<th>Transparency of costs</th>
<th>Impact on general ratepayers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge first inspection on the rates invoice</td>
<td>First inspection charges included in rates invoice.</td>
<td>Strong link</td>
<td>Costs of service</td>
<td>$74,000 savings from reduced administration costs and improved revenue recovery</td>
</tr>
<tr>
<td>(recommended)</td>
<td>Cost is spread over three years with yearly charges payable in 4 instalments</td>
<td></td>
<td>clear to ratepayers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small inflation cost change</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Rates and Fees Issues for Annual Budget 2020/2021 Consultation

<table>
<thead>
<tr>
<th>Option</th>
<th>Customer convenience and impact</th>
<th>Link between service delivered and charge</th>
<th>Transparency of costs</th>
<th>Impact on general ratepayers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge first and subsequent inspections on the rates invoice</td>
<td>As above, with cost of subsequent inspections added as a rate charge to relevant properties the year following the re-inspection.</td>
<td>Some house buyers may not be aware of liability for second inspections if inspection occurs prior to sale but rate charge is not applied until after settlement.</td>
<td>Costs of service clear to ratepayers however the charge for follow-up inspections would not align with the inspection cycle</td>
<td>$105,000 savings from reduced administration costs and improved revenue recovery</td>
</tr>
<tr>
<td>Charge all swimming pool inspections as a flat charge on the rates invoice</td>
<td>Convenience as noted above High charge of $63 (including GST) per year Compliant pool owners covering costs of those not meeting safety standards</td>
<td>Costs of service clear to ratepayers however the costs would not match the level of service provided to individual pool owners</td>
<td>$105,000 savings from reduced administration costs and improved revenue recovery Under-recovery if subsequent inspections more than forecast</td>
<td></td>
</tr>
<tr>
<td>Retain current fees</td>
<td>Less convenient for customers whose pools are compliant</td>
<td>Strong link</td>
<td>Costs of service clear to ratepayers</td>
<td>None</td>
</tr>
</tbody>
</table>

46. An assessment of the swimming pool inspection related service against the criteria set out in section 101(3) of the Local Government Act 2002 is included in Attachment B: Assessment against statutory criteria – Swimming pool inspection targeted rate.

### Implementation

47. The recommended changes to swimming pool fencing inspection charges requires consultation as part of the Annual Budget 2020/2021. This will include consultation on a new targeted rate to cover the first inspection charge. These changes also require consultation amendments to the Revenue and Financing Policy which also need to be consulted on alongside the Annual Budget 2020/2021. All affected property owners will be contacted as part of the consultation process alerting them to the proposed change and encouraging them to provide feedback.

### Clevedon water and wastewater connection

48. Officers recommend setting up a scheme to assist properties in Clevedon with connection to reticulated water and wastewater systems.

49. Water and wastewater infrastructure recently installed by Watercare in Clevedon to support housing developments has the capacity to connect around 140 nearby rural properties which currently rely on on-site systems for water supply and wastewater disposal. Engagement with the local community showed strong willingness to connect to the reticulated network. However, there was concern over the affordability of the upfront cost which is estimated at around $30,000 to $50,000 per connection (including GST).
50. Council encourages connection with the reticulated network as it reduces the risk of environmental pollution. Connection to the water supply network also ensures safe and reliable drinking water supply for households.

51. Officers propose setting up a scheme whereby the Clevedon ratepayers within the service area can apply for council’s assistance with payment of the upfront connection cost and pay back the council through an annual targeted rate. The targeted rate will be structured on a table mortgage loan basis and pays back the principal and interest of the initial financial assistance over a period of 15 years. The targeted rate amount will range between $3,000 and $5,000 per annum (including GST). For a typical loan amount of $40,000 (including GST) the annual targeted rate amount will be around $4,000 (including GST).

52. At a workshop on 19 November 2019, the Franklin Local Board indicated its support in principle for the proposal to set up a wastewater and water supply connection loan repayment targeted rate for Clevedon Village. The board will formally consider the proposal at its 3 December meeting.

53. The maximum level of borrowing the council would incur in relation to the scheme is expected to range between $0.5 million and $2.1 million over the next 10 years, peaking at $2.14 million in 2021/2022. This is not expected to have a significant impact on the council’s prudential ratios although it does use up some debt capacity.

Changes to some fees and user charges

54. Officers annually review fee levels and fee structures for the wide range of services the council provides. These reviews ensure that:

- fees continue to meet the cost recovery levels set by the council
- service costs are transparent to customers
- fees are set appropriately for new legislative requirements
- ongoing consideration is given to introducing new fees to replace ratepayer funding with user charges.

55. Officers note that a broader review of fees and charges across the spectrum of council services usually forms part of the three yearly 10-year Budget process.

56. Proposed changes to fees and charges are discussed below. The proposed changes are not expected to generate significant additional revenue.

57. As provided for in the Revenue and Financing Policy other regulatory fees are increasing in line with inflation where necessary to maintain cost recovery.

Building control, resource consent and licensing fees

58. A review of fees and actual charges billed to customers was carried out over the six months to June 2019. After considering the results of the review officers are proposing changes to provide:

- new fees which respond to customer application types and legislative changes
- improved billing process for customers
- provide customers with more clarity of the likely cost at their first point of contact
- lower administrative costs.

59. A full list of proposed regulatory fee changes recommended for consultation is included as Attachment C.
New Fees

60. Officers recommend the introduction of new fees and deposits (calculated using average hourly rates required to complete the work) for:
   • works on earthquake prone buildings (legislative change)
   • deposit for applications to license micro mobility devices, such as e-scooters
   • less complex work e.g. minor plumbing and minor structural engineering design.

Deposit levels closer to final cost

61. Officers recommend the adjustment of some deposit levels to ensure customers are better informed about the likely cost. 95 per cent of regulatory fees require the payment of an upfront deposit. Customers are then invoiced on an hourly rate basis for the staff time required to process their application.

Fee structure changes

62. Officers recommend the following structural changes to fees and deposits.

Moving from annual to three yearly registration for Independent Qualified Persons

63. This aligns the process with the producer statement author registration and lowers costs for the customer and the council. The initial registration fee of $179 (including GST) and the annual renewal fee of $115 (including GST) fee will be replaced by a three yearly registration fee of $350 (including GST).

Consolidating lower value project bandings for building consent applications

64. Introducing a fixed fee category for work under $5,000 and a deposit for the new upper level categories. The proposed fixed fee for project values under $5,000 will provide certainty for customers with lower value applications.

Setting base fees that reflect minimum processing times

65. A minimum amount of staff time is required to process some applications. Applications that take more time will be charged an hourly rate for additional hours. The minimum charge fixed fee will reduce the costs of invoicing for small additional costs beyond current deposits.

High impact commercial event permit fee

66. Officers recommend increasing the high impact commercial event permit fee from $1,100 to $1,500 (including GST). Significant staff effort is required to facilitate and process a high impact (5,000 participants or more) commercial event application e.g. St Jerome’s Laneway Festival. The council needs to ensure that the event meets all safety and other legislative and bylaw requirements. The permit fee has not been changed since its introduction in 2015/2016. An increase in the fee to $1,500 would improve cost recovery and reduce ratepayer subsidy.

Entry fee for international visitors to Auckland Botanic Garden

67. Officers recommend the introduction of an entry fee of $20 (including GST) for international tour groups visiting the Auckland Botanic Gardens. The fee will be primarily collected through arrangements with commercial guided tour operators so no entry gates or barriers will be required for implementation. Entry signage will direct international visitors to a welcome desk to purchase tickets on arrival but this will not be enforced. The additional revenue will be used facilities upgrades and enable better destination marketing.

Potential changes to the Business Improvement District Programme

68. Changes to Business Improvement Districts (BIDS) and the associated targeted rates require:
   • consultation as part of the Annual Budget 2020/2021
ballot of the effected ratepayers and business owners run by the local business association with a 25 per cent return rate and more than 51 per cent support

endorsement from the relevant local board.

69. The results of the ballots are reported to the respective local boards in May. Following consideration of the proposed changes and ballot results the local board reports its recommendations to the Governing Body in May.

70. BID establishment ballots for One Warkworth and Central Park Henderson are scheduled to take place by June 2020. Extension ballots are scheduled for Glen Innes, Manukau Central and Manurewa. Changes to BID targeted rates will be required if any of these ballots are successful.

71. The new BIDs and proposed changes to existing BIDs have been proposed by the relevant business associations. The proposed establishment of the Central Park Henderson BID and the proposed expansion of the Glen Innes BID have been approved by the respective local boards. The proposed establishment of One Warkworth BID and the proposed expansions of the Manukau Central BID and the Manurewa BID will be considered by the relevant local boards at their December meetings.

Tauākī whakaaweawe āhuarangi
Climate impact statement

72. Recommendations in this report have a neutral climate impact as they relate to the allocation of charges rather than decisions on activities to be undertaken.

73. The recommended Clevedon Water and Wastewater Connection Targeted Rate will have minimal impact on greenhouse gas emissions within the Auckland region. Greenhouse gas emissions from onsite wastewater systems are not recognised as a significant contributor to emissions, although they do contribute towards the cumulative emissions from the Auckland region. Decommissioning these onsite systems and directing the effluent to the Mangere Wastewater Treatment Plant will allow for these wastewater volumes to be managed through a more efficient and technical treatment process. Connecting the residents to a more secure potable water supply will also provide for additional resilience to adapt to the effects of climate change by ensuring they are not fully reliant on tank water supply.

74. Climate change related issues and impacts were considered as part of the criteria for identifying and assessing waste services provided under the Auckland Waste Management and Minimisation Plan. The recommended changes to waste management targeted rates are consistent with this plan.

75. Climate impacts for the recommended changes to the Retrofit Your Home Targeted Rate were considered by the Environment and Community Committee when it made its recommendations on the proposed changes. The recommendation of the Environment and Community Committee to consult on changes to the Waitakere Rural Sewerage Targeted Rate have a neutral climate impact as the onsite wastewater system servicing will continue whether it is provided privately or by council.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views

76. The changes proposed in this report have been communicated to and agreed on by the following departments or business units of the Auckland Council group:
- Waste Solution
- Healthy Waters
- Regulatory Services
- Parks Sports and Recreation
- Arts Community and Events
- CCO/External Partnerships.
Local impacts and local board views

77. Local Boards will have opportunities to express their views on the impacts of regional decisions on their local community before final decisions are made in May 2019.

78. At a workshop on 19 November 2019, the Franklin Local Board indicated its support in principle for the proposal to set up a wastewater and water supply connection loan repayment targeted rate for Clevedon Village. The board will formally consider the proposal at its 3 December meeting.

79. The proposed establishment of the Central Park Henderson BID and the proposed expansion of the Glen Innes BID have been approved by the respective local boards. The proposed establishment of One Warkworth BID and the proposed expansions of the Manukau Central BID and the Manurewa BID will be considered by the relevant local boards at their December meetings.

Māori impact statement

80. The council does not hold information on the ethnicity of ratepayers so is not able to identify the exact impact on the proposed changes on Māori. The impact of the proposed changes on Māori will be similar to that on other residents in Auckland.

Financial implications

81. The financial implications of the recommended charges are noted in the relevant sections above.

Risks and mitigations

82. There are no risks associated with recommendations in this report.

Next steps

83. Resolutions passed at this meeting will be used to develop the consultation material for Annual Budget 2020/2021.

84. On 12 February, the Governing Body will be asked to agree the consultation material. In designing the recommended consultation process officers will develop targeted approaches to ensure that ratepayers affected by the proposed changes are made aware of the proposals and the ways in which they can provide feedback.

Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A4</td>
<td>Environment and Performance Committee resolutions 10 September</td>
<td>29</td>
</tr>
<tr>
<td>B4</td>
<td>Assessment against statutory criteria – Swimming pool fencing inspection charges</td>
<td>31</td>
</tr>
<tr>
<td>C4</td>
<td>Proposed regulatory fees and charges table</td>
<td>33</td>
</tr>
</tbody>
</table>
## Signatories

| Authors | Andrew Duncan - Manager Financial Policy  
| Aaron Matich - Principal Advisor – Financial Policy  
| Eric Wen - Senior Advisor - Financial Policy  
| Beth Sullivan - Principal Advisor Policy |
| Authorisers | Ross Tucker - General Manager, Financial Strategy and Planning  
| Matthew Walker - Group Chief Financial Officer |
Resolutions from Environment and Community Committee - 10 September 2019:

11 HomeFit assessment for the Retrofit Your Home programme

A presentation was provided. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Resolution number ENV/2019/151

MOVED by Deputy Chairperson A Filipaina, seconded by Deputy Mayor BC Cashmore:

That the Environment and Community Committee:

a) approve, subject to consultation, that the following changes be made to the Retrofit Your Home programme:

   i) that a New Zealand Green Building Council HomeFit Assessment be required for all Retrofit Your Home applications with a value greater than $2,000 (excluding GST)

   ii) that the cost for assessment and certification of approximately $260 (excluding GST) associated with the HomeFit assessment be included in the Retrofit Your Home applicant’s balance and paid back through the Retrofit Your Home targeted rate.

b) recommend that the Governing Body include the proposed changes to the Retrofit Your Home programme and the associated targeted rate in the consultation document for the Annual Budget 2020/2021

c) note that final decisions on the proposed changes to the Retrofit your Home programme associated targeted rate will be made by the Governing Body (or relevant committee) as part of the decisions on the Annual Budget 2020/2021.

CARRIED

13 Proposed changes to the legacy Waitākere City Council septic tank pump-out targeted rate and service

Resolution number ENV/2019/155

MOVED by Cr L Cooper, seconded by Deputy Mayor BC Cashmore:

That the Environment and Community Committee:

a) approve, subject to consultation, that the current legacy Waitākere City Council septic tank pump-out service be limited to properties within the Waitākere Ranges Local Board area after 30 June 2021, and that the associated targeted rate be revised to fully recover the cost of the service.

b) recommend that the Governing Body include the proposed changes to the current legacy Waitākere City Council septic tank pump-out service and the associated targeted rate in the consultation document for the Annual Budget 2020/2021.

c) note that final decisions on the service and the associated targeted rate will be made by the Governing Body (or relevant committee) as part of the decisions on the Annual Budget 2020/2021.

CARRIED
Attachment B: Assessment against statutory criteria – Swimming pool fencing inspection charges

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 proposal to charge swimming pool owners a targeted rate to recover the costs of their triennial swimming pool inspection against the criteria in section 101(3) of the Local Government Act 2002.

The community outcomes to which the activity primarily contributes

The community outcomes to which the Regulatory services activity (swimming pool inspections) primarily contributes is set out in the LTP 2018-2028 as:

1. Homes and places
   - Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public places.

2. Opportunity & prosperity
   - Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.

The need for council involvement in regulatory services (swimming pool inspections) is caused by the Building Act 2004 requiring that pool barriers are inspected at least once every three years by council or an independently qualified pool inspector. This applies to all residential pools and small heated pools with a maximum depth of 400mm or more. Pools that are filled or partly filled with water must have physical barriers that restrict access to the pool by unsupervised children under 5 years of age.

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

Fencing improves the safety of swimming pools by significantly reducing the possibility of drowning by young children.

The benefits primarily accrue to owners of swimming pools by making them safer for immediate family members. Benefits also accrue to the wider community by ensuring that other young children do not have unsupervised access to the pool.
From a benefits perspective it is appropriate that the swimming pool owner pay for the majority of costs of the swimming pool inspection.

**The period in or over which the benefits are expected to occur**
The benefits occur for the three-year period that the inspection covers.

It is appropriate to recover the cost of the inspection over a three-year timeframe.

**The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity**
Owning a swimming pool that requires inspection is the sole determining factor that triggers council involvement in swimming pool inspections and maintenance of inspection record.

From a causation perspective it is appropriate to charge the swimming pool owner the full cost in relation to swimming pool inspection including record maintenance.

**The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities**
In order to comply with the Building Act 2004 the council needs to maintain a database of all swimming pools requiring inspection. Charging a targeted rate instead of a fee does not result in any additional administrative issues.

Transferring from a fee to a targeted rate will incur one off set up costs. Once set up there are no additional costs above those already incurred from the rates invoicing process. Over time, the set-up costs are expected to be more than offset by the increased cost recovery that comes from rates invoicing and decreased costs recovery costs from chasing unpaid debtors.

**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.

Matters for council to consider as part of this overall political judgement could include:

- The replacement of the current first inspection fee with an annual rate improves the affordability of the charge by spreading it over three years
- Collection of the first inspection charge as a rate will lower administration costs and improve revenue recovery reducing the burden this service places on general ratepayers
- Around 50 per cent of pools fail their first inspection and some of these will subsequently require re-inspection. Where a re-inspection is required a fee for the re-inspection will still be required. In the future, it may be possible to charge for this re-inspection as a targeted rate which will entirely remove the debt collection costs for all swimming pool inspections. Until then there will be some ongoing debt collection costs for subsequent swimming pool inspections. Increasing the targeted rate to recover the costs of subsequent inspections for those swimming pools that fail their first inspection does not provide additional incentive for swimming pool owners to ensure ongoing compliance of their swimming pool fencing.
Attachment C: Proposed changes to fees and deposits 2020/21

New fees and charges

The council proposes to introduce new fees for a range of services.

<table>
<thead>
<tr>
<th>Area</th>
<th>Type</th>
<th>Fee type</th>
<th>Proposed fixed fees (incl GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building consents fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minor Plumbing</td>
<td>Minor plumbing with a producer statement where works are for single shower, single vanity or single toilet</td>
<td>Fixed</td>
<td>300</td>
</tr>
<tr>
<td>Minor Alteration for structural engineering design</td>
<td>Minor structural engineering design with a producer statement where value of work &lt; $5k</td>
<td>Base</td>
<td>250</td>
</tr>
<tr>
<td>Building Warrant of Fitness (BWOF)</td>
<td>BWOF Audit</td>
<td>Base</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>Independently Qualified Pool Inspectors (IQPI) record - administration of IQPI records</td>
<td>Fixed</td>
<td>66</td>
</tr>
<tr>
<td>Industrial Cooling Towers</td>
<td>Industrial Cooling Towers, per inspection</td>
<td>Base</td>
<td>170</td>
</tr>
<tr>
<td>Earthquake Prone Buildings</td>
<td>Extension of time to complete seismic work on certain heritage buildings or part of the building</td>
<td>Fixed</td>
<td>149</td>
</tr>
<tr>
<td></td>
<td>Exemption from the requirement to carry out seismic work on the building or part of the building</td>
<td>Fixed</td>
<td>353</td>
</tr>
<tr>
<td>Resource consents and licensing fees</td>
<td>S357 objections with hearing requested</td>
<td>Deposit</td>
<td>1,500</td>
</tr>
<tr>
<td>Micro-mobility device</td>
<td>Application for licence</td>
<td>Deposit</td>
<td>5,000</td>
</tr>
<tr>
<td>including e-scooters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitoring</td>
<td>Monitoring deposit charged on approval of application</td>
<td>Deposit</td>
<td>5,000</td>
</tr>
<tr>
<td>Notice of requirement</td>
<td>Simple new notice or alteration</td>
<td>Deposit</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>Minor alteration to existing notice of requirement</td>
<td>Deposit</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>Uplift an existing notice of requirement</td>
<td>Deposit</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>Complex new notice or alteration</td>
<td>Deposit</td>
<td>30,000</td>
</tr>
</tbody>
</table>

Deposit level changes

The proposed deposit levels have been adjusted to reflect the likely final charge more accurately increasing transparency for customers. Consolidating fee bandings are proposed for lower valued projects and additional bandings for upper level bandings.

<table>
<thead>
<tr>
<th>Area</th>
<th>Type</th>
<th>Current Deposit $ (incl GST)</th>
<th>Proposed deposit $ (incl GST)</th>
<th>Proposed Inspection Deposit $ (incl. GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building consents fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other building applications</td>
<td>Project value up to $1,999</td>
<td>788</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Project value $2,000-$4,999</td>
<td>1,272</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Project value up to $4,999</td>
<td>800</td>
<td>Fixed fee</td>
<td>340</td>
</tr>
<tr>
<td></td>
<td>Project value $5,000-$19,999</td>
<td>1,670</td>
<td>N/A</td>
<td>680</td>
</tr>
<tr>
<td></td>
<td>Project value $20,000-$99,999</td>
<td>2,945</td>
<td>N/A</td>
<td>850</td>
</tr>
<tr>
<td></td>
<td>Project value $100,000-$499,999</td>
<td>4,215</td>
<td>3,200</td>
<td>1,530</td>
</tr>
<tr>
<td></td>
<td>Project value $500,000 - $999,999</td>
<td>5,000</td>
<td>2,040</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project value $1,000,000 and over</td>
<td>7,200</td>
<td>2,550</td>
<td></td>
</tr>
</tbody>
</table>

All fixed fees and base fees are non-refundable. Base fees may have additional hourly rate charges applied. The fixed fee plus the deposit is payable at lodgement of application.
### Rates and Fees Issues for Annual Budget 2020/2021 Consultation

#### Attachment C

<table>
<thead>
<tr>
<th>Area</th>
<th>Type</th>
<th>Current Deposit $ (incl GST)</th>
<th>Proposed deposit $ (incl GST)</th>
<th>Proposed Inspection Deposit $ (incl. GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amended plans</td>
<td>Project value up to $19,999</td>
<td>355</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project value $20,000-$99,999</td>
<td>640</td>
<td>700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project value $100,000 and over</td>
<td>1,005</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>Land use</td>
<td>Residential land use (infringement development controls)</td>
<td>3,000</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td>Subdivision</td>
<td>Subdivision with the exception of those below</td>
<td>4,500</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Right of way and other non-resource consent matters related to subdivisions e.g. cancellation of easements</td>
<td>1,000</td>
<td>1,100</td>
<td></td>
</tr>
<tr>
<td>Regional</td>
<td>Combined land use and subdivision</td>
<td>7,000</td>
<td>9,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coastal structures, activities and occupation</td>
<td>4,000</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Discharge of stormwater, domestic wastewater or other contaminants</td>
<td>4,000</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Earthworks and sediment</td>
<td>4,000</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Water take, use and diversion</td>
<td>4,000</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Works in, on, under or over the bed of lakes, rivers and streams</td>
<td>4,000</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transfer of coastal, water or discharge permit to another site</td>
<td>4,000</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td>Combination</td>
<td>Multiple/bundle applications for any combination of two or more land use, subdivision or regional consent</td>
<td>7,000</td>
<td>9,500</td>
<td></td>
</tr>
<tr>
<td>Resource consent</td>
<td>Variation, review of conditions</td>
<td>2,500</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Resource consent</td>
<td>Deemed Permitted Boundary Activity, Forestry Permitted Activity</td>
<td>400</td>
<td>500</td>
<td></td>
</tr>
</tbody>
</table>

#### Other Changes

Changes from fixed fees to base fees will reduce administrative costs and provide the ability to recover hourly fees for additional processing or inspection work.

<table>
<thead>
<tr>
<th>Area</th>
<th>Type</th>
<th>Fee type or change</th>
<th>Current fee $ (incl GST)</th>
<th>Proposed fee $ (incl GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building consents fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificate of Acceptance</td>
<td>Project value up to $19,999</td>
<td>Change from fixed fee to base</td>
<td>270</td>
<td>1,200 plus inspections</td>
</tr>
<tr>
<td>Note: Prosecution and Infringements may also apply for work undertaken without consent.</td>
<td>Deposit removed</td>
<td>640</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificate of Acceptance</td>
<td>Project value $20,000 and over</td>
<td>Change from fixed fee to base</td>
<td>490</td>
<td>2,000 plus inspections</td>
</tr>
<tr>
<td>Note: Prosecution and Infringements may also apply for work undertaken without consent.</td>
<td>Deposit removed</td>
<td>993</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuing compliance schedule</td>
<td>Base charge</td>
<td>Base</td>
<td>121</td>
<td>125</td>
</tr>
<tr>
<td>Additional charge per specified system</td>
<td>Base</td>
<td>28</td>
<td>30</td>
<td></td>
</tr>
</tbody>
</table>

All fixed fees and base fees are non-refundable. Base fees may have additional hourly rate charges applied. The fixed fee plus the deposit is payable at lodgement of application.
## Fees Change Summary

### Pre-application meeting
- **Type:** Building Consent Pre-application: complex
- **Fee change:** Change from deposit to base
- **Current fee $ (incl GST):** 311
- **Proposed fee $ (incl GST):** 311

### Fire engineering briefs
- **Type:** Fire engineering brief meeting, limited to one hour (hourly rates apply thereafter)
- **Fee change:** Change from deposit to base fee
- **Current fee $ (incl GST):** 311
- **Proposed fee $ (incl GST):** 311

### Refusing
- **Type:** Refusing of building consent
- **Fee change:** Change from deposit to base fee
- **Current fee $ (incl GST):** 165
- **Proposed fee $ (incl GST):** 165

### Title search
- **Type:** Certificate of Title
- **Fee change:** Fixed
- **Current fee $ (incl GST):** 44
- **Proposed fee $ (incl GST):** 50

### Building inspections – late cancellation (previously same day cancellation)
- **Fee for building inspections cancelled after 12 pm the day before the inspection booking**
- **Fee change:** Fixed
- **Current fee $ (incl GST):** 168
- **Proposed fee $ (incl GST):** 170

### Temporary structures
- **Type:** Application for a temporary structure
- **Fee change:** Change from fixed to base fee
- **Current fee $ (incl GST):** 472
- **Proposed fee $ (incl GST):** 470

### Project Information Memorandum (PIM)
- **Type:** Issuing Project Information Memorandum
- **Fee change:** Change from fixed to base fee
- **Current fee $ (incl GST):** 441
- **Proposed fee $ (incl GST):** 450

### Waiver
- **Type:** Building consent subject to waiver or modification of building code
- **Fee change:** Change from fixed to base fee
- **Current fee $ (incl GST):** 150
- **Proposed fee $ (incl GST):** 300

### Building Warrant of Fitness (BWOF)
- **Type:** Annual renewal
- **Fee change:** Change from fixed to base fee
- **Current fee $ (incl GST):** 150
- **Proposed fee $ (incl GST):** 150

### Certificate for Public Use (CPU)
- **Type:** Certificate
- **Fee change:** Change from fixed to base fee
- **Current fee $ (incl GST):** 520
- **Proposed fee $ (incl GST):** 520

### Extension of time for CPU
- **Type:** Certificate
- **Fee change:** Change from fixed to base fee
- **Current fee $ (incl GST):** 244
- **Proposed fee $ (incl GST):** 244

### Alcohol licensing building and planning certificate
- **Type:** Certificate that proposed use of premises meets requirements of building code and Resource Management Act
- **Fee change:** Change from fixed to base fee
- **Current fee $ (incl GST):** 955
- **Proposed fee $ (incl GST):** 1,000

### Construction of vehicle crossings
- **Type:** Vehicle crossing permit (application processing and inspection)
- **Fee change:** Change from fixed to base fee
- **Current fee $ (incl GST):** 341
- **Proposed fee $ (incl GST):** 340

---

### Fee registration for Independent Qualified Persons have been simplified.

<table>
<thead>
<tr>
<th>Area</th>
<th>Type</th>
<th>Fee change</th>
<th>Current fixed fee $ (incl GST)</th>
<th>Proposed fixed fee $ (incl GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building consent fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1QP Register</td>
<td>Registration costs for Independent Qualified Person (1QP) base charge</td>
<td></td>
<td>179</td>
<td>350</td>
</tr>
<tr>
<td></td>
<td>Registration for each specified system: 1QP</td>
<td></td>
<td>Not required</td>
<td>135</td>
</tr>
<tr>
<td></td>
<td>Registration renewal for Independent Qualified Person base charge</td>
<td></td>
<td>Changed to 3 yearly</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>If installed by an approved installer** providing a producer statement</td>
<td></td>
<td></td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>Wetback installation</td>
<td>Fixed</td>
<td>250</td>
<td>285</td>
</tr>
</tbody>
</table>

*All fixed fees and base fees are non-refundable. Base fees may have additional hourly rate charges applied. The fixed fee plus the deposit is payable at lodgement of application.*
### Rates and Fees Issues for Annual Budget 2020/2021 Consultation

<table>
<thead>
<tr>
<th>Area</th>
<th>Type</th>
<th>Fee change</th>
<th>Current fixed fee $ (incl GST)</th>
<th>Proposed fixed fee $ (incl GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solid fuel heating appliances (fee per appliance)</td>
<td>If installed by a person who is not an approved installer</td>
<td>Fixed</td>
<td>250</td>
<td>285</td>
</tr>
<tr>
<td>Solar water or heat pump water heating devices (fee per device)</td>
<td>If installed by an approved installer providing a producer statement</td>
<td></td>
<td>275</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>If installed by a person who is not an approved installer</td>
<td>Fixed</td>
<td>275</td>
<td>300</td>
</tr>
<tr>
<td>Injected wall applications</td>
<td>Application for injected wall insulation. If installed by an approved installer providing a producer statement</td>
<td></td>
<td>250</td>
<td>285</td>
</tr>
<tr>
<td></td>
<td>If installed by a person who is not an approved installer</td>
<td>Fixed</td>
<td>250</td>
<td>285</td>
</tr>
</tbody>
</table>

Changes from deposits to base or fixed fees will reduce administrative costs and provide the ability to recover hourly fees for additional processing or inspection work.

<table>
<thead>
<tr>
<th>Area</th>
<th>Type</th>
<th>Fee type change</th>
<th>Current deposit $ (incl GST)</th>
<th>Proposed fee $ (incl GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building consent fees</td>
<td>Project value up to $19,999</td>
<td>Base</td>
<td>152</td>
<td>200</td>
</tr>
<tr>
<td>CCO Compliance Certificate (CCC)</td>
<td>Project value $20,000-$99,999</td>
<td>Not required</td>
<td>355</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Project value $500,000 and over</td>
<td>Not required</td>
<td>653</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Project value $20,000 and over</td>
<td>Base</td>
<td>533</td>
<td>600</td>
</tr>
<tr>
<td>Separation of building consents (lodged as one on lodgement)</td>
<td>Application to separate a historic building consent that relates to two or more buildings on the same site (per application)</td>
<td>Base</td>
<td>223</td>
<td>550</td>
</tr>
</tbody>
</table>

Resource consents and licensing fees

| Other                                                                | Bylaw signs (LGA)                                                     | Fixed           | 1,000                        | 1,500                    |

Changes to hourly rates are proposed.

<table>
<thead>
<tr>
<th>Hourly rates (including GST)</th>
<th>Description</th>
<th>Rates $ (incl GST)</th>
<th>Proposed rates $ (incl GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager, project manager, legal services (all areas)</td>
<td></td>
<td>204</td>
<td>207</td>
</tr>
<tr>
<td>Senior, intermediate, principal, team leader (all areas)</td>
<td></td>
<td>195</td>
<td>198</td>
</tr>
<tr>
<td>Planner, subdivision adviser, urban design, building, compliance, monitoring, investigation, environmental health, licensing, other</td>
<td></td>
<td>168</td>
<td>171</td>
</tr>
<tr>
<td>Administration (all areas)</td>
<td></td>
<td>111</td>
<td>111</td>
</tr>
</tbody>
</table>

All fixed fees and base fees are non-refundable. Base fees may have additional hourly rate charges applied. The fixed fee plus the deposit is payable at lodgement of application.