

# Property Council New Zealand

---

Submission on

## Draft Auckland Council Budget 2022/2023

28/03/2022

**For more information and further queries, please contact**

Logan Rainey

Logan@propertynz.co.nz

021410787

28 March 2022

AK Have Your Say  
Auckland Council  
Auckland 1142  
Email: [akhaveyoursay@aucklandcouncil.govt.nz](mailto:akhaveyoursay@aucklandcouncil.govt.nz)

## **Auckland Council Annual Budget 2022/2023**

### **1. Summary**

1.1 Property Council New Zealand Auckland Region Branch (“Property Council”) welcomes the opportunity to provide feedback on the Auckland Annual Budget 2022/2023. In broad terms, we support the direction of this year’s budget and have made a list of recommendations to influence better, fairer outcomes for all.

### **2. Recommendations**

2.1 At a high level, we recommend the following:

#### Climate Package

- That Auckland Council pursue an Order in Council to use unspent funds from the regional fuel tax to reduce the required size of ratepayer contribution to the targeted rate;
- That the remaining funds be raised through a targeted rate;
- That the package focuses on bus network improvements that better connect people to employment and the CBD, as well as improvements that connect high growth areas of the city that are not currently catered for;
- That Auckland Council work with other stakeholders to plan for the impact of the electrification of public transport on electrical grids and other supporting infrastructure, while focusing on minimising costs to consumers; and
- That Auckland Council consider viable long-term alternatives to the regional fuel tax.

#### Budget Matters

- That the proposed permanent cost reductions should not comprise the delivery of council services; and
- That Auckland Council re-evaluate its inflation predictions to better align with market outcomes.

#### Consent Fees

- That higher fees should be associated with improved service to applicants; and
- That Auckland Council actively explore ways to reduce consenting delays.

#### City Centre Target Rate

- That Auckland Council takes a leadership role in encouraging people back into the CBD.

### Other Matters

- That Auckland Council actively consider how their plans align and integrate with those of central government.

### **3. Introduction**

- 3.1. Property Council is the leading not-for-profit advocate for New Zealand's most significant industry, property. Our organisational purpose is, "Together, shaping cities where communities thrive".
- 3.2. The property sector shapes New Zealand's social, economic and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand.
- 3.3. Property is Auckland's largest industry. Property provides a direct contribution to GDP of \$12 billion (12 percent) and employment for 71,940 Auckland residents.
- 3.4. Property Council is the collective voice of the property industry. We connect property professionals and represent the interests of 387 Auckland based member companies across the private, public and charitable sectors.
- 3.5. This document provides Property Councils feedback on [Auckland Councils Draft Annual Plan](#). Comments and recommendations are provided on issues relevant to Property Council's members.

### **4. Climate Package**

- 4.1. Auckland Council has proposed a climate package that aims to reduce transport emissions by improving access to public transport networks across the city, increasing the electrification of the public transport system and providing for greater urban tree cover.
- 4.2. We applaud Auckland Council for working with central government to unlock much needed investment in our cities public transport system and urban ngahere (tree coverage). Working closely with central government to unlock investment will be critical in the long run.
- 4.3. We consider it critical that Auckland has a public transport system that is well connected. Transport options need to be reliable and frequent for users to switch from their private vehicles to public transport. Increased uptake of public transport is one mechanism to reduce emissions and make Auckland a more liveable city.
- 4.4. We support Auckland Council's intention to focus the transport investment on bus network improvements and consider investment in ferries to be a lower priority. We would recommend that Auckland Council focuses both on improving bus routes that connect people at peak times to places of employment and routes that better connect Auckland's various regions to the CBD. Public transport access across Auckland needs to more effectively connect individuals from their home to their desired destination. This would see a more integrated planning approach between Auckland Council, Auckland Transport and key stakeholders.
- 4.5. Electrification of our buses and ferries is an important step to future proof our transport system and reduce emissions. However, it is important to note that it will place a greater burden on Auckland's electrical grid and impose costs on the system. We recommend that Auckland

Council works closely with other relevant stakeholders to ensure Auckland's infrastructure is prepared and can manage this eventuality, while seeking to minimise costs to consumers.

- 4.6. We support the proposal to invest \$13.3 million in Auckland's urban ngahere, as part of the wider climate package. We recommend that Auckland Council prioritise this investment in those parts of our city that have the least existing tree coverage, to deliver the greatest immediate benefit to Auckland.
- 4.7. We have several concerns with regards to the proposed approach to funding the package. There are a growing number of transport and development projects looking into using targeted rates at both a central and local government level. We are therefore concerned over the potential for 'double-dipping' to occur. Examples of this include the current Rodney Local Board targeted rate for transport as well as the proposed targeted rate that could be part of a value capture scheme for Auckland Light Rail. Both these examples entail ratepayers paying multiple, separate, targeted rates for various transport schemes.
- 4.8. While we support the intent of the package, we are concerned that the proposed targeted rate as it currently stands, would impose a substantial and additional cost onto ratepayers in a time of high inflation. This is particularly concerning given other prospective cost increases, such as the proposed increases to development contributions.
- 4.9. As such, we have several recommendations to make. We urge Auckland Council to pursue an Order in Council that would allocate the unspent funds associated with the regional fuel tax to the proposed package, which would reduce the overall cost of the proposed targeted rate to ratepayers. We note that an estimated \$300+ million remains unspent from the regional fuel tax, the use of which would markedly reduce the impact of the targeted rate on ratepayers.
- 4.10. With the use of unspent regional fuel tax funds, we recommend the remaining portion of the required funds being raised through a targeted rate. Targeted rates provide greater transparency, by ringfencing what services are funded. Property Council have been long standing supporters of targeted rates.
- 4.11. Although supportive of targeted rates, we have concerns around the use of a differential on targeted rates. In particular, we are concerned that additional costs could have unintended consequences to the business sector, especially post COVID.
- 4.12. We also note that the long-term viability of the regional fuel tax as a source of transport funding is being challenged by the ongoing shift towards transport electrification. Alternative funding streams, such as congestion pricing, will be needed in the long-term.
- 4.13. We note for convivences sake, that [some sections](#) of the Auckland Council website have are showing slightly incorrect figures for the climate action targeted rate compared to the official budget documents. We recommend updating the website.

## **5. Budget Matters**

### Proposed Permanent Cost Reductions

- 5.1. Auckland Council is proposing to implement an additional \$15 million of permanent cost reductions, growing to \$30 million in of permanent cost reductions for the 2023/2024 budget. These are on top of those already planned for in Council's existing 2021-2031 Long Term Plan.

Given the current financial environment, Property Council supports this proposal, so long as it does not comprise the ability of Auckland Council to deliver core services.

#### Inflation projections

- 5.2. Property Council has noted that Council's budget is premised of an inflation rate of 2%. Given recent market conditions of high inflation, we recommend that Auckland Council re-evaluate its inflation predictions.

### **6. Other matters**

#### Changes to Building Consent fee structure

- 6.1. Auckland Council is proposing a new fee structure for building consent applications, based on building complexity as defined in the New Zealand Building Code. This would see the introduction of a two-tiered fee structure (with a difference of \$24). Property Council is not opposed to this policy change, but we stress that increased building consent fees should be matched with increased levels of service provided to applicants.

#### Changes to Resource Consent fee structure

- 6.2. Auckland Council is proposing changes to resource consent fees for a range of activities. While Property Council has no comment on the proposed changes, we would like to make a general comment on consents.
- 6.3. Our members have expressed a concern about time delays for resource consents of up to six months, and rising delays for an array of other consents such as traffic permits. These are fast becoming some of the largest barriers to development in Auckland. This is costing Auckland developers millions of dollars, which is ultimately passed onto consumers, and creates unnecessary risk and delay. We appreciate the constraints facing Auckland Council in this space, but we urge Auckland Council to continue actively consider ways to better resource the consenting team and reduce delays. Property Council and our members are interested in working collaboratively to address this issue.

#### City Centre Targeted Rate

- 6.4. Property Council has previously supported the premise of the City Centre Targeted Rate and we are pleased to see Auckland Council's long-term commitment to it. We would, however, refer to the ongoing disruption to businesses in the CBD associated with COVID and the resulting shortages of consumers and note the importance of encouraging workers back in the CBD to restore the CBDs vibrancy and business vitality. We acknowledge the importance of Auckland Council's leadership role in encouraging people to return to the CBD.

### **7. Consideration of wider matters**

- 7.1. There are a wide range of prospective reforms and policy changes that could impact property, underway at both a central and local government level. For example, central government is expected to release the Emissions Reduction Plan and resulting Emissions Budget in May 2022. This will likely have significant impacts to business, in the form of additional costs, as well as impact on the proposed activities of local government.
- 7.2. Given the scale of reform underway across multiple sectors, Property Council urges Auckland Council to actively consider how their plans align and integrate with those of central

government. Strong alignment between central and local government is crucial for ensuring efficient and equitable policy outcomes. Poor alignment creates costs to developers, which end up passed to the consumer and can be reflected in metrics such as house prices.

## 8. Conclusion

- 8.1. Property Council generally supports the overall direction of Auckland Councils Annual Budget 2022/2023. We have proposed changes that we believe would improve the effectiveness, equity, and outcomes of the Annual Budget.
- 8.2. Property Council members invest, own, and develop property in Auckland. We wish to thank Auckland Council for the opportunity to submit on the Annual Budget 2022/2023 as this gives our members a chance to have their say in the future of our city.
- 8.3. Any further enquires do not hesitate to contact Logan Rainey, Advocacy Advisor, via email: [Logan@propertynz.co.nz](mailto:Logan@propertynz.co.nz) or cell: 021410787.

Yours Sincerely,



Andrew Hay  
Auckland Committee Chair