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## Auckland Council Draft Annual Plan 2020/21

### 1. Recommendations

#### 1.1 Property Council New Zealand recommends the following:

##### *Coordinated approach*

- (a) Better co-ordination and alignment for the provision, development and delivery of key infrastructure (transport, water and electricity) across Auckland.

##### *Transport*

- (b) Collaborate with Auckland Transport to propose significant changes to its network. These changes should provide more frequent and reliable public transport options within and outside of the CBD.
- (c) Align major transport projects with Unitary Plan land zoning that best unlocks transport and supports intensification and housing.
- (d) Establish future transport options to better connect Wynyard Quarter with the rest of the CBD.

##### *Adjusting fees and charges*

- (e) Compare Auckland Council charges with other local authorities around New Zealand and report on its findings.
- (f) Investigate a tiered consenting approach in which applicants can request to pay a higher fee for senior resources and quicker turnaround.
- (g) Adopt a policy on certain time and cost expectations for consent applications, to increase certainty for applicants.
- (h) Additional improvements to efficiency such as; increasing council resources and upskilling.

##### *Rates differentials*

- (i) Faster reduction of the rates differential;
- (j) Transparency as to how Auckland Council decided the rates differential level; and

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- (k) Remove the rates differential and replace with alternative funding mechanisms such as user charges, targeted rates, public-private partnerships and special purpose vehicles.

#### *Funding the City Centre Masterplan Refresh*

- (l) Extend the city centre targeted rate to support the delivery of key project/s in the City Centre Masterplan refresh that are of greatest benefit to those residing and working in the CBD.

## **2. Introduction**

- 2.1 Property Council's purpose is; "Together, shaping cities where communities thrive". We believe in the creation and retention of well-designed, functional and sustainable built environments which contribute to New Zealand's overall prosperity. We support policies that provides a framework to enhance economic growth, development, liveability and growing communities.
- 2.2 Property Council's Auckland Branch has 360 businesses as members. The property industry contributed \$22.8 billion in 2016 to the Auckland economy, with a direct impact of \$10.5 billion (13 per cent of the GDP) and indirect flow-on effects of \$12.3 billion. It employs 53,050 directly which equates to eight per cent of the total employment in Auckland. For every \$1.00 spent by the Property Industry it has a flow-on effect of \$1.70 to the Greater Auckland region.
- 2.3 This submission responds to [Auckland Council's Annual Budget 2020/21 Consultation](#) and [Auckland Council's Annual Budget 2020/21 Supporting Information](#) documents. In particular, a coordinated planning approach, transport, consent fees and charges, rates differentials, and how the Annual Plan sits alongside the CCMP. In preparing our submission we sought and received feedback from a selection of our Auckland-based members.

## **3. Coordinated approach**

- 3.1 Auckland Council's recent declaration of a climate emergency, and decision to focus on climate change issues in the 2021 Long-term Plan is important. With the imminent increase of electric vehicles come potential issues around electricity network capacity. Ultimately, the success of our city depends on better planning for infrastructure development across power, three waters, and transport to support both commercial and residential development in a collaborative way.
- 3.2 We recommend better co-ordination and alignment generally between the Council Controlled Organisations (i.e. Auckland Transport and Watercare) for the provision, development and delivery of key infrastructure (transport, water and electricity) across Auckland.

## **4. Transport**

- 4.1 Traffic congestion in Auckland costs nearly \$2 billion per year in lost productivity (between 1.5% and 2% of Auckland's GDP).<sup>1</sup> The 2019 TomTom Traffic Index report showed that in

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<sup>1</sup> New Zealand Institute of Economic Research, Benefits from Auckland road decongestion, July 2017, <https://www.ema.co.nz/resources/EMA%20Reports%20and%20Documents/Advocacy/Submissions/2017/NZIER%20report%20on%20Auckland%20Benefits%20of%20Decongestion.pdf>

2019, 163 extra hours (6 days and 19 hours) was spent driving in rush hours over the year. This is up 2% from 2018.<sup>2</sup>

- 4.2 Coupled with rapid population growth, new and additional transport infrastructure is required. Auckland urgently requires the delivery of regional transport projects. We recommend Auckland Council work with Auckland Transport to propose significant changes to its network to provide more public transport options within and outside of the CBD. We support multiple public transport modes including trains, buses and ferries. In particular, we support regional public transport such as dedicated public transport routes and additional infrastructure to support ferries. More coordinated regional transport and supporting infrastructure help make the city more available to urban fringe communities and in turn encourages development in these areas.

*Regional transport, support infrastructure, and housing*

- 4.3 Auckland Council's goal of reducing emissions from private vehicle use and having more people use public transport will only be possible if public transport is available, reliable, efficient and cost effective.
- 4.4 The Annual Plan aims to progress key public transport initiatives such as the City Rail Link, Puhinui Bus-Train Interchange and the first phase of the Eastern Busway project. We continue to support the City Rail Link and other multi-modal approaches to transport in Auckland such as the Bus-Train Interchange and Eastern Busway projects within the Annual Plan.
- 4.5 With all three of these projects, there is a need to align land use zoning for commercial, retail and housing density with public transport interchanges. Auckland Council needs to enable zoning for a range of housing typologies and commercial buildings near key emerging transport nodes. Intensifying around key transport nodes will not only increase housing supply which is critical in Auckland, but also ensure that planning is well-thought out as to not add to current road traffic congestion.
- 4.6 We recommend aligning major transport projects in Auckland with the right land zoning in the Auckland Unitary Plan to unlock transport, intensify employment, housing and urban renewal projects.

*CBD connectivity*

- 4.7 Public transport that connects key areas of the CBD is of paramount importance to all who choose to live, work, play and shop. Transport options need to be reliable and frequent, for users to switch from their private vehicles to public transport. Public transport access across Auckland needs to better connect individuals from their home to their work or desired destination. This would see a more integrated planning approach between Auckland Council, Auckland Transport and key stakeholders.
- 4.8 For example, the missing transport link in the city centre is connecting Wynyard Quarter with the rest of the CBD. Wynyard Quarter is an expanding commercial and residential area of

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<sup>2</sup> TomTom Auckland Traffic Index, [https://www.tomtom.com/en\\_gb/traffic-index/auckland-traffic#statistics](https://www.tomtom.com/en_gb/traffic-index/auckland-traffic#statistics)

paramount importance to the CBD. It has limited car parking and public transport options, becoming isolated and hard to reach. We recommend greater connections between Britomart, Aotea Centre and Wynyard Quarter. This would not only help assist commuters but also allow Wynyard Quarter to flourish and reach its potential of being a vibrant and safe waterfront location for all.

## **5. Adjusting fees and charges**

- 5.1 Our submission to Auckland Council on the 2019/20 Annual Plan raised concerns as to the fee increases for various resource and building consents. In particular, the increases were proposed with very little detail as to the justification. However, we are encouraged that Auckland Council undertook a six-month study into fees and charges and as a result are simplifying the fee structure and reducing fees for small projects that relate to building consent applications. We recommend Council continues its investigatory work by comparing its charges with other local authorities around New Zealand and report on its findings.
- 5.2 The proposed new fee structure would see some fees being moved to fixed charges or to a base fee with additional charges for hours of work. The time Council consents take to be approved add significant cost to residential, commercial and industrial developments in Auckland. Many of our members would be happy to pay for senior resources where appropriate to speed up the current consenting process. We recommend Council investigate a tiered consenting approach in which applicants can request to pay a higher fee for senior resources and a quicker turnaround, provided all applicant paperwork obligations are accurately completed.
- 5.3 Council consent applications significantly vary in the time they take to get approval. We recommend Council adopt a consenting policy outlining certain time and cost expectations that can be used during the application stage. This would provide more certainty to both Council employees and applicants in terms of the average time an application should take. We further recommend council undertake additional improvements to efficiency of consent approvals such as, increasing council resources and upskilling council consent staff.

## **6. Rates differential**

- 6.1 The rates differential is the difference between the rates residential property owners are charged and the higher rates businesses are charged. Auckland Council proposes to reduce the portion of general rates paid by businesses from 31.68 per cent in 2020/21, to 25.8 per cent by 2037/38. This would see the rates differential decrease by 5.88 per cent over an 18-year period. This is a significant amount of time for businesses to be paying an 'inappropriate differential' according to Auckland Council.
- 6.2 The Productivity Commission New Zealand report into local government funding and financing, November 2017 reviewed Auckland Council's Long-Term Plan 2018-28. The report states: "the Council reports a decision to adjust the rates differential over a 20-year period to reduce the proportion of general rates taken from business properties; but it does not provide



details of the basis for this decision.”<sup>3</sup> The Annual Plan 2020/21 is consistent with this, stating: “...council has decided that the appropriate differential for business is to raise 25.8 per cent of the general rates take.”<sup>4</sup> This highlights the lack of transparency as to how the Council decided what was an ‘appropriate level’ of business funding and aligns with our transparency concerns below.

- 6.3 We do not support rates differentials as a rating tool due to lack of transparency as to what the differential funds. Rates differentials are collected as general rates and are added to the overall pool of money, making it near impossible for businesses who pay the rating differential to track the total charges and where it is spent. This results in a lack of transparency for commercial ratepayers as it is unclear what their additional rates are funding and whether it is beneficial to their business needs. Often the level of commercial rates paid is disproportionate to the level of services received.
- 6.4 Funding mechanisms such as targeted rates and user pay rating systems support the principles of transparency and objectivity in legislation (Local Government Act 2002 and Local Governing (Rating) Act 2002). Both these rating systems are beneficiary pay models, meaning those who benefit or use the service contribute towards it. For example, money collected via targeted rates are ringfenced to a project or geographic area that will benefit from the funding. We support beneficiary pay funding mechanisms, as they are transparent and provide a better understanding and opportunity to engage on where rates are spent.
- 6.5 Our position on transparency is consistent with the 2019 New Zealand Productivity Commission report on local government funding and financing which found that “councils’ rating practices are too often not transparent.”<sup>5</sup> The report recommends councils should make better and more transparent use of their rating and other funding tools.<sup>6</sup>
- 6.6 Our position of abolishing rates differentials is consistent with Central Government’s 2007 Local Government Rates Enquiry (known as the Shand report) which recommended that in the interest of transparency, rates differentials should be abolished and replaced with targeted rates.<sup>7</sup>
- 6.7 Although in principle we support reducing the rates differential (albeit a lot quicker than currently proposed), we wish to see it removed entirely and replaced with alternative funding mechanisms such as; targeted rates, user charges (i.e. congestion charges), public-private partnerships and special purpose vehicles.

## **7. Funding the City Centre Masterplan Refresh**

- 7.1 In our submission to Auckland Council on the City Centre Masterplan refresh 2019 (“CCMP”), we noted that project delivery will depend on funding, which in most cases is not yet

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<sup>3</sup> Productivity Commission New Zealand, Local government funding and financing, November 2019, pg. 196.

<sup>4</sup> Auckland Council Annual Budget 2020/21, Supporting Information, pg. 90.

<sup>5</sup> Productivity Commission New Zealand, Local government funding and financing, November 2019.

<sup>6</sup> Ibid, pg. 307.

<sup>7</sup> Funding Local Government, Report of the Local Government Rates Inquiry, August 2007.

confirmed.<sup>8</sup> Our submission noted that there are significant amount of priorities across Auckland that need funding and financing from general rates, and it is likely that projects within the CCMP may not receive funding due to other demands in Auckland. We recommended that a targeted rate occur to support project/s in the CCMP that are of greatest benefit to those residing and working in the CBD. Under our recommendation, targeted rates should replace rates differentials.

7.2 The Annual Plan 2020/21 is unclear whether the city centre targeted rate for projects (in the City Centre redevelopment programme) includes projects in the CCMP. After further investigation, we understand that targeted rates fund the city centre business case development programme and Master Plan targets. We recommend the targeted rate is extended to also include the delivery of key projects within the CCMP that are of greatest benefit to those residing and working in the CBD.

## 8. Conclusion

8.1 We generally support the draft Annual Plan 2020/21. At a high level we recommend the following:

- better coordination for the development and delivery of key infrastructure
- aligning major transport projects with Unitary Plan land zoning to support intensification
- additional improvements to efficiency of consent applications
- a faster reduction of the rating differential
- extend the city centre targeted rate to support the delivery of key project/s in the CCMP.

8.2 Property Council members invest, own and develop property across Auckland. We wish to thank Auckland Council for the opportunity to submit on the Annual Plan 2020/21 as this gives our members a chance to have their say in how Auckland is shaped, today and into the future.

8.3 Any further queries do not hesitate to contact Katherine Wilson, Senior Advocacy Advisor, via email: [katherine@propertynz.co.nz](mailto:katherine@propertynz.co.nz) or cell: 027 8708 150.

Yours sincerely,



### Andrew Hay

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<sup>8</sup> Property Council New Zealand, Auckland Council Central City Masterplan Refresh, October 2019. [https://www.propertynz.co.nz/sites/default/files/uploaded-content/field\\_f\\_content\\_file/property\\_council\\_submission\\_to\\_auckland\\_council\\_on\\_central\\_city\\_masterplan\\_refresh.pdf](https://www.propertynz.co.nz/sites/default/files/uploaded-content/field_f_content_file/property_council_submission_to_auckland_council_on_central_city_masterplan_refresh.pdf)