

CONFIDENTIAL

Annual Budget 2022/2023

Climate Action

Finance and Performance Committee workshop

24 Nov 2021



Finance and Performance workshops - 2021

15 September
1.5 hours

Introduction:
Process
overview,
proposed topics
& financial
context

LB Chairs invited

22 September
1.5 hours

**Fees and
charges review**
Local board
possible
targeted rates
Rating of
Whenua Maori

LB Chairs invited

29 September
1.5 hours

Waste

LB Chairs invited

13 October
3 hours

Climate

LB Chairs invited

20 October
3 hours

**Budget
package**

LB Chairs invited

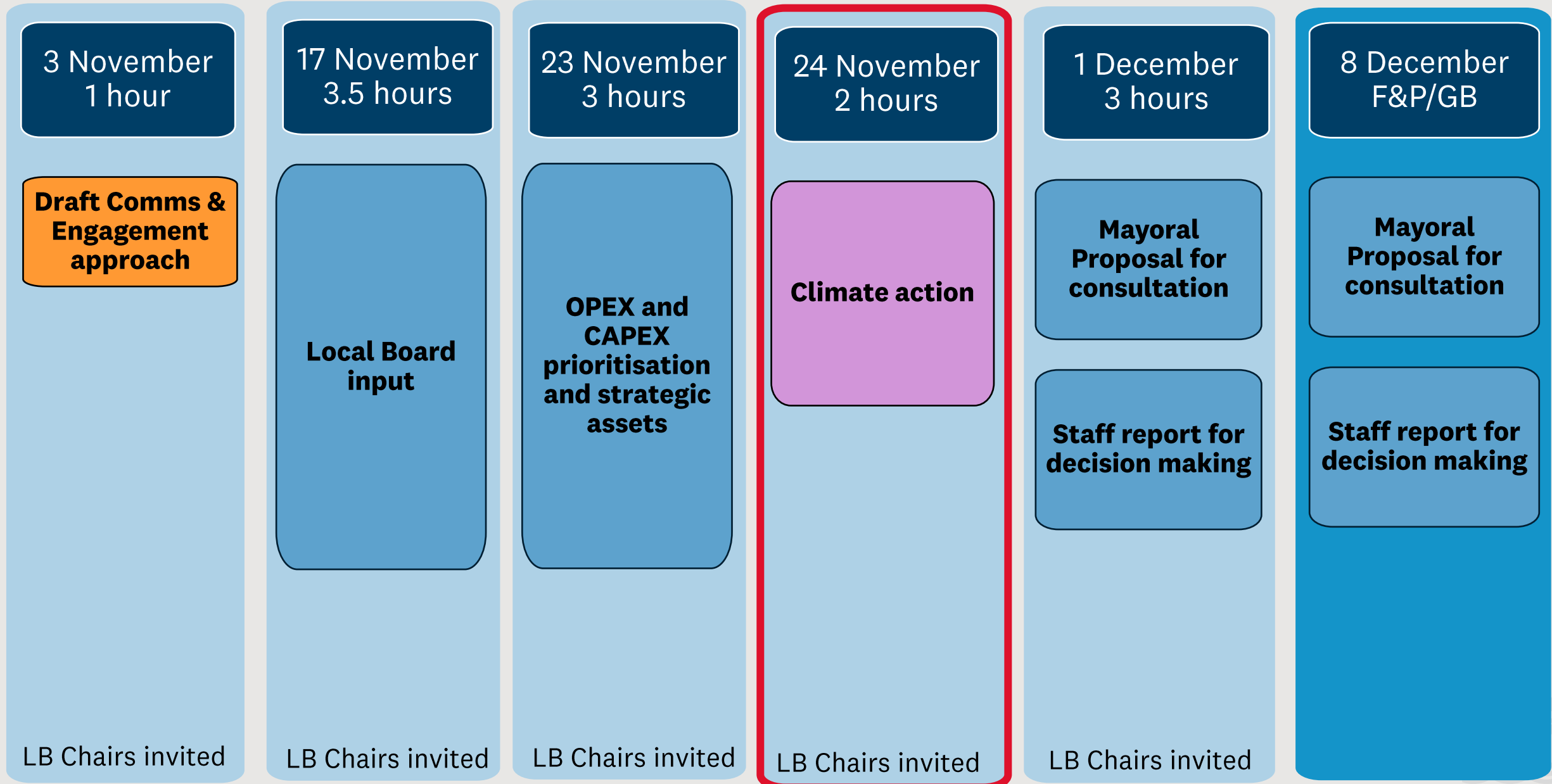
27 October
3 hours

Revaluations

APTR

LB Chairs invited

Finance and Performance workshops & decision making meeting- 2021



Climate Action

Annual Budget 2022/2023



Today's agenda



Recap
13 Oct F&P workshop



**Refined climate
action package**
Changes since last
workshop



**Proposed
Targeted Rate**
Residential / Business



Recap

13 Oct F&P workshop



Climate Action Targeted Rate

Increasing funding for climate action to reduce emissions and prepare for the impacts of climate change.

An immediate focus on enhancing low carbon transport options and greening our neighbourhoods.

Better connecting Aucklanders by improving access to frequent, low-emissions public transport services and safe, convenient walking and cycling paths. Creating greener communities, with more trees in areas that need them most, to respond to warming neighbourhoods.



What are we looking for?

HIGH IMPACT

**ADDRESS
INEQUITY**

**WIDE
REGIONAL
BENEFITS**

**CAN BE
STARTED FAST**



Package that meet four key criteria

- HIGH IMPACT
- WIDE REGIONAL BENEFITS
- ADDRESS INEQUITY
- CAN BE STARTED FAST



Public Transport



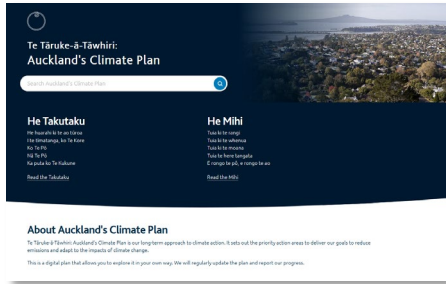
Active Network



Urban Ngahere



Targeted rate provide funding to deliver on and/or supports:



**Te Tāruke-ā-Tāwhiri:
Auckland's Climate
Plan**



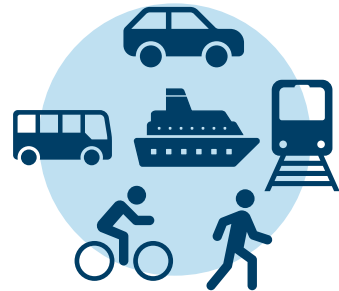
**Emissions
Reduction Plan**



Congestion pricing
Support in principle subject
to improvements in PT,
walking and cycling



Land use planning decisions
NPSUD, Future Development
Strategy, Growth model review



**Transport Emissions
Reduction Plan**



**Review of
parking
strategy**



**Review of
cycling
programme**



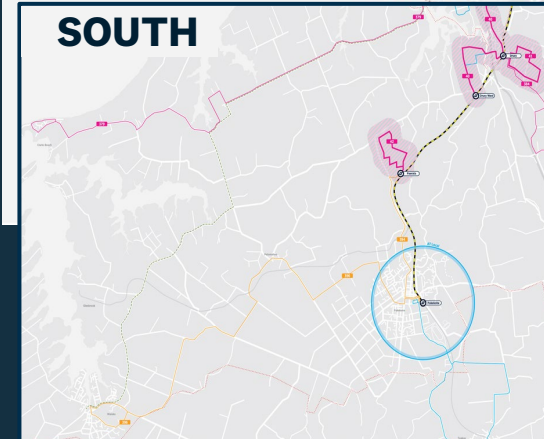
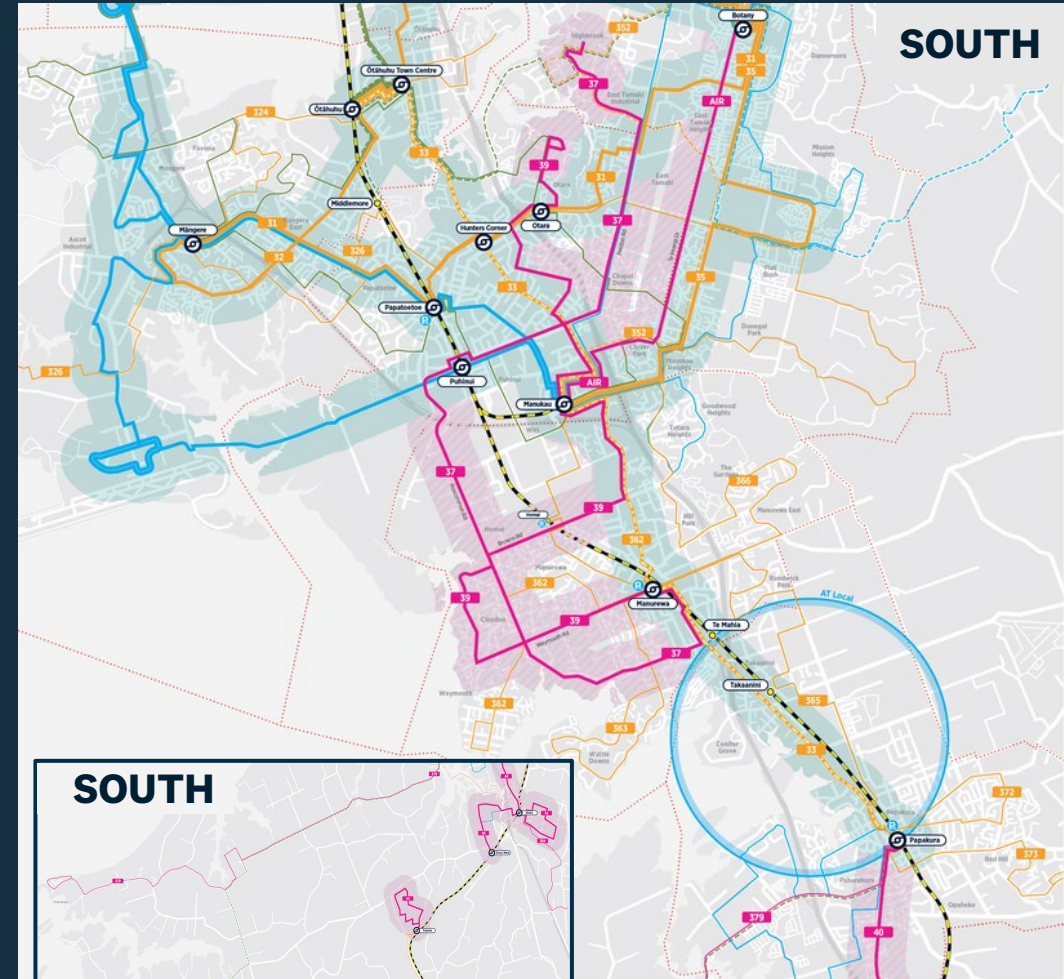
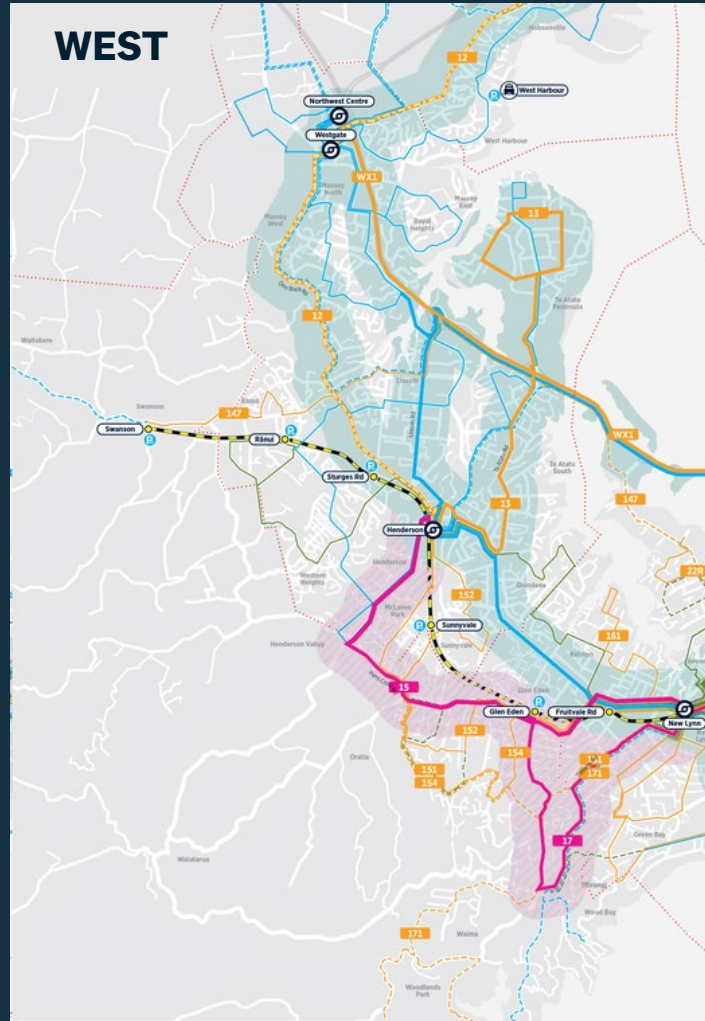


- Targets a 20% reduction in VKT by 2035
- Emphasis on reducing reliance on cars and increasing mode shift
- Substantial increase in investment in walking, cycling & PT
- More affordable PT
- Govt to work with council to implement congestion pricing phase one by 2025
- Aligns strongly with targeted rate and TERP



BUS Climate Action Package

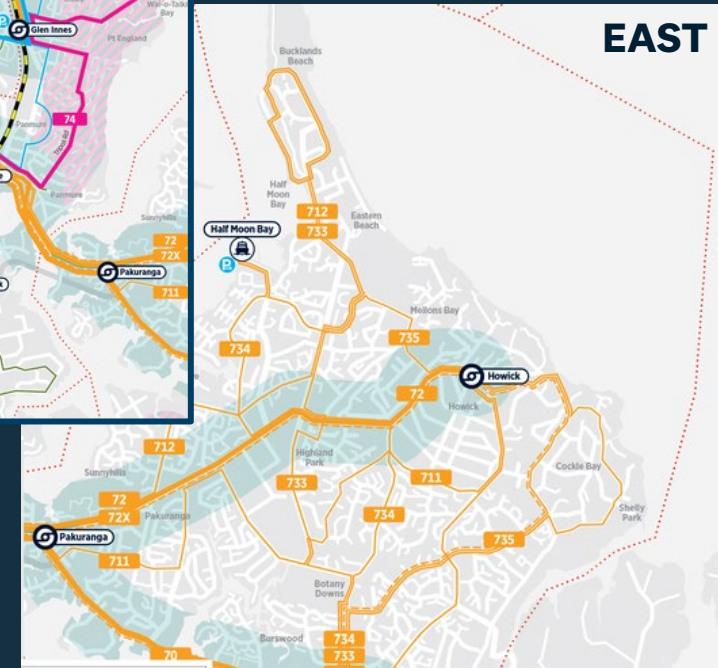
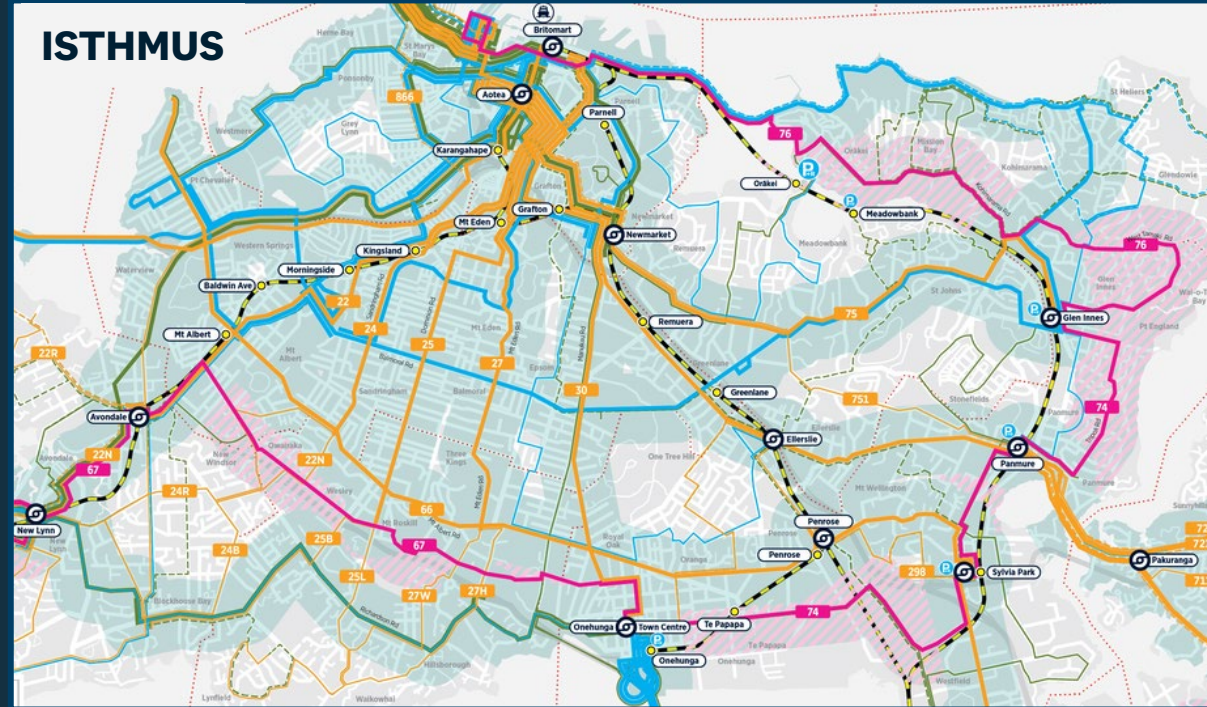
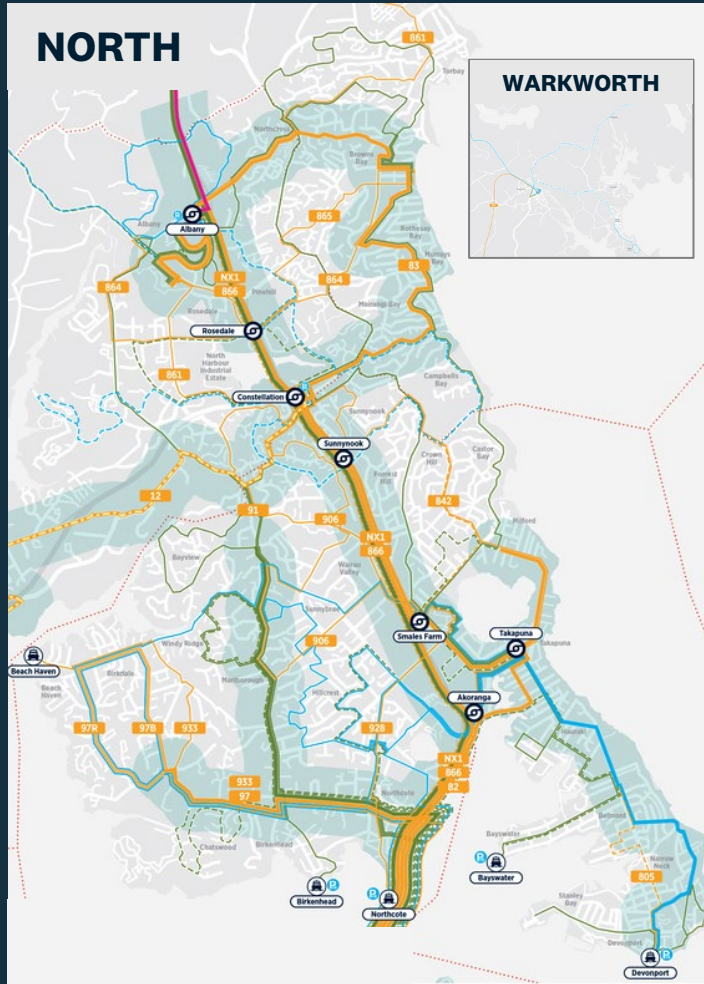
- 7 new Frequent routes in South / West Auckland, Tāmaki and Mt Roskill crosstown
- Frequent service on NX to Hibiscus Coast
- Numerous other service improvements across the network, with a particular focus on areas with lower service levels
- Will bring most Frequent and Connector routes up to Regional Public Transport Plan (RPTP) service standards
- Additional 66 low emission buses



- All costs and benefits were indicative and required further refinement
- No FAR/co-funding



BUS Climate Action Package

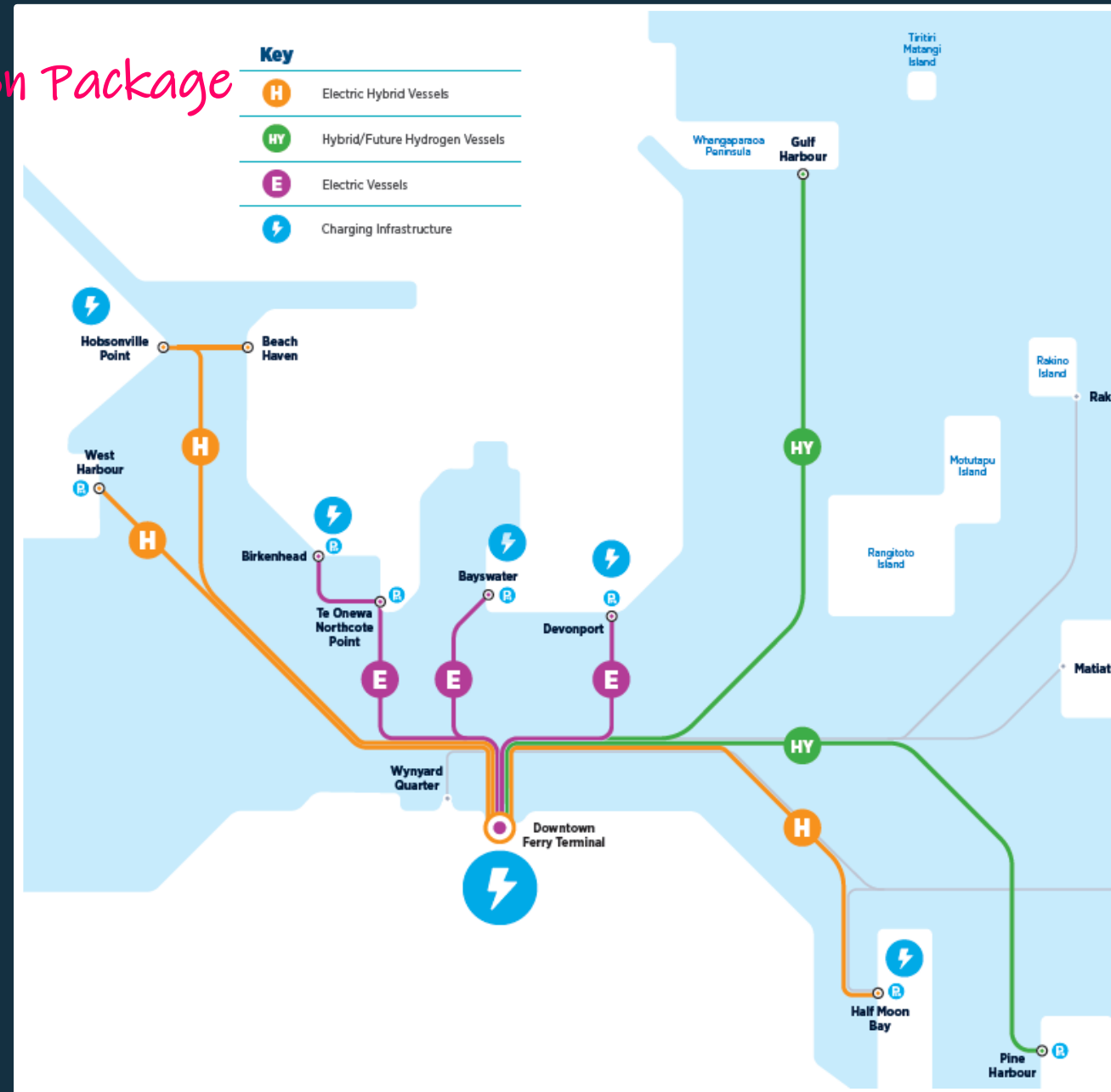


- All costs and benefits were indicative and required further refinement
- No FAR/co-funding



Ferry Climate Action Package

- 6-7 additional low emissions ferries
- Wharf upgrades and charging infrastructure

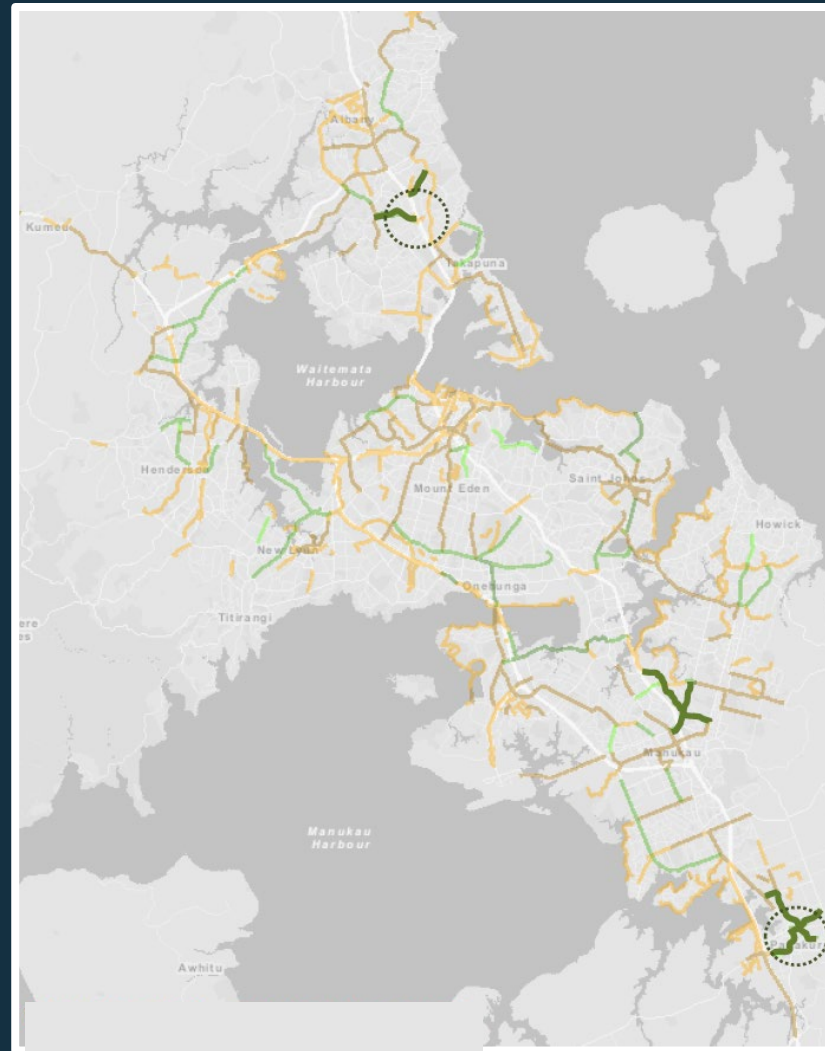


- All costs and benefits were indicative and required further refinement
- No FAR/co-funding



Cycling *Climate Action Package*

- Additional 18km of safe cycle facilities
- 7 Local Area Networks



- *All costs and benefits were indicative and required further refinement*
- *No FAR/co-funding*



Walking Climate Action Package

- Up to 35km of walking connectivity improvements on the primary Walking Strategic Network
- Walkability improvements for 1 Priority Area

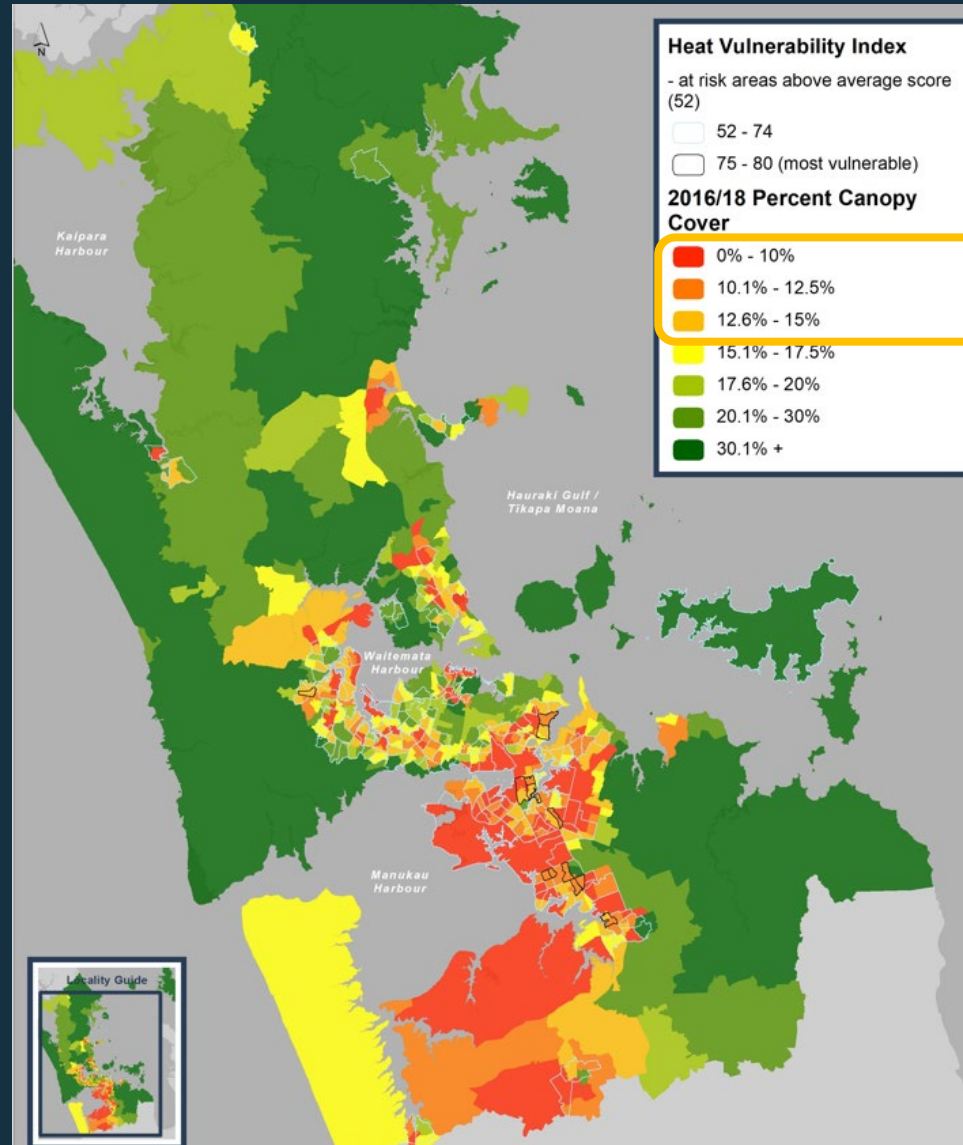


- All costs and benefits were indicative and required further refinement
- No FAR/co-funding



Urban Ngahere *Climate Action Package*

- 14,800 specimen trees planted, a focus on areas with most heat vulnerability/lowest canopy cover
- Over 4,000 trees/plants for tiny forests, food forests and māra kai and bush remnants
- Grants for rongoā planting



- All costs and benefits were indicative and required further refinement

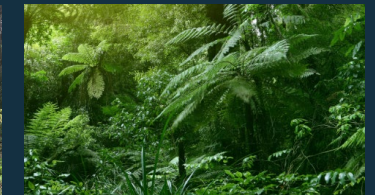
Area of focus



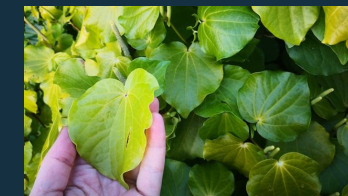
Tiny forests



Food forests & māra kai



Bush remnants



Rongoā planting

Heat Vulnerability Index at risk areas vs. canopy cover



Refined climate action package

Changes since the last workshop



CLIMATE ACTION PACKAGE

- Refine package (original scope + additional project)
- Refine patronage assumptions (revenue)
- Refine benefits (and co-benefits)
- Update indicative costings with detailed costings

FUNDING

- Co-funding from Central Government

TARGETED RATE

- Assessment against Section 101(3)
- Applying differentials
- General rates or targeted rate
- Affordability and capital value or fixed charge
- Proposed targeted rate for residential/business



Refined Scope

Original scope

+

Warkworth/Matakana/
Snells Beach shared
path

+

Improved bus service
peak frequency
between Warkworth
and Hibiscus Coast
station

Refined costs

Escalation

Year-on-year
escalation

Depreciation

Funded within this
targeted rate

Revenue

Revised revenue
projections

Co-funding

Ministerial confirmation
of FAR funding
commitment

Targeted rate

Funding required
over 10 years

\$574m



**Benefit Cost
Ratio 6.3**
(Stage 1)

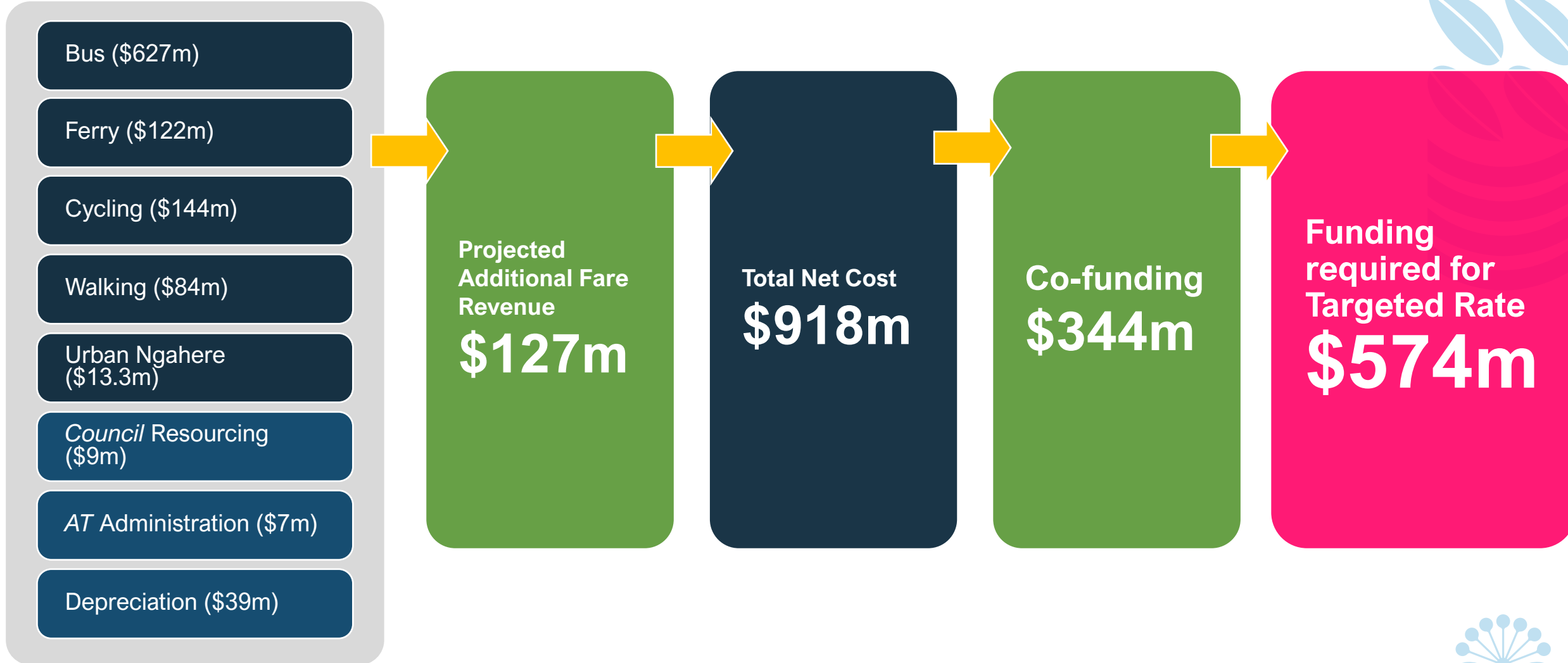


Warkworth/Matakana/Snells Beach shared path

- **Stage 1** of Matakana Coast Trail
- Most urban section – supports mode shift for surrounding high growth towns and schools
- **\$13m** requested to deliver **24km** of on and off-road shared paths (incl 40% construction contingency and 20% design/consenting contingency)
- Shovel ready by mid 2023 – 6-12 months construction
- No FAR if delivered before 2024/25
- 239k annual trips projected (140k local trips and 99k regional trips) – 4% annual growth rate



Refined option



Enabled through this package using *current modelling*



14.7M

Patronage increase
(2032)



47,000 TONNES

Emissions reduction
(over 10 years)

12,000 TONNES

Emissions reduction
(2032)

Policy settings expected from next year onwards (as signaled in Emissions Reduction Plan and elsewhere)

- Mode shift plan implementation
- Substantial increase in funding for PT/Active
- Cheaper fares
- Regulatory change to enable walking and cycling
- Congestion pricing
- Resource Management reform
- Parking Strategy
- Emissions Trading Scheme
- Greater intensification (e.g. NPS-UD)

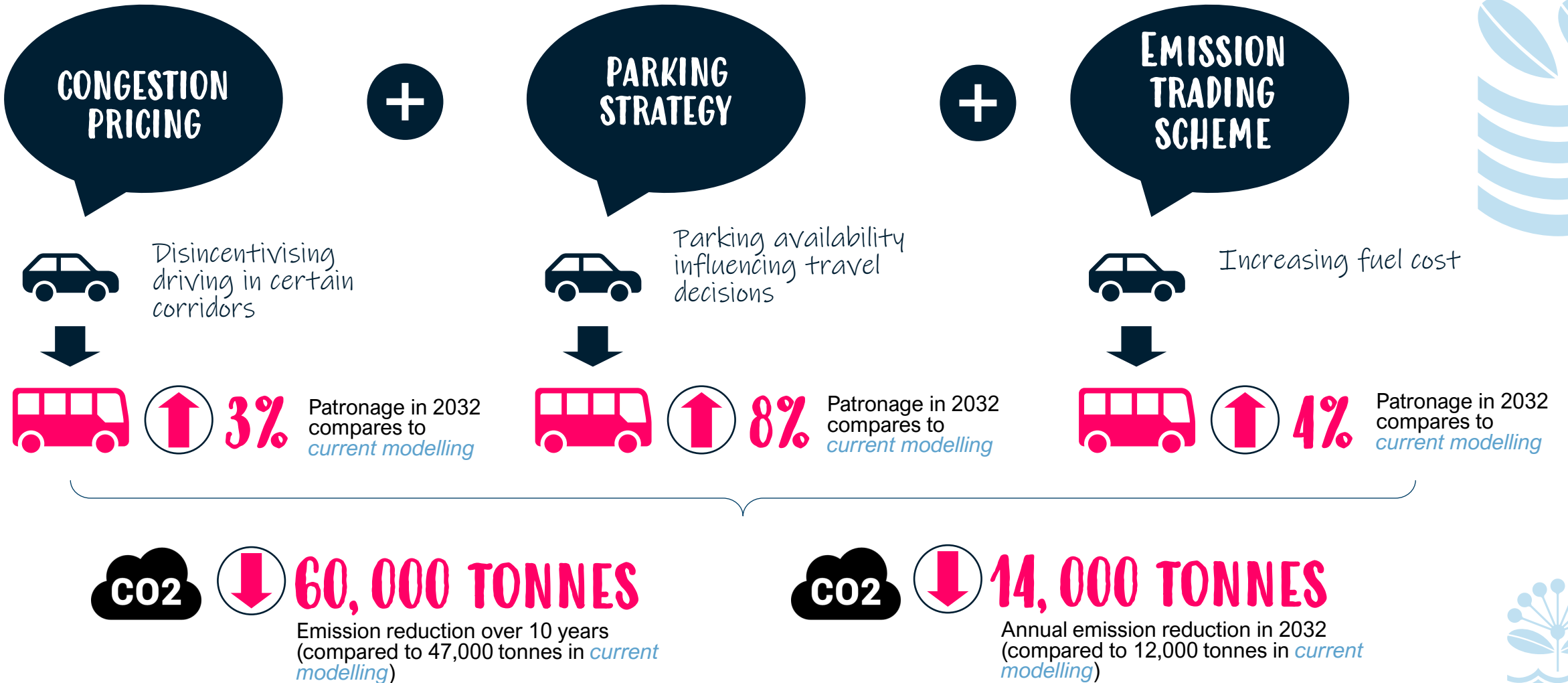


Not considered
in our current
modelling

Transformation of the transport system is expected. This will substantially increase the benefits of this package including emissions reduction.



Possible impacts on different policy settings, for example:



All routes with service improvements funded by the Targeted Rate

Transit lines

Style by line color

+ Add line

ALL LINES (87)

CATR proposed improvements

Just over 1,000,000 people (2018 Census) and 420,000 jobs within 500m of bus routes that will receive some level of improvement from the proposed targeted rate.

This ranges from an entirely new FTN route in South Auckland to routes which receive minor timetable improvements to take them up to full Connector standard (services at least every 30 minutes, 6am - 11pm, 7 days a week).

Favorite stats

87 lines & 548 vehicles

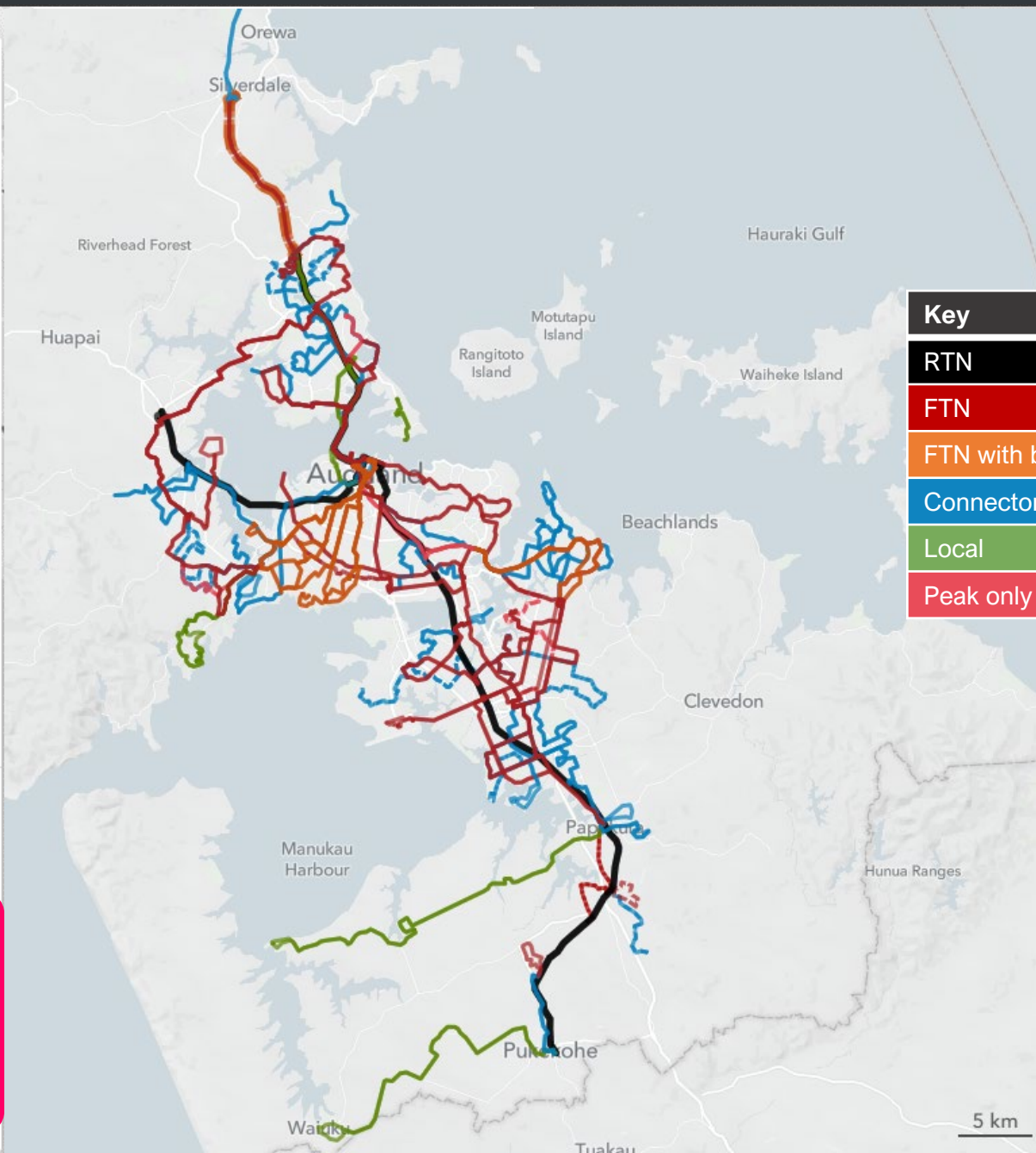
Within 500 m of stops:

~1,077,900 population (2018 census)

~420,100 jobs

~586,700 jobs 2026

~1,242,800 population 2026



Key
RTN
FTN
FTN with branches
Connector
Local
Peak only

Transit lines —

Style by line color ▾ + Add line

ALL LINES (210) ▾

Frequent Network (FTN) 2027
With the addition of CATR funding, approximately 170,000 more people (and 140,000 jobs) will be within 500m of FTN routes.

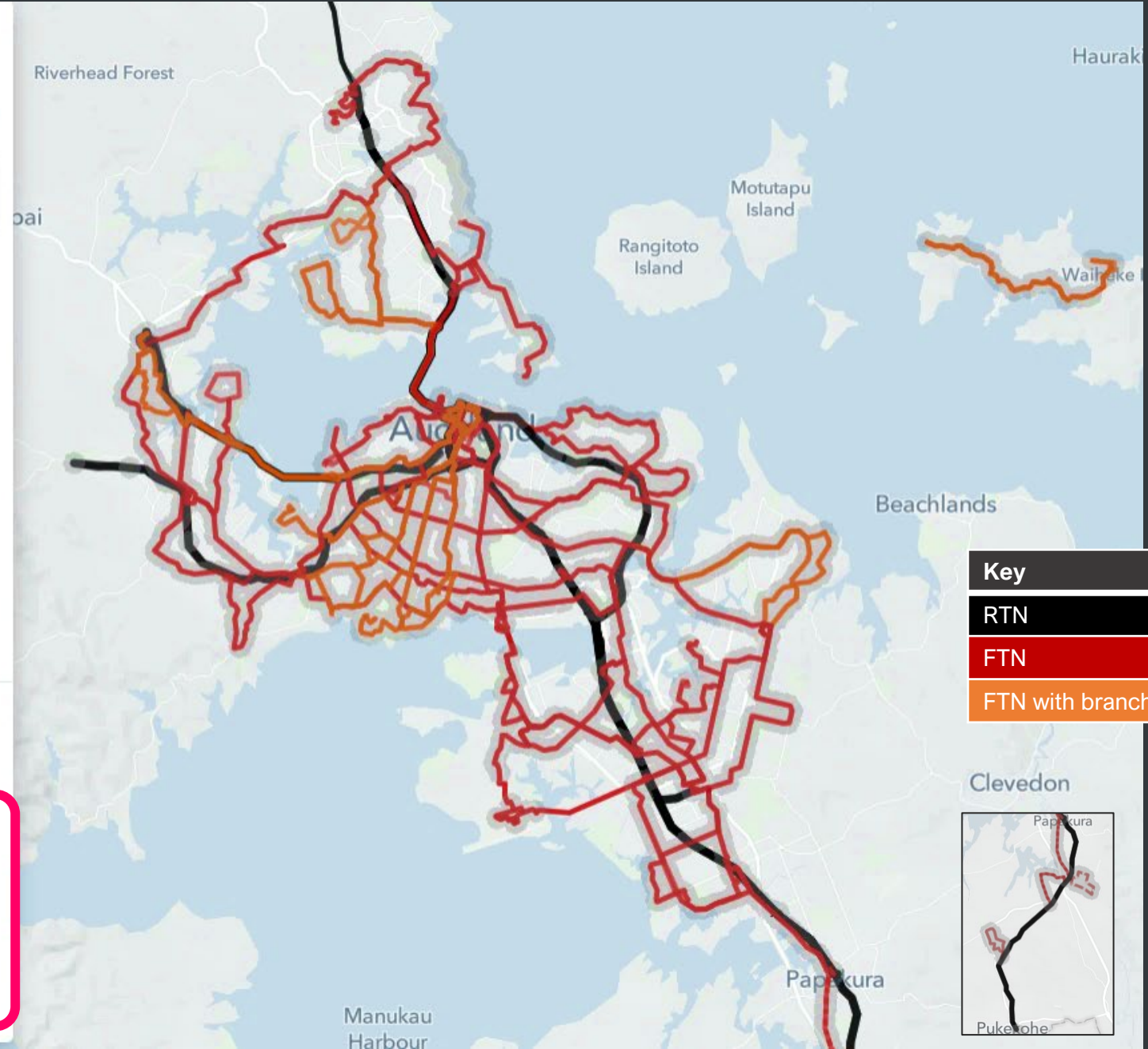
All FTN routes will have services at least every 15 minutes, 7am – 7pm, 7 days and at least every 30 minutes until 11pm.

Favorite stats —

62 lines & 506 vehicles

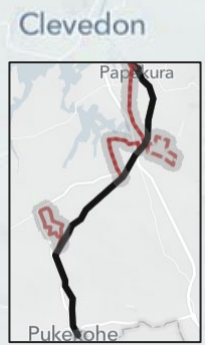
📍 Within 500 m of stops:

- ~ 882,200 population (2018 census)
- ~ 374,600 jobs
- ~ 515,500 jobs 2026
- ~ 1,049,200 population 2026



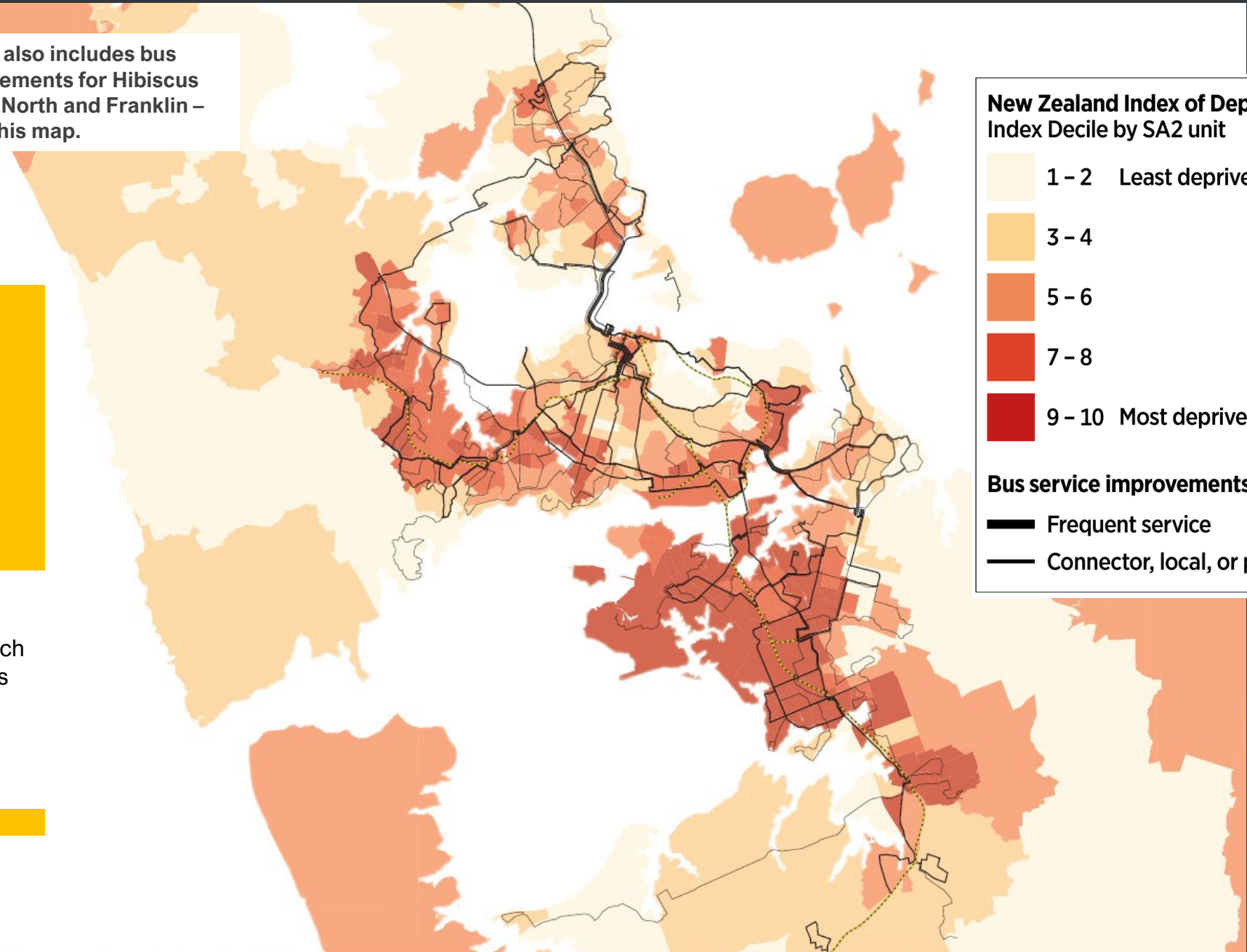
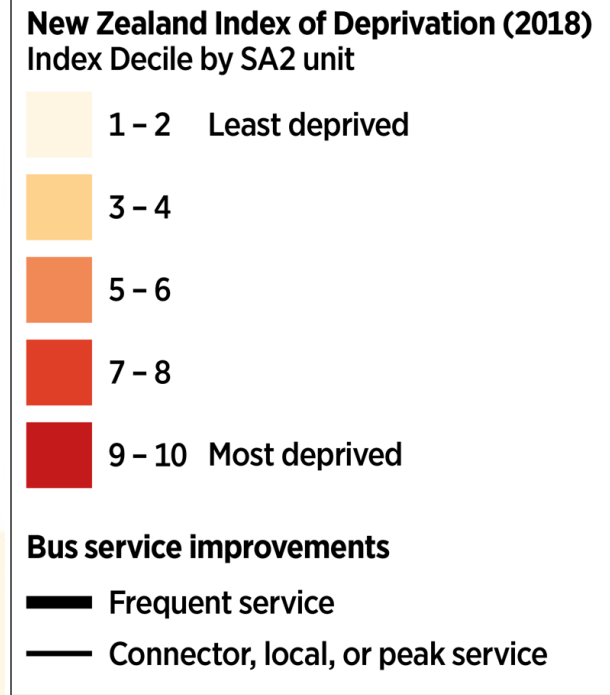
Key

- RTN
- FTN
- FTN with branches



All routes with service improvements funded by the Targeted Rate

CATR package also includes bus service improvements for Hibiscus Coast, Rodney North and Franklin – not shown on this map.



CATR proposed improvements
Bus routes that will receive some level of improvement from the proposed targeted rate, plotted against census units by level of deprivation

This ranges from an entirely new FTN route in South Auckland to routes which receive minor timetable improvements to take them up to full Connector standard (services at least every 30 minutes, 6am - 11pm, 7 days a week)

MODE SHIFT



Mode shift through improvements to public and active transport forms a **key part of many cities' climate plans** including *London, Paris* and *Singapore*

COVERAGE AND FREQUENCY



Improved frequencies and new routes have increased bus patronage in cities including *Canberra, Dublin* and *Vancouver*

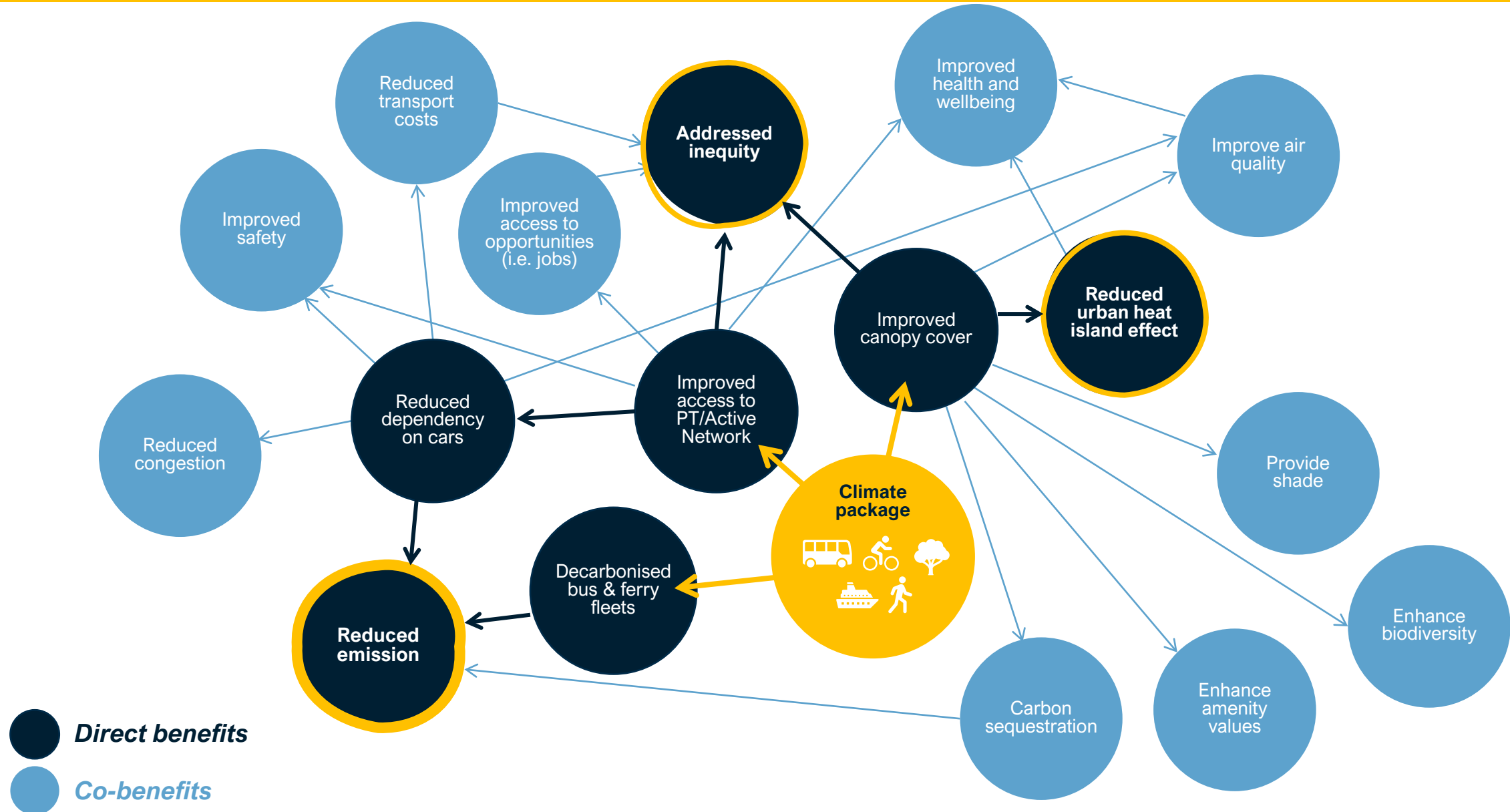
ELECTRIFICATION



Cities have also been **investing in electric buses** to accelerate their reduction in transport emissions including *Oslo, Medellín* and *Coventry*



Refined benefits (and co-benefits)



Proposed Targeted Rate

Residential/Business



Funding required
over 10 years

\$574m

- Contribution to community outcomes
- Benefits to community as a whole or particular groups ratepayers
- Drivers of costs expenditure addresses
- When benefits expected to occur
- What are the costs and benefits, including in relation to transparency and accountability, of funding the activity distinctly from other activities?
- What is the overall impact on the current and future social, economic, environmental and cultural wellbeing of the community, including considering the affordability of the rate?





General rates

- Mixture of adaption/emission reduction initiatives

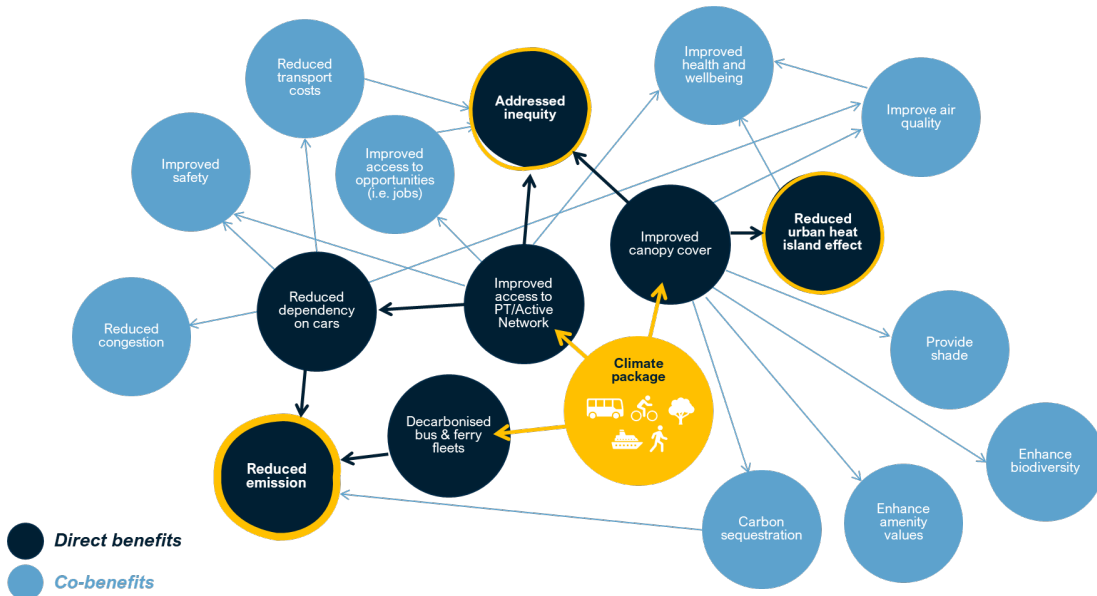


Targeted rate

- More transparency in decision making and implementation
- Only be used to fund projects it was raised for and enabled greater visibility of expenditure and outcomes
- Likely to generate more feedback specific to climate action

CAPEX investment (and depreciation) to be funded through targeted rate





- Range of benefits (and co-benefits) but key drivers for additional investment is aimed at:
 - **Reducing emissions**
 - **Supporting adaptation**
- Local benefits in areas receiving the investment
- Focused on underserved areas which will result in lifting service levels across the region



BY LAND USE

- Analysis done on comparing GHG emissions by rating land use categories
- Insufficient information to support *land use* as rates differentials

BY RATING SECTOR



- Analysis done on comparing GHG emissions, distribution of benefits and affordability by rating sector categories Business, Rural and Residential
- Recommend to apply same differentials as general rates



- Businesses are better able to manage additional costs and can claim back GST and expense rates against tax
- Owners of higher value properties will in general be better able to afford an increase in rates than the owners of lower value properties (but they already pay higher rates)
- The relation between property (capital) value and ability to pay is stronger for businesses than non-businesses
- Stronger support for setting the rate on a capital value basis for businesses than for non-business



Refined rate structure

- Business share at 25.8% (same level of WQTR/NETR)
- Rural residential and rural business set at 90% of urban residential and business respectively
- Farm/lifestyle set at 80% of urban residential
- Increase at the planned general rates increase of 3.5% per year



Average Rate	Per Year	Per week	Increase on general rate
Residential Average (CV value \$1,427,000)*	\$69.4	\$1.35	2.5%
Residential Median (CV \$1,180,000)	\$57.4	\$1.10	2.4%
Business Average (CV \$3,905,500)*	\$328.7	\$6.30	1.9%



Residential



Capital value
\$1m

Annual Rate
\$48.6

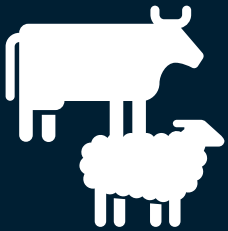
Median business



Capital value
\$1.15m

Annual Rate
\$96.8

Farm/Lifestyle



Capital value
\$5m

Annual Rate
\$194.5

Large business



Capital value
\$10m

Annual Rate
\$841.7



Annual rates examples (based on est. new CVs)

Rate in Dollar (\$)	Residential (urban)	Farm/Lifestyle	Business (urban)	Residential (Rural)
\$500,000	\$24.3	\$19.5	\$42.1	\$21.9
\$750,000	\$36.5	\$29.2	\$63.1	\$32.8
\$1,000,000	\$48.6	\$38.9	\$84.2	\$43.8
\$1,500,000	\$72.9	\$58.4	\$126.3	\$65.6
\$2,000,000	\$97.2	\$77.8	\$168.3	\$87.5
\$4,000,000	\$194.5	\$155.6	\$336.7	\$175.0



