Annual Budget 2022/2023

Mayoral Proposal

December 1, 2021

aucklandcouncil.govt.nz

Foreword

COVID-19 dominated our considerations for the Emergency Budget 2020/2021 and Recovery Budget 2021-2031 (10-year Budget), which focused on cushioning the immediate fiscal impacts on the Auckland Council group and supporting the city's economic recovery over time. This is the second year of the 10-year budget, and these strategic priorities remain our focus.

The current COVID-19 Delta outbreak continues to adversely affect council finances through continued loss in dividend from Auckland International Airport (AIAL) shares, lower revenue forecast from Ports of Auckland, public transport fares, cancelled events and the Amazon production of Lord of the Rings moving offshore. Economic factors such as higher inflation and interest rates are also adding cost pressures to council finances. This risk will need to be mitigated by operating cost reductions and a slow-down of capital programmes that is already occurring as a result of delays caused by COVID-19 lockdowns and supply chain constraints. In the coming financial year, there will be very little funding available for new expenditure.

COVID-19 will be with us for some time and creates ongoing uncertainty and heightened economic risks. While budget considerations may be dominated by the impact of COVID-19, the longer-term challenge of climate change must also be addressed. The city and country's goal to head off catastrophic impacts of climate warming on our environment and economy is to limit warming to 1.5°C. To do this we need to halve carbon emissions by 2030 which is just eight years away.

To that end, I propose a climate action package over 10 years as part of the Annual Budget 2022/2023 public consultation. It would be funded by a targeted rate, and co-funded from the government for transport activities as well as fare revenue. The proposed package focuses on transport and urban ngahere (forest), with a strong equity consideration for areas with greatest needs. It will improve transport choice for over 1 million Aucklanders who will be living within 500m of new or improved bus services. This represents valuable co-benefits across the city and region, with climate outcomes that will benefit everyone.

Experts here and overseas have told us the scale of the changes needed are enormous. This package is just one part of a range of actions necessary to ensure we do our part. It is additional to climate initiatives in the previous two budgets and will be the most significant yet by Council. It adds weight, meaning and mana to our Climate Emergency declaration. We must be able to say to future generations that we acted to tackle the climate crisis when we needed to.

We must walk the talk of the commitments we have made. The time is now.

Phil Goff

Mayor of Auckland

Our finances

Starting point

1. Annual Budget 2022/2023 is the second year of the 10-year Budget 2021-2031 (Recovery Budget), with $2.9 billion capital investment and $4.8 billion operating expenditure across the Auckland Council group. The planned increase in average general rates was set at 3.5 per cent and the debt to revenue ratio is projected to be 277 per cent. This is the starting point for next year. Our focus on the strategic priorities in the 10-year Budget such as climate change, environment, growth, community and Māori outcomes, remains unchanged.

COVID-19 re-incursion

2. The current Delta outbreak once again reduces council revenue, although some of the reductions were anticipated and provided for in the Recovery Budget. Combined with strong financial performance in the Emergency Budget last year, Council has had the capacity to manage the impact of the current outbreak this financial year without the need for immediate budget adjustments. However, the COVID-19 lockdown has lasted much longer and hit our revenue harder than anticipated, and we face a highly uncertain future.

Cost pressures

3. It is estimated the current outbreak will have temporary impacts on our revenue that are larger than anticipated in the Recovery Budget. This includes lower revenue from public transport, cancelled events, and lower ports revenue and airport dividend. On the other hand, the resilience of the economy is causing cost pressures through higher inflation and higher interest costs. They emerged quite quickly and prominently in the September quarter official statistics. How these trends will evolve over time is currently highly uncertain. Projections show Council's costs are rising, and capital programmes will be more expensive and likely delayed due to COVID-19 restrictions, labour and material shortages and supply chain bottlenecks.

4. A minor upside resulting from higher inflation is a modest increase in revenue forecast from council services. Delays in capital programmes would also slow down the pace of borrowing, which provides some short-term offset effect on consequential operating expenditure such as running cost of new assets, depreciation and interest payments, although this may be offset by rapidly rising capital cost inflation.

5. The government recently announced the Three Waters Reform support package for councils, consisting of $2 billion 'better off' funding and $500 million 'no worse off' funding. Auckland's allocation from the better off funding is around $509 million, approximately 25 per cent of the total $2 billion. The first tranche of $500 million from the better off funding will be available from 1 July 2022. Auckland can expect to receive approximately 25 per cent of that, around $127 million. The funding is intended to support a wide range of objectives and local wellbeing outcomes and can be used to meet operating and/or capital expenditure. Using the funding to mitigate the impact of COVID-19 on local community outcomes, especially on transition to a low-emission economy, housing and growth, local placemaking and community wellbeing, is consistent with this purpose.

6. The temporary and ongoing operating impacts are estimated to be $85 million for 2022/2023 and can be accommodated by the $127 million government funding. Of this, the ongoing operating cost pressure (estimated to be between $30 million to $40 million per annum beyond 2022/2023) remains and will need to be responded to in a sustainable way. This shortfall projection is principally driven by the inflation and interest rate trends. Council staff have also

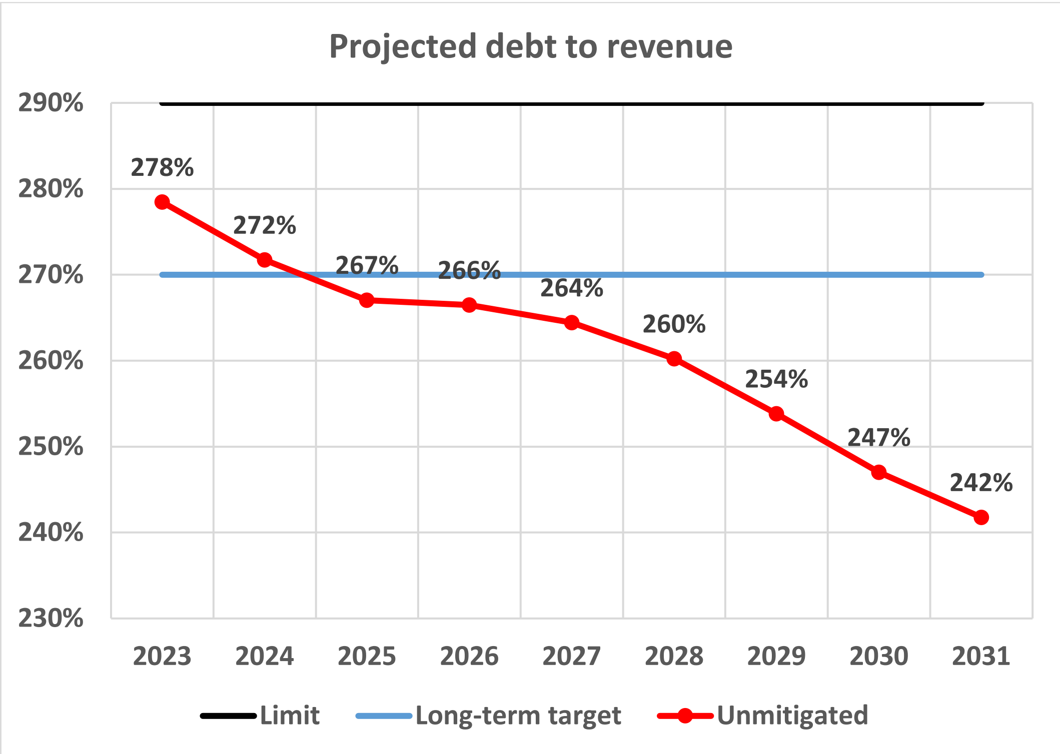
advised the need for contingency funding of $40 million, given the current risks of further rising inflation and interest rates.

7. There is a high degree of uncertainty within the forecast and trends in the current environment. For now, the above is the projection based on what we know and can reasonably predict. The estimates could change significantly next year. We need to use the time we have over the coming year to plan for longer-term responses to future changes and be prepared to be adaptive to changing and uncertain times.

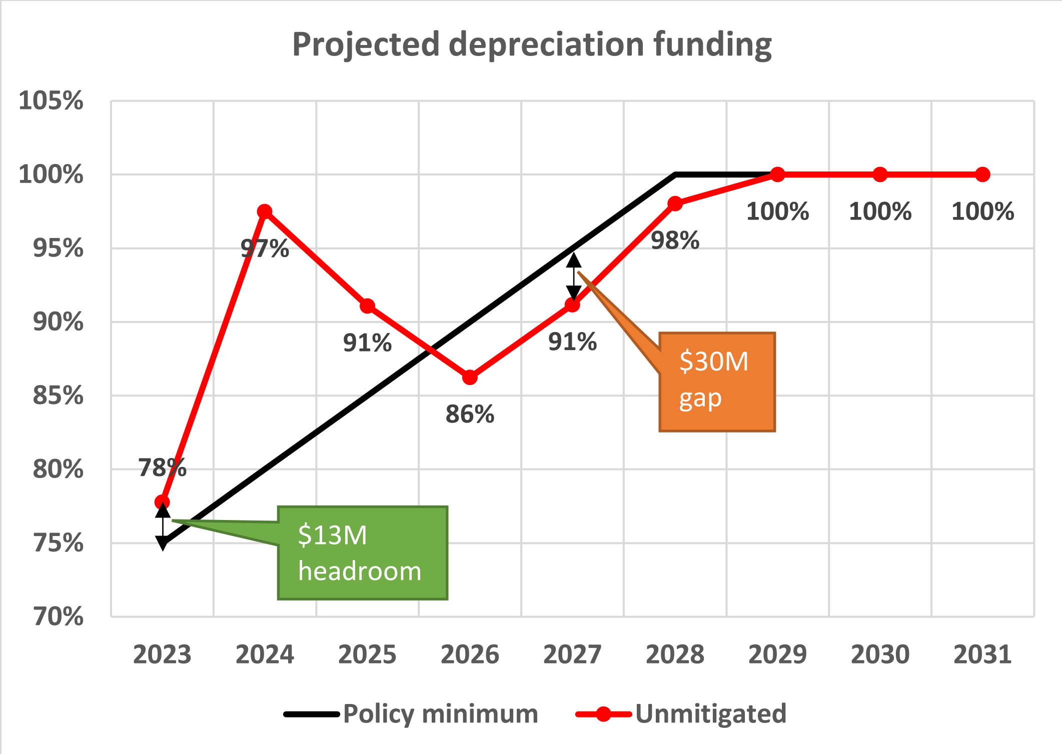
Implications

8. While we are currently comfortably within our debt to revenue ratio of 290 per cent, we need to take account of future risks.

9. If we simply borrow to pay for the ongoing operating pressure, which I do not support, the projected debt to revenue ratio is estimated to peak at 278 per cent in the main scenario, reducing to below 270 per cent in 2024/2025. However, there is significant uncertainty ahead, which means the peak could be higher than 278 per cent and it could stay above 270 per cent for longer.



10. While $30 million to $40 million ongoing pressure is less than 1 per cent of our operating expenditure budget, without interventions it could delay fully funding depreciation by one to two years.



11. Fully funding depreciation means the operating revenue is sufficient to meet operating expenditure – the budget is balanced. Council sets out a pathway in the 10-year Budget to fund an increasing proportion of depreciation each year until 100 per cent in 2027/2028. We need to ensure our budget provides for at least minimum depreciation funding required under the policy each year until reaching the 100 per cent target in 2027/2028.

12. The current projection shows that Council would be funding depreciation above the policy minimum over the next three financial years, but fall below the policy minimum from 2025/2026, and reach 100 per cent depreciation funding by 2028/2029. This outcome would result from Council taking no action other than borrowing to cover those operating cost pressures. This would not be prudent. Therefore, we need to put in place a combination of measures to ensure the estimated gaps between funded depreciation and the policy minimum in the years between 2025/2026 to 2027/2028 can be closed (i.e. to shift the trajectory above policy limit).

Mitigating measures

13. **Asset sales** is not an appropriate policy response to close an operating gap, especially income-generating assets. Asset sales could only be justified to fund strategically more important capital investment. Divesting assets and using the proceeds to meet operating shortfall is similar to borrowing in the long term to pay for operating shortfall, which we should not do.

14. Council's shareholding in Auckland International Airport Limited will return dividend income in the medium to long run. Partial or full divestment could reduce debt in the short term and result in interest cost saving. However, as illustrated in the staff report, over time the cost from dividend foregone outweighs the benefit from interest cost saving. Furthermore, once the proceeds are re-invested in other assets that do not generate revenue, which is what is likely to happen, the interest cost saving will evaporate, leaving an operating gap again equivalent to the size of dividend income forgone.

15. I do not support any partial or full divestment of AIAL shares for next year's budget. Nor do I believe there is a need to amend Council's Auckland International Airport Shareholding Policy in this annual budget process to provide for the ability to divest. Airport shares are defined as a strategic asset by the Local Government Act 2002. Strategic assets can be sold if the sale is provided for in the 10-year Budget. If it is not provided for, amendment to the 10-year Budget can be made through any future annual budget or 10-year Budget consultation.

16. **Efficiency saving** is another consideration. Efficiency saving means cutting cost without reducing service levels. Staff advise that at this stage, any further cost reductions will almost certainly come with service level cuts as opposed to efficiency saving. While the current target of $90 million per annum of efficiency savings and cost reductions for the council parent may be challenging, that is what we have undertaken to do in the Recovery Budget. We need to continue to strive to be more efficient and reduce low priority spending. We need to take a group perspective and explore value for money opportunities. The recently initiated group shared services work, as recommended in the CCO Review, is a good example of how we might streamline transactional and back-office functions as a group.

17. **Service reductions** options advised by staff represent a staged approach to permanently reduce the council cost base and services. Further work needs to be done over the next year to identify permanent service level reductions options from 2023/2024 onwards based on the draft prioritisation criteria recommended by staff, which we would consult the public on. Service reductions from 2023/2024 onwards would be consulted on in annual budget and 10-year Budget processes as they are identified.

18. Regarding the **capital programme**, there will be some natural slow-down in delivery of some capital projects and programmes because of COVID-19 delays and supply chain constraints. These reductions will largely be offset by higher capital investment requirements as a result of capital cost escalation. We may need to defer low to medium-risk projects to ensure high and critical-risk projects are still funded. Some further operational savings from lower interest, depreciation and running costs could be available if additional steps to slow the capital programme were taken.

19. The option of a higher **general rates** increase is not one we need to take in this budget. An additional 1 per cent general rates brings around $20 million revenue at present. I do not believe using this lever is warranted next year. Staff suggest that an additional 4.5 per cent increase in average general rates would cover $70 million to $80 million per annum ongoing operating cost pressures plus risks, and would ensure Council is on track to achieve fully funding depreciation by 2028. This would bring next year's general rates increase to 8 per cent on average. I do not support this and do not believe this would be acceptable to ratepayers.

Proposed mitigation

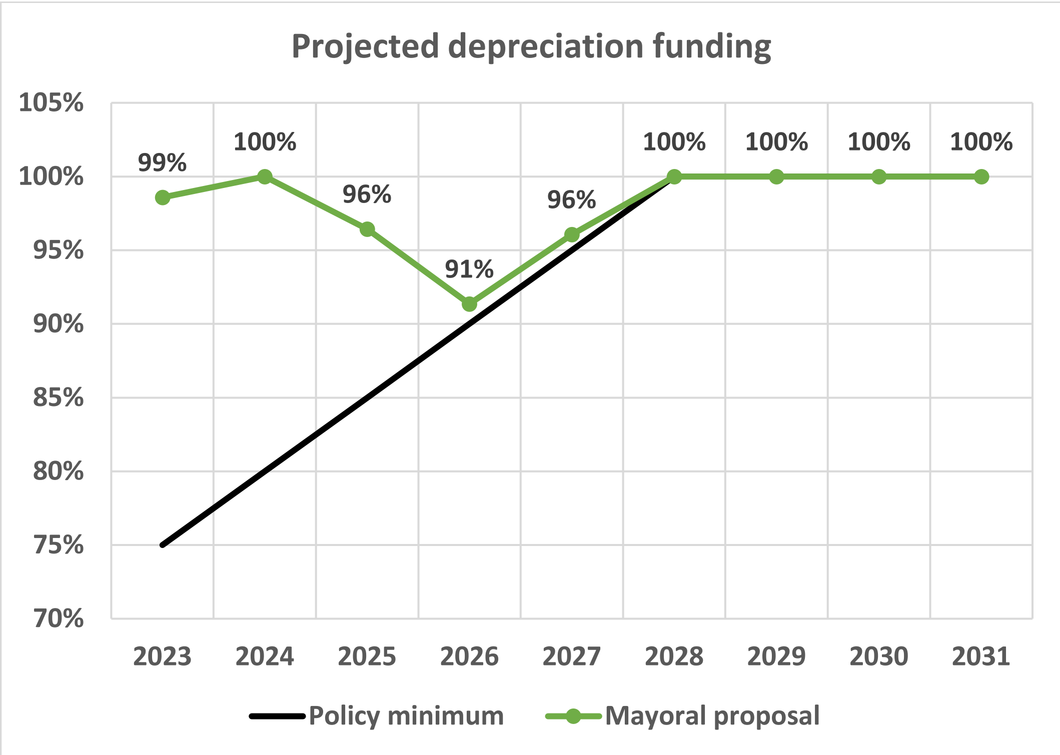
20. We can use each of the above measures to a varying degree with different effectiveness in alleviating operating cost pressures. The approach I propose for consultation consists of:

    - maintaining the current capital investment profile over the next three years in response to the inflationary pressure, allowing a natural slow-down caused by COVID-19 delays and supply chain constraints but ensuring high and critical-risk projects are prioritised.

    - consulting on a set of draft expenditure prioritisation criteria (Appendix 1) in 2022/2023 Annual Budget and applying them to implement $15 million of permanent cost reductions in the form of efficiency saving and service reductions across the group in 2023/2024, growing to $30 million per annum from 2024/2025 onwards. I propose tasking the Chief Executive to work with CCOs to implement this.

- increasing the average general rates by 3.5 per cent for 2022/2023 as planned.

21. This is a balanced approach that recognises the need to set out a pathway to avoid delays in fully funding depreciation by 2027/2028. The above mitigation would close the estimated depreciation funding gaps between 2025/2026 and 2027/2028.



22. The proposal does not provide for the $40 million contingency that staff advised in anticipation of uncertainties ahead, which is in addition to the $30 million to $40 million ongoing cost pressure projection.

23. I note that near to medium-term uncertainty is high. It is possible that economic conditions could deteriorate, or new variants of the virus could cause further waves of damage, which would bring further downside risks. It is difficult at this point to estimate and demonstrate how much buffer is required. We need to re-assess the situation early next year. If the risks materialise, we will need to respond appropriately, which may include further operating cost reductions and capital deferrals.

Climate Action

Why now?

24. As New Zealand's largest city, Auckland has a responsibility to contribute to combating climate change, to head off catastrophic environmental and economic impacts on our children and grandchildren.

25. There is never a good time to have to raise extra revenue, and with the impact of COVID-19 reducing our income, it makes it tougher at present. But long after COVID-19 ceases to be a

major threat to us, there will be the ongoing crisis caused by climate change. We cannot afford to continue to put off the action needed to avoid a climate disaster, with only eight years from 2022 remaining to meet our target of halving carbon emissions.

26. Action is already underway by Council, but we have heard clearly from Aucklanders that we need to do more. We must be able to say to future generations that we took every action possible to tackle the climate crisis.

27. I propose for public consultation a $1 billion climate action package over 10 years funded by a targeted rate, co-funding from Government and an increase in fare revenue from mode shift to public transport.

What is it?

28. The principles for allocating this funding are simple. The package must have high impact and wide regional benefit, address inequity, and start fast. The package benefits everyone because it reduces emissions in Auckland, but it also produces valuable co-benefits for Aucklanders.

29. It will fund more frequent and accessible bus services, low-emission ferries, greater opportunities for walking and cycling, and urban ngahere (forest) to combat climate change and make our city more liveable.

30. The bus component of the package will result in 14.7 million additional annual bus trips by 2032. Over 1 million people and 420,000 jobs are within 500m of bus routes that will receive benefit from improvement.

31. The package will also include six to seven additional low-emissions ferries, wharf upgrades and battery charging infrastructure, an additional 18km of safe cycle facilities, seven local area cycling networks, and at least 35km of walking connectivity improvements across Auckland.

32. Further, the climate action package includes measures to adapt to the impacts of climate change with the funding of 14,800 mature, native trees planted in areas with most heat vulnerability and lowest canopy cover. Funding will be provided for over 4000 trees and plants for tiny forests, food forests, māra kai and bush remnants, as well as grants for rongoā planting.

33. Councillors were unanimous in declaring a Climate Emergency. We must now walk the talk and take tangible action if we are to achieve our commitments in our Climate Action Plan and reduce transport emissions by 64 per cent by 2030.

How to pay for it?

34. This $1 billion package of climate action over 10 years is proposed to be funded by a region-wide differentiated targeted rate based on property value ($574 million), as well as public transport fare revenue ($127 million) and co-funding from the government for transport activities ($344 million). The co-funding assumption is reasonable because the government has released its draft emission reduction plan which clearly signalled the intention to invest in reducing transport emissions. This aligns with objectives of the proposed package. The Minister of Transport has confirmed in principle support for the package, and that it aligns with the direction to be taken by the central government. The Government’s Emissions Reduction Plan, budget imperatives and national policy statement will require action to be taken by councils alongside others and carbon emission reductions will feature as a critical priority in future decisions in the Auckland Transport Alignment Project (ATAP) and Regional Land Transport Plan (RLTP).

35. Based on analysis of unaudited revaluation data, the Climate Action Targeted Rate (CATR) for the median value residential property[1] would cost $1.10 a week or $57.37 a year, representing a 2.4 per cent increase on general rates. With 89 per cent of Aucklanders stating Auckland Council has a critical role to play in helping Auckland prepare for the impacts of climate change, and strong support for improving our public transport system, I believe that Aucklanders will support this package.

Property category	Capital value	Annual rate	Weekly cost
Median rural residential property	$1,050,000	$45.90	$0.88
Median business property	$1,150,000	$96.80	$1.86
Median urban residential property	$1,200,000	$58.30	$1.12
Median farm/lifestyle property	$1,725,000	$67.10	$1.29

36. The tangible improvements in public transport services, walking and cycling, and tree canopy cover are valuable co-benefits, but the wider goal is to lay the foundation for future reductions in emissions and reducing the impact of global warming, which benefits everyone. A region-wide targeted rate is appropriate. A targeted rate is favoured over general rates because it provides more transparency and accountability in decision-making and implementation, as it can only be used to fund activities it was raised for.

37. There is never a good time to raise rates even if the purpose for which that is being done is both important and indeed critical. The purpose of consultation is to allow the public to consider the options we are putting to them and for the public to have the opportunity to express their views on them.

Why should you support it?

38. This year the UN Intergovernmental Panel on Climate Change and leaders at COP26 have emphasised that action must be taken now to head off climate catastrophe. We cannot wait. This package is one part of what we have to do to meet our responsibilities. This is additional to other climate initiatives by Council including the $152 million package in the 10-year Budget. We must be able to say to future generations that we used every tool in the toolbox to tackle the climate crisis.

39. The proposed climate action package adds weight, meaning and mana to our Climate Emergency declaration. We need to act now if we are to achieve the commitment to halving New Zealand's emission by 2030 to help keep global temperature rises below 1.5°C.

Key points

40. I propose the following key items for consultation as part of Annual Budget 2022/2023.

    a. a base budget package proposal based on the second year of the 10-year Budget 2021-2031, taking into account the impact of the COVID-19 Delta outbreak and current economic conditions, and

        i. maintaining the current capital investment profile over the next three years. While the inflationary pressure may be partially mitigated by the natural slow-down caused by COVID-19 delays and supply chain constraints, this may require

[1] Including both urban and rural residential properties.

some deliberate deferrals of capital projects and programmes. In working through this we will ensure high and critical-risk projects are prioritised.

ii. consulting on a set of draft expenditure prioritisation criteria (Appendix 1) in 2022/2023 Annual Budget and applying them to implement $15 million of permanent cost reductions in the form of efficiency saving and low-priority service reductions across the group in 2023/2024, growing to $30 million per annum from 2024/2025 onwards. We need to task the Chief Executive to work with CCOs to implement this.

iii. noting further operating cost reductions and capital deferrals over the next three years may be required if further budget risks materialise.

iv. increasing the average general rates by 3.5 per cent for 2022/2023 as planned.

b. a package of further climate actions in addition to the base budget proposal to reduce emissions and support adaptation, including:

    i. approximately $1 billion expenditure over 10 years towards improving bus and ferry services, providing for walking and cycling, and increasing tree canopy in communities which need it most.

    ii. a Climate Action Targeted Rate providing for $574 million over 10 years to fund climate action, with the remainder funded by government co-funding ($344 million) and fare revenue ($127 million).

    iii. the targeted rate is based on capital value with 25.8 per cent to be raised from business properties and 74.2 per cent from non-business, rising by 3.5 per cent each year, the same as the Water Quality Targeted Rate. The rate is to be differentiated within the business and non-business sectors on the same basis as the general rate.

Appendix 1: Draft expenditure prioritisation criteria

	Must do?	Should do?	Could do?	Won't do?
Tests:	Mandatory requirement	Strategically aligned to priority objectives	Value and risk	Low strategic alignment and low value for money (cost, utilisation, benefits, risk)
Asks:	Is there a clear legislative imperative for this service and expenditure?	Is the expenditure aligned to council priority objectives and aligned to identified essential services?	Is the expenditure aligned to the 10-year budget and provides positive benefits and/or manages risks?	Is there market failure? Is the activity Government's role? Does the expenditure detrimentally impact priority objectives
Criteria:	Yes or no	**Priority objectives** Climate adaptation Māori Outcomes Transport mode shift Road safety Environmental improvement Community well-being Improving equity	<u>Benefits</u> Financial Non-financial (4 well-being's), customer <u>Risks</u> Current Future	Yes or no
Optimisation opportunities	Do more / less Do differently Do better	Do more / less Do differently Do better	Do more / less Do differently Do better	Stop
Achievability	Does the council have the internal capacity and capability to deliver? Is there an effective supply market? Is another organisation better placed to deliver services?	Does the council have the internal capacity and capability to deliver? Is there an effective supply market? Is another organisation better placed to deliver services?	Does the council have the internal capacity and capability to deliver? Is there an effective supply market? Is another organisation better placed to deliver services?	
Affordability and priority	Expenditure council **must** make	Is expenditure within budget parameters? Expenditure council **should** make after meeting all "must do"	Is expenditure within budget parameters after all "should do"? Expenditure council may make after meeting must and should do Prioritise expenditure with the biggest value, benefit, reduces risk	Expenditure council **should not** make

Appendix 2: Annual Budget 2022/2023 Climate Action Targeted Rate

Purpose of the climate action targeted rate

Increasing funding for climate action to reduce emissions, lay the foundation to enable further reductions in the future, and prepare for the impacts of climate change, with an immediate focus on enhancing low carbon transport options and greening our neighbourhoods.

Executive Summary

In June 2019, Auckland Council unanimously declared a Climate Emergency, recognising our region's role in limiting global temperature rise to 1.5 degrees Celsius. In response to this declaration, two core goals were established for our region through Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan:

- Halving regional emissions by 2030 and reaching net zero emissions by 2050
- Taking a precautionary approach to planning for the impacts of climate change

These goals cannot be achieved by any one individual or organisation. They require bold and ambitious action by individuals, communities, businesses, mana whenua and government, as well as Council.

Council is already contributing to climate action but we know we need to do more, particularly in the transport sector given that 43.4 per cent of Auckland's regional emissions are from transport. Building on the climate investments Auckland Council has already made in the 2021-2031 10-year budget and the 2021-2031 Regional Land Transport Plan, we are proposing a targeted rate of $574m over the next 10 years ($1.12 per week for the median value urban residential property). The $574m targeted over the period 2022-2032 will be used to leverage a $1.045 billion investment in climate action as proposed transport investments can be used to unlock Government co-funding and fare revenue.

The targeted rate is proposed to fund investments in buses, ferries, walking and cycling. The package's focus on transport has been chosen as this is the area where council can have the most impact on regional emissions while generating wide regional benefits and addressing existing inequity in the provision of services. Furthermore, the transport investments are necessary building blocks of the transport system transformation that is required to meet our emissions reduction targets. Central government direction and expected policy changes from next year will amplify the climate benefits.

The climate action package also includes measures to adapt to the impacts of climate change with the funding of 14,800 native trees planted in areas with most heat vulnerability and lowest canopy cover. Further funding will be provided for over 4,000 trees and plants for tiny forests, food forests, māra kai and bush remnants, as well as grants for rongoā planting.

Context

Auckland's climate commitment

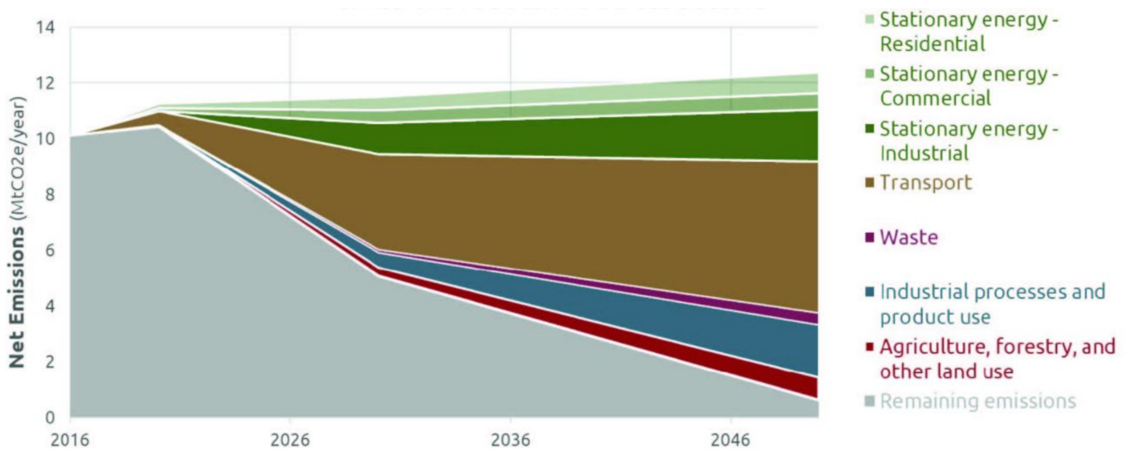
In June 2019, Auckland Council unanimously declared a Climate Emergency, recognising our region's role in limiting global temperature rise to 1.5 degrees Celsius. In response to this declaration, two core goals were established for our region through Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan to:

- Halve regional emissions by 2030 and reach net zero emissions by 2050
- Take a precautionary approach to planning for the impacts of climate change

Our modelled decarbonisation pathway towards net zero by 2050 shows that we need to achieve:

- 64% reduction in transport emissions
- 65% reduction in stationary energy
- 24% reduction in emissions from waste
- 15 % reduction in agricultural emissions

Figure 1. Modelled decarbonisation pathway showing net emissions reductions across sectors[1]



These goals cannot be achieved by any one individual or organisation. They require bold and ambitious action by individuals, communities, businesses, mana whenua and government, as well as Council. Additionally, these ambitions can only be achieved if we finance measures that drive down emissions.

[1] Auckland Council, *Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan* (2019)

Key issues to address

43.4% of Auckland's total emissions come from transport which has increased by 86% between 1990 and 2018. The majority of our transport emissions are attributed to the use of cars and light commercial vehicles and only 39.5 per cent of Auckland's population live within 500m walking distance of frequent public transport. Congestion is getting worse with our growing population and is projected to continue increasing over the next 30 years. Transport costs have continued to rise over the past decade and it will be more expensive to drive with the introduction of a number of policy interventions such as congestion pricing. We need to provide Aucklanders with public and active transport alternatives to enable an equitable transition.

Even if we are able to reduce emissions, we still need to plan for increasing temperatures and extreme weather including increased severity and frequency of floods and droughts. This is reinforced by the IPCC Sixth Assessment Report which found warmer temperatures will be experienced in urban centres due to urban heat island effects[2]. The scale of these impacts will vary across Auckland and the costs of transition are falling disproportionately on those least able to bear it.[3]

Increased expectations from Central Government

The Climate Change Response (Zero Carbon) Amendment Act adopted in 2019 sets out international and domestic targets with the first emission budget to be released in 2022. In the advice to Central Government in preparation of the emission budgets, the Climate Change Commission highlighted the need to provide affordable, reliable, convenient and low emissions alternatives in order to achieve the scale of change required[4]. This is reinforced by the recently released Emission Reduction Plan discussion document that indicates:

- A 20% reduction target in Vehicles Kilometres Travelled (VKT) by 2035
- An emphasis on a reducing reliance on cars and increasing mode shift
- An improved and more affordable public transport especially in disadvantaged areas

Clearer directions will be included in the National Emissions Reduction Plan and National Adaptation Plan (to be released in 2022). Council has made a start on including climate-related disclosures in our Annual Report which will become mandatory in 2023. The Resource Management System reform that is currently underway will also set expectations on land use planning to inform the proposed Climate Change Adaptation Act.

We've made a start, but need to do more

Auckland Council is making progress with the actions set out in Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan. A roadmap of our journey so far is included in Appendix A.

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[2] Intergovernmental Panel on Climate Change (IPCC), *Sixth Assessment Report* (2021)
[3] Auckland Council, *An Assessment of Vulnerability to Climate Change in Auckland* (2019)
[4] Climate Change Commission, *Ināia tonu nei: a low emissions future for Aotearoa – Advice to the New Zealand Government on its first three emissions budgets and direction for its emissions reduction plan 2022-2025* (2021)

The Annual Budget 2020/2021 provided funding for decarbonising council's fleet, phasing out boilers and foundation work to embed climate action in everything we do. A $152m Climate Package was proposed and adopted in the Recovery Budget (LTP) 2021-2031 with a range of initiatives for mitigation and adaption. Decisions on transport emissions (except the electrification of buses) were considered as part of the Regional Land Transport Plan (RLTP) 2021-2031 which was developed concurrently to the LTP. The RLTP has set aside capital investments of $3.3b towards public transport (including decarbonisation of part of the ferry fleet) and $600m on active modes such as walking and cycling. Feedback from both consultations highlighted that Council has an important role to play in terms of climate change and we will need to do more.

Despite this significant investment, we know that we will not achieve our climate goals without doing more. In particular, transformation of our transport system is required if we are to meet our emissions targets and Auckland Council has a key role to play by enabling mode shift. We need to take action on our climate commitments and maximise the opportunities created through existing and expected direction:

- Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan
- Transport Emissions Reduction Plan implementation
- Government's Emissions Reduction Plan
- Council's in principle support for congestion pricing (subject to improvements in PT, walking and cycling)
- Pending land use planning decisions related to
    - National Policy Statement on Urban Development
    - Future Development Strategy
    - Growth model review
- Review of the parking strategy

  Review of the cycling programme

We know most Aucklanders support more climate action

A recent survey shows 89% of Aucklanders believe Auckland Council has a critical role to play in helping Auckland prepare for the impacts of climate change, but just 5% think our current efforts to reduce emissions or climate impacts are effective[5].

Additionally, a Colmar Brunton poll showed eight out of ten Aucklanders support rapidly increasing the frequency, affordability, and availability of public transport. This aligns with the need to reduce Auckland's transport emissions by 64% by 2030[6].

[5] Auckland Council, *Auckland Climate Plan Research Report and Environment Insights and Threads Report* (2020)
[6] Auckland Council, *Public perception of Climate Action Colmar Brunton Poll* (2019)

Possible options for climate package

In developing a climate package that is appropriate for a targeted rate, we identified four criteria against which to measure the components of the climate package. The components of the climate package are public transport, active network and urban ngahere (forest). An assessment of the components of the climate package against the criteria is summarised below.

Table 1 Assessment against key criteria

Criteria	Public Transport	Active Network	Urban Ngahere
High impact Areas where Council can make the biggest impact	Focus on improving services to accelerate mode shift	Focus on improving access to city-wide network, to accelerate mode shift	Planting trees now to reduce future vulnerability to extreme heat
Wide regional benefits Overall outcomes benefit the whole of Auckland even though the interventions might be localised	Lift service levels across Auckland	Lift service levels across Auckland	Carbon sequestration and enhance amenity value of our parks and urban spaces
Address inequity Option can help address current inequity	Additional focus on areas with fewer transport choices	Additional focus on areas with fewer transport choices	Focused planting in areas with the lowest tree canopy cover and associated benefits
Can be started fast Significant analysis and planning has already been undertaken and implementation can be started quickly	Focus on service improvements rather than major new infrastructure	Focus on using space within existing road corridors to reduce costs and accelerate delivery	Building off existing analysis and planting plans

Two options for the climate package were considered that built on the funding commitments we have already made in the Recovery Budget and RLTP 2021-2031, and within an indicative 10-year targeted rate funding envelope of $600m which include:

- Bus improvements
- Ferry decarbonisation
- Cycling improvements
- Walking improvements
- Urban ngahere

Most components of both options were essentially the same, with one more heavily focused on bus improvements and the other on decarbonising the ferry fleet. Priorities were given for areas that are currently underserved to ensure we address inequity at the same time. An outline of both options is provided in Appendix B.

In comparison, the bus option would provide greater access across the region and was carried forward as the preferred climate action package. It is important to note that the proposed package does not constitute the whole of Council's response to climate change – instead the package is one tool in the toolbox focused on accelerating action through enhancing low carbon transport options and greening our neighbourhoods as an immediate focus. It also provides a strong foundation in preparation for a number of policy changes that are expected to transform our transport system.

Proposed climate package

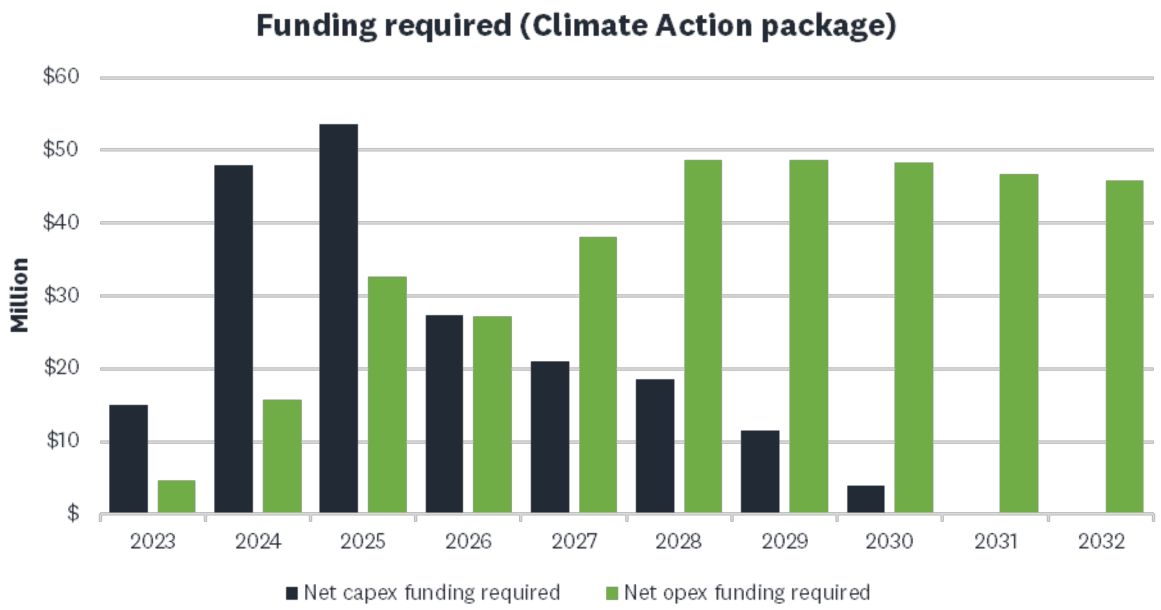
Package overview

The climate package will require a funding of $574m over the next 10 years through the proposed targeted rate. A cost summary and the CAPEX/OPEX requirements are provided below.

Table 2 Cost summary

Climate Action Package	10-year total
Bus	$627m
Ferry	$122m
Cycling	$144m
Walking	$84m
Urban Ngahere	$13.3m
Resourcing (Auckland Council)	$9m
Administration Costs (Auckland Transport)	$7m
Depreciation	$39m
Gross Total	$1,045m
Projected Additional Fare Revenue	$127m
Net Total	$918m
Co-funding from Central Government	$344m
Funding required for the targeted rate	$574m

Figure 1 CAPEX and OPEX funding requirements



A detailed breakdown on investment by wards and by local board areas across each element of the package is included in Appendix C.

Bus improvements

Currently 39.5% of Auckland's population (approximately 600,000 people) lives within 500m of the Rapid (RTN) and Frequent (FTN) Transit Networks.

A recent Auckland Transport survey[7] confirms that frequency and coverage are the two biggest barriers for Aucklanders to use public transport. These are key considerations in targeting areas that are currently underserved through the targeted rate. A number of service improvements are already planned and funded through the RLTP. This additional investment will add approximately 170,000 people (and 140,000 jobs) that are within 500m of RTN/FTN routes - setting the foundation for the transport system change required to reduce transport emissions.

The proposed investment will also enable a significant number of other bus routes to be upgraded to full Connector status – meaning routes which have services at least every 30 minutes between 6am and 11pm, seven days a week (as specified in the Regional Public Transport Plan (RPTP).

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

[7] Auckland Transport, *Attitudes to Climate Change* (2021).

A map showing the full extent of the RTN, FTN and Connector network following the addition of the targeted rate improvements, is provided in Appendix D. The combined investments (by ward) are included in Table 3.

Table 3 Bus service improvements (RLTP and Proposed Climate Action Targeted Rate)

RLTP-funded (FYs 2021/22 – 2023//24)	CATR-funded proposals
Rodney	
Services to support NW Busway investment • Northwestern Bus Improvements: • WX1 motorway express service – Westgate to City via new stations at Lincoln Rd and Te Atatū • Service to Huapai South • Huapai to Westgate – 6 buses per hour in peak; at least every 30 minutes at other times Other improvements • New bus route for **Milldale** • Significant service improvements for Warkworth, Snells Beach, Matakana, including to support Warkworth Park and Ride when motorway opens • Wellsford – Warkworth (998) trial service becomes permanent • Westgate, Riverhead, Coatesville, Albany (126) trial service becomes permanent and frequency increases	• **NX1 becomes FREQUENT** north of Albany - will operate t**o Hibiscus Coast** at least every 15 minutes, 7am - 7pm, 7 days a week • Warkworth to Hibiscus Coast Station peak frequency increased to 20 minutes
Albany	
• Network changes to serve new Rosedale Station on Northern Busway extension • Service improvements for all Hibiscus Coast local and Connector routes and new service for West Hoe Heights • FREQUENT route 12 to and from West Auckland • Additional ferry services to/from Hobsonville • Additional peak ferry services to/from Gulf Harbour	• **NX1 becomes FREQUENT** north of Albany - will operate **to Hibiscus Coast** at least every 15 minutes, 7am - 7pm, 7 days a week • Service level improvements to 4 upper North Shore bus routes
North Shore	
• Devonport to Takapuna route becomes **FREQUENT route 81** • upgrades to Beach Haven to Takapuna, Devonport local and Hillcrest West routes	• Service level improvements to **2 FREQUENT** and 5 other lower North Shore bus routes as well as NX1 and NX2

<table>
<tr><th>RLTP-funded (FYs 2021/22 – 2023//24)</th><th>CATR-funded proposals</th></tr>
<tr><td>Ferry frequency improvements for Birkenhead, Northcote and Bayswater</td><td></td></tr>
<tr><td>Waitākere</td><td></td></tr>
<tr><td>Northwestern Bus Improvements:
WX1 motorway express service – Westgate, Lincoln Rd, Te Atatū, City
FREQUENT bus route 11 Massey, Lincoln Rd, Te Atatū, Pt Chevalier, City
FREQUENT bus route 12 Henderson, Don Buck Rd, Westgate, Hobsonville, Greenhithe, Constellation
FREQUENT bus route 13 Te Atatū Peninsula, Te Atatū Station, Te Atatū South, Henderson
local network improvements to serve new bus stations at Te Atatū and Lincoln Rd
Titirangi Rd improvements (already delivered)</td><td>Two new FREQUENT routes:
15 along West Coast Rd and Henderson Valley Rd
17 along Titirangi Rd and Atkinson Rd
Service improvements on the following RLTP-funded routes:
WX1 (Westgate, Lincoln Rd Station, Te Atatū Station, City)
FREQUENT route 12 (Don Buck Rd and Hobsonville Rd)
FREQUENT route 13 (Te Atatū Rd)
Other service improvements to local routes in Glen Eden, Sunnyvale and Swanson - Ranui</td></tr>
<tr><td>Whau</td><td></td></tr>
<tr><td>Northwestern Bus Improvements:
Rosebank Rd service (current 138) will serve Te Atatū and Lincoln Rd stations for connections throughout the Northwest</td><td>Service level improvements in Kelston, South Lynn and Green Bay, Rosebank, New Windsor, Blockhouse Bay
Crosstown 670 from New Lynn to Mt Roskill and Onehunga becomes FREQUENT route 67</td></tr>
<tr><td>Albert Eden Puketāpapa</td><td></td></tr>
<tr><td>Reinstatement of 15 minute frequency service until midnight on city centre routes to support A4E
Service improvements to support Tāmaki Regeneration Area and Roskill South developments
Outer Link to operate St Lukes, City, Newmarket only to improve reliability (no longer a circular route)
FREQUENT route 64 extended to St Lukes to replace Outer Link between Mt Eden and St Lukes
New FREQUENT route 65 Pt Chevalier, St Lukes, Greenlane, Glen Innes (current 650)</td><td>Service level improvements to routes 22 New North Rd, 24 Sandringham Rd, 25 Dominion Rd, 27 Mt Eden Rd, 30 Manukau Rd, 66 Mt Albert Rd (crosstown)
Crosstown 670 from New Lynn to Mt Roskill (Stoddard Rd) and Onehunga becomes FREQUENT route 67</td></tr>
<tr><td>Waitematā and Gulf</td><td></td></tr>
<tr><td>Outer Link changes to improve reliability (no longer a circular route)</td><td>Improvements on routes to/from city centre such as 22 New North Rd, 24 Sandringham Rd,</td></tr>
</table>

RLTP-funded (FYs 2021/22 – 2023//24)	CATR-funded proposals
• Reinstatement of 15 minute frequency service until midnight on city centre routes to support A4E • 105 extended to Westmere shops • Tāmaki Drive services extended to Wynyard Quarter	25 Dominion Rd, 27 Mt Eden Rd, 30 Manukau Rd, 75 Remuera Rd
Ōrākei	
• Extension of Tāmaki Drive routes to Wynyard Quarter • New link between Remuera and Ōrākei Station (extension of route 755) • Reinstatement of 15 minute frequency service until midnight on route 75 Remuera Rd to support A4E	• Route 762 (West Tāmaki Rd, Kohimarama Rd, Kepa Rd to Wynyard Quarter) becomes **FREQUENT route 76** • Service level improvements on route 75 Remuera Rd
Maungakiekie Tāmaki	
• Service improvements to support Tāmaki Regeneration Area	**3 routes become FREQUENT:** • 76 (currently 762) Glen Innes (Taniwha St, West Tāmaki Rd) to Wynyard Quarter via Kepa Rd • 74 (currently 743) Glen Innes, Tāmaki (Tripoli Rd), Panmure, Sylvia Park, Onehunga (Church St) • 67 (currently 670) Onehunga, Mt Roskill (Stoddard Rd), Avondale, New Lynn Service level improvements to routes: • 30 Manukau Rd • 66 Mt Albert Rd (crosstown) • 298 Onehunga, Ōranga, Ellerslie, Penrose, Sylvia Park • 751 Marua Rd
Howick	
• Eastern Busway-associated route adjustments • Half Moon Bay ferry weekend frequency improvements, and regular timetable throughout the day • Evening improvements to route 35 and 355 services (Chapel Rd, Flat Bush) • Improvements to Bucklands Beach connections	Service level improvements to most bus routes in the ward including all routes in Howick, Pakuranga, Bucklands Beach: • 31 Botany, East Tāmaki, Papatoetoe, Māngere • 35 Chapel Rd (Botany, Ormiston, Manukau) • 70 Ti Rakau Drive (main Botany to City route) • 72 Pakuranga Rd (Howick to Panmure) • 314 (Ormiston Rise) • 711 Bradbury Rd, Cascades Rd, Reeves Rd to Panmure

RLTP-funded (FYs 2021/22 – 2023//24)	CATR-funded proposals
	• 712 Bucklands Beach to Panmure • 734 Half Moon Bay, Pigeon Mountain, Botany Rd, Botany • 735 Botany, Cockle Bay, Howick, Half Moon Bay • 752 Panmure, Highbrook, East Tāmaki, Manukau
Manukau	

• Puhinui Station service improvements (delivered July 2021) – including Airport Link and new FREQUENT route 36 between Manukau, Papatoetoe, Māngere and Onehunga
• Frequent routes 31, 32, 33 - restore evening frequencies
• Māngere - service improvements on minor routes; new service for Ihumatao and improved access to Middlemore
• Goodwood Heights - new service
	• Two new **FREQUENT** routes:
	  ○ 37 Highbrook, Ōtara (Preston Rd), Puhinui Interchange (connects with trains and Airport Link), Roscommon Rd, Clendon, Manurewa
	  ○ 39 (currently 361) (Ōtara North, Papatoetoe East, Manukau, Super Clinic, Clendon, Manurewa)
	• Ihumatao - extension of route 326 from Middlemore and Māngere
	• Service improvements on two existing **FREQUENT** routes and two local routes:
	  ○ 31 (Māngere - Papatoetoe - Ōtara - East Tāmaki)
	  ○ 33 (Great South Rd)
	  ○ 314 Ōtara to Middlemore
	  ○ 324 Seaside Park, Otahuhu, Favona, Boggust Park, Māngere

Manurewa Papakura	

• Auranga (Drury West) - extended to new development, partly delivered already
• Park Farm, Hingaia - new / improved services
• Some evening service improvements to Papakura local services
• New on-demand service in Papakura-Takaanini
	• **Three new FREQUENT routes**:
	  ○ 37 Manurewa, Mahia Rd, Clendon (Roscommon Rd), Puhinui Interchange (connects with trains and Airport Link), Ōtara (Preston Rd), Highbrook
	  ○ 39 (currently 361) (Manurewa, Weymouth Rd, Clendon, Manurewa Marae, Super Clinic, Manukau, Papatoetoe East, Ōtara North
	  ○ 40 Drury West to Papakura
	  ○ 41 Drury South
	• Service level improvements to most other bus routes:
	  ○ 33 Great South Rd (Papakura, Manurewa, Manukau, Otahuhu

RLTP-funded (FYs 2021/22 – 2023//24)	CATR-funded proposals
	○ 362 Weymouth, Manurewa, Manukau ○ 363 Wattle Downs, Manurewa ○ 365 Papakura, Takaanini, Randwick Park, Manurewa, Homai, Manukau ○ 366 Manurewa, The Gardens, Everglade Drive, Manukau ○ 372 Keri Hill to Papakura
Franklin	
• Auranga (Drury West) - new service, partly delivered already • Paerata Rise - new / improved services • New on-demand service in Pukekohe • New weekend ferry service from Pine Harbour, plus later running services on weekday evenings	• **Two new FREQUENT routes**, one each in Drury West and Drury South, to complement new train stations • New route Clarks Beach to Papakura • Service improvements: ○ Paerata Rise to Pukekohe ○ Waiuku to Pukekohe

Ferry decarbonisation

Six per cent of our public transport patronage comes from ferry services but it contributes to 21% of the total public transport emissions. A third of our current fleet will need replacing within the next three to five years. The RLTP already provided some funding for decarbonisation and the additional funding will help fast track this. However, the current technology only allows the shorter routes to be serviced by fully electric ferries without charging. AT is considering the use of hybrid ferries for the longer routes unless technology develops significantly in the next five years.

Table 4 Ferry decarbonisation (RLTP and Proposed Climate Action Targeted Rate)

RLTP-funded	CATR-funded proposals
Decarbonisation of Ferry Fleet Stage 1: to provide infrastructure to help decarbonise the public transport fleet	• 6-7 low emissions ferries • Associate wharf upgrades and charging infrastructure

Cycling improvements

Safety is the biggest barrier to cycling and there is already a cycling programme due to start in Year 4 of the RLTP. The additional investment will bring this programme forward.

Table 5 Cycling improvements (RLTP and Proposed Climate Action Targeted Rate)

RLTP-funded	CATR-funded proposals
To start in Year 1 of RLTP **Urban Cycleways Programme:** Completing the Urban Cycleways Programme, including projects	**Delivery of high priority projects in the Cycling and Micromobility Programme Business Case**

RLTP-funded	CATR-funded proposals
such as the Glen Innes to Tāmaki Drive cycleway and New Lynn to Avondale shared path ($139m) **To start in Year 4 of RLTP** **Ongoing Cycling Programme:** An ongoing programme of cycleway delivery and associated projects following on from the completion of the Urban Cycleways Programme. Currently focuses on achieving maximum impact for short trips to the city centre, public transit interchanges, schools and local and metropolitan centres ($306m) **To start in Year 1 of RLTP** **Minor Cycling and Micromobility:** A new programme for minor improvements for cycling and micromobility, delivering pop up cycleways which will retrofit a range of existing painted cycle lanes with appropriate safety barriers ($30m) Other cycling improvements • Meadowbank Kohimarama Connectivity Project ($22.1m) • Māngere Cycleways (Airport Access) ($11.6m)	• Approximately 5km of safe cycle facilities to connect Homai, Weymouth, Manurewa and Wattle Downs • Approximately 3km of safe cycle facilities to provide a connection between Northcross and Windsor Park • Approximately 2km of safe cycle facilities to connect Glenfield Road and Upper Harbour Drive • Approximately 4km of safe cycle facilities to provide a connection between Hobsonville Point and West Harbour • Approximately 1km of safe cycle facilities in Takapuna • Approximately 3km of safe cycle facilities to connect Royal Oak and Onehunga • Concentrated investment in New Lynn to provide safe cycle connections between residential areas and the metro centre, train station and schools

Walking improvements

Safety is the also biggest barrier to walking. The RLTP includes some funding for walking improvements through the New Footpaths Regional Programme, as well as the Safety and Network Optimisation programmes. While AT has developed a walking business case, it is not funded in the RLTP. The additional investment proposed will deliver parts of the walking business case to improve walkability and connectivity.

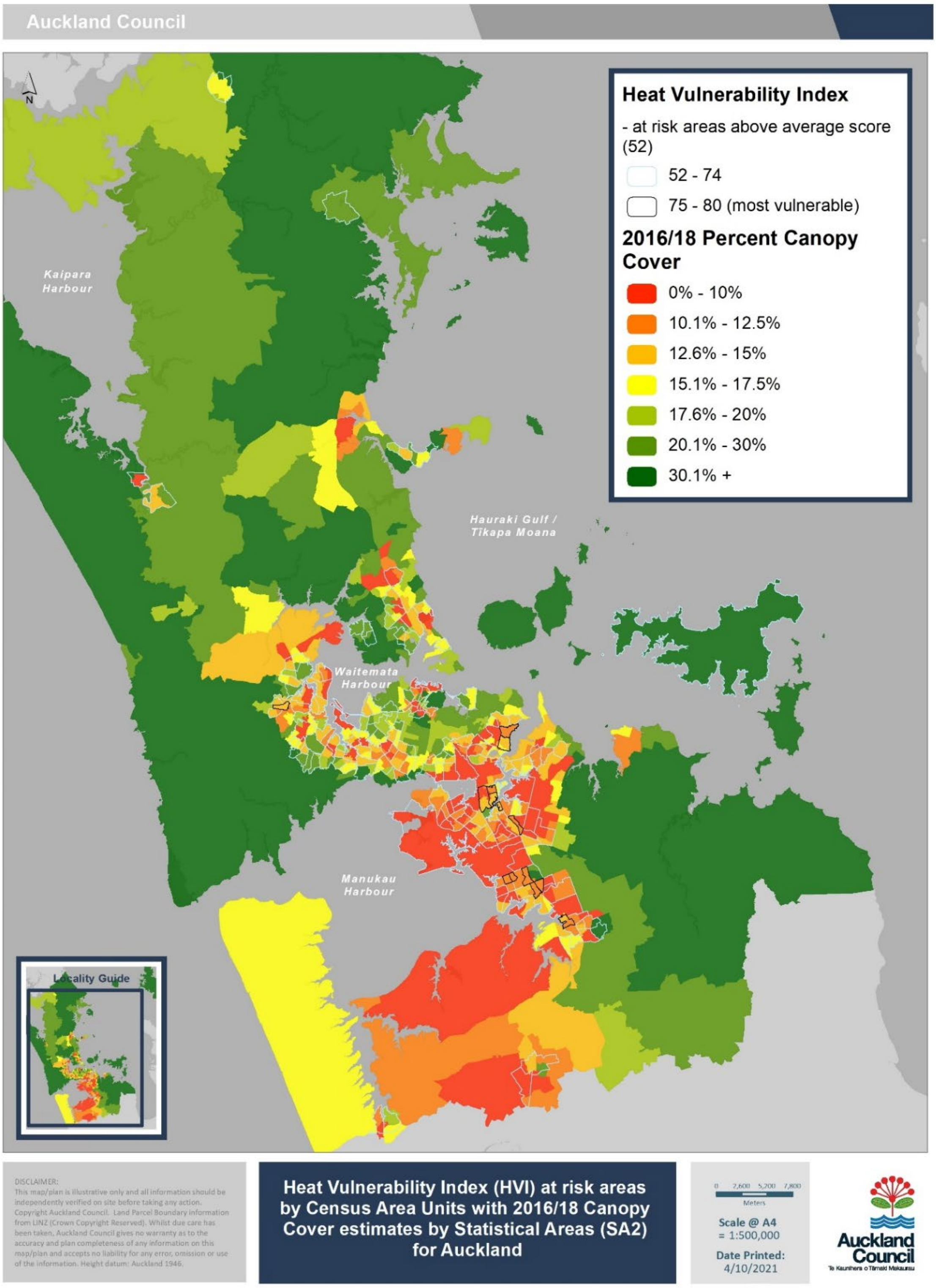
Table 6 Walking improvements (RLTP and Proposed Climate Action Targeted Rate)

RLTP-funded	CATR-funded proposals
To start in Year 1 of RLTP **New Footpaths Regional Programme**: To continue delivering new footpaths in high priority locations across Auckland ($49m)	• Up to 35km of walking connectivity improvements on the primary Walking Strategic Network • Walkability improvements for 1 Priority Area for Manurewa (Homai West, Manurewa South)

Urban Ngahere

A growing population and urban expansion over the years has added to the surfaces that absorb and retain heat. To reduce heat risk, we need to focus our planting efforts in areas of highest heat vulnerability to lower temperatures and provide shade. Areas most vulnerable to heat tend to have lower tree canopy cover. To prepare for warmer temperatures and more extreme heat events, we need to plant trees now to increase tree canopy cover across our urban areas. Auckland's Urban Ngahere (Forest) Strategy sets a target of at least 15 % per local board area. Auckland's current canopy cover mapped against the heat vulnerability index is provided in Figure 2,

Figure 2 Heat Vulnerability Index and Average Canopy Cover (3m+)

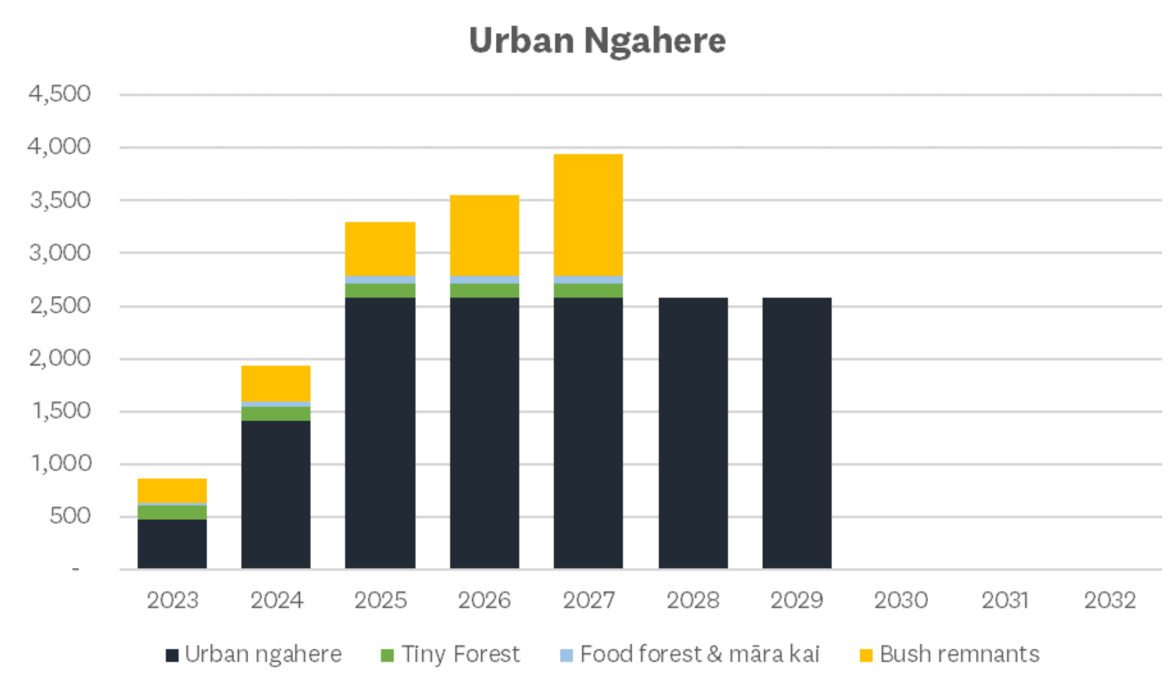


A number of local boards already have Urban Ngahere Action Plans that are either completed or in development which include planting plans identifying type of trees and locations. Combining with the funding already committed in the Recovery Budget, the planting of native trees in parks and street corridors will also be in areas with the lowest canopy cover as summarised in Table 7. In addition to urban ngahere planting, additional initiatives that will complement the planting efforts are also included in the proposal with the number of trees to be planted over the next 10 years outlined in Figure 3.

Table 7 Urban Ngahere and additional urban ngahere initiatives

CATR-funded proposals	Quantity (approximate)
Urban ngahere Local Board areas with lowest tree canopy cover	14,800 trees
Tiny forest Planting with a focus on increasing biodiversity and accessibility to nature where space is limited (Miyawaki Method)	20 tiny forests with 700 trees
Food forests & māra kai Planting with a focus on growing food such as fruit orchards and food gardens	250 trees
Bush remnants Extension of bush remnants by planting along the edges of our current bush cover	3000 trees
Rongoā planting Work with mana whenua on planting native plants and trees for traditional use	Rongoā planting grants

Figure 3 Number of trees planted



The distribution of the 14,800 trees (within parks, playgrounds and road reserves), will be informed by the current canopy coverage (Table 8) and existing analysis . Further work will be required to confirm the exact numbers, types and locations.

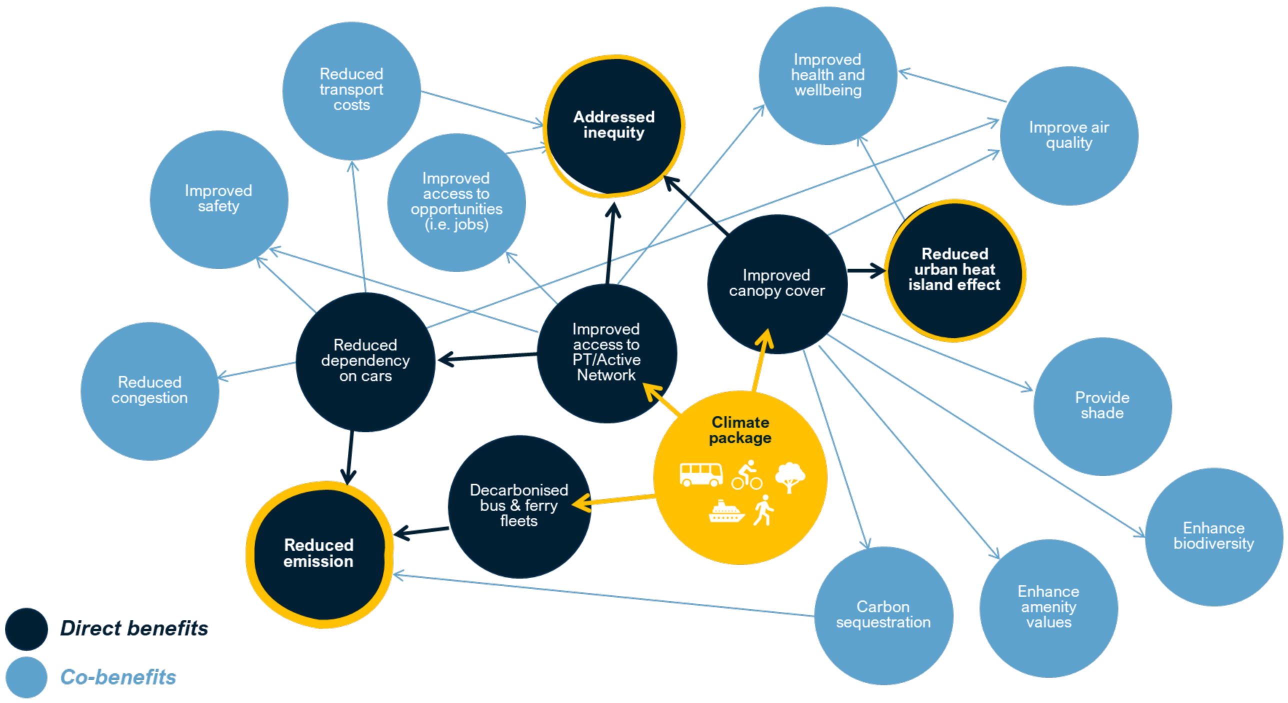
Table 8 Current canopy cover (Less than 15%)

Current Coverage	Local Board
8%	Mangere - Otahuhu
10%	Otara - Papatoetoe
12%	Maungakiekie - Tamaki
13%	Manurewa
14%	Papakura
15%	Henderson - Massey
	Total (Approximate) ~14,800

Benefits and co-benefits

There are many benefits and co-benefits of the climate package which are inter-related as demonstrated in Figure 2. The package will reduce emissions and support adaptation while addressing current inequity in terms of access to public transport, the active network, and tree canopy cover across the region.

Figure 4 Overview of benefits and co-benefits



Some of the benefits we can quantify now but others will require further work as part of the monitoring and reporting framework for the targeted rate. There are also further emission reduction modelling that is underway (as part of the Transport Emission Reduction Plan) which will help to articulate the overall impact of the package. This investment is necessary to kick start and unlock the transport system transformation as we anticipate a number of key policies to come into effect from next year onwards.

Co-funding from Central Government

The proposed transport components of the Climate Action Package will be eligible for Waka Kotahi co-funding. However, the availability of co-funding for any proposed investments is subject to their inclusion in the RLTP and the NLTP, and their assessment against standard Waka Kotahi business case criteria. The RLTP and the NLTP are not due to be renewed until mid-2024. An assumption has been made that co-funding from Central Government will be available from year four of the targeted rate at the standard Funding Assistance Rate for investments of this nature in Auckland of 51 percent.

Proposed targeted rate for climate action

The proposal considers the use of a targeted rate to fund the acceleration of regional climate action. It is proposed to set the targeted rate on a capital value basis with the rate increasing at the proposed general rates increase of 3.5 per cent per year. It is proposed to differentiate the rate with the same structure as the differentials that apply to the value based general rate, but with the business differential set at the same level as the Water Quality and Natural Environment targeted rates. The key differentials proposed are set out below, for full list see Attachment F: Funding option discussion:

- 25.8 per cent of the rates requirement to be collected from business (the target for the Long-term differential strategy)
- rural residential and rural business to be set at 90 per cent of urban residential and business respectively
- farm/lifestyle to be set at 80 per cent of urban residential.
- urban differentials to be applied to properties transitioning to urban general rates.

The overall increase in the rates requirement of the addition of the climate action targeted rate is 2.3 per cent. Estimated targeted rate amounts in the main general rate categories are as below:

- $1.12 per week (or $58.3 per year) (2.4 per cent of additional rates increase) for the median value ($1.2m) **urban residential** property in 2022/2023, rising to $1.53 per week (or $79.5 per year) in 2031/2032
- $0.88 per week (or $45.90 per year) (2.3 per cent of additional rates increase) for the median value ($1.050m) **rural residential** property in 2022/2023, rising to $1.20 per week (or $62.6 per year) in 2031/2032
- $6.32 per week (or $328.7 per year) (equivalent to 1.9 per cent of additional rates increase) for the average value ($3.906m) business property in 2022/2023; rising to $8.62 per week (or $448 per year) in 2031/2032

- $1.72 per week (or $89.4 per year) (equivalent to 2.5 per cent of additional rates increase) for the average value ($2.298m) farm/lifestyle property in 2022/2023; rising to $2.34 per week (or $121.8 per year) in 2031/2032.

Note that the average capital values and the rates numbers indicated above are based on the most up-to-date revaluation data that officers had at the time this report was written. They are yet to be approved by the Valuer General.

A targeted rate is proposed to fund these activities so ratepayers can clearly identify the costs and benefits of the programme. The rate should be charged to all ratepayers as the emissions reduction benefits of the investment are regional and accrue to all Aucklanders. There are various options for setting the rate, see Appendix E for a full discussion of funding options and alternative rate models.

The rate is proposed to be set on the same basis as the value based general rate. The proposed investment extends the regional networks for public transport, active transport and urban ngahere. Existing services are currently funded through the general rate. Setting the targeted rate on the same basis maintains consistency in our approach to funding these services.

Charging on a capital value base assists affordability, as rates are generally more affordable for owners of higher value properties. There is also a link between property values and the generation of greenhouse gas emissions that help drive climate change. Charging on a capital value base shifts rates from undeveloped to developed land.

The proposal is for a rate to be set differentially to raise 25.8 per cent of the revenue requirements from businesses. The proposed differential is set at the target proportion of general rates revenue the Long-term differential strategy[8] (LTDS) seeks to raise from business. This is the same business differential used for the Water Quality and Natural Environment targeted rates.

Application of general rates differentials within the business and non-business sectors for the climate action rate differs from the undifferentiated Water quality and Natural environment targeted rates. This is because the investments funded by those rates are more regionally dispersed than the investments proposed for the climate action rate.

[8] The LTDS progressively lowers the share of general rates revenue to be raised from businesses from 32.4 per cent in 2018/2019 to 25.8 per cent by 2037/2038.

Appendix A. Auckland Council's roadmap on climate action

Appendix B. Possible options for climate package (within an indicative $600m targeted rate funding envelop over 10 years)

<table>
<tr><th></th><th>More investments on Bus</th><th>More investments on Ferry</th></tr>
<tr><td>Bus</td><td>• Same as for ‘Ferry option’, plus 2 additional Frequent routes in South and West Auckland
• Further service improvements across the network including to support Access for Everyone (A4E)
• Additional 66 low emission buses</td><td>• 4 new Frequent routes in South / West Auckland and Tāmaki
• Frequent service on NX to Hibiscus Coast
• Numerous other service improvements across the region, with a particular focus on areas with lower coverage
• Additional 33 low emission buses</td></tr>
<tr><td>Ferry</td><td>• 6-7 low emissions ferries
• Wharf upgrades and charging infrastructure</td><td>• 11-12 low emissions ferries
• Wharf upgrades and charging infrastructure
• Some service improvements</td></tr>
<tr><td>Cycling</td><td colspan="2">• Additional 18km of safe cycle facilities
• 7 Local Area Networks</td></tr>
<tr><td>Walking</td><td colspan="2">• Walkability improvements for 1 Priority Area
• 35km of walking connectivity improvements of the primary Walking Strategic Network</td></tr>
<tr><td>Urban Ngahere</td><td colspan="2">• Planting of native specimen trees in parks and road corridors in the areas with highest heat risks and lowest canopy cover
• Solutions delivered including tiny forests, food forests and māra kai, extension of bush remnants and rongoā planting, etc.</td></tr>
</table>

Appendix C. Climate Action Package Investment Summary

Please note that investment in decarbonising ferry fleet (and associated wharf grades and charging infrastructure) is a network investment that is difficult to attribute to specific ward or local board areas.

Ward	Local Boards	Bus improvements In addition to improvements funded to be implemented in FY 21/22 to FY 23/24	Cycling improvements	Walking improvements	Urban Ngahere
Rodney	• Rodney	• **NX1 becomes FREQUENT** north of Albany - **to Hibiscus Coast at least every 15 minutes, 7am - 7pm, 7 days a week** • 995 Warkworth to Hibiscus Coast Station peak frequency increased to 20 minutes		Location of up to 35km of connectivity improvements across the region to be confirmed.	Existing average cover across Local Board area above 15% Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.
Albany	• Hibiscus and Bays • Upper Harbour	• **NX1 becomes FREQUENT** north of Albany - **to Hibiscus Coast at least every 15 minutes, 7am - 7pm, 7 days a week** • Service level improvements to 4 upper North Shore bus routes	• Approximately **3km** of safe cycle facilities to provide a connection between Northcross and Windsor Park • Approximately **2km** of safe cycle facilities to connect Glenfield Rd and Upper Harbour Drive • Approximately **4km** of safe cycle facilities to provide a connection between Hobsonville Point and West Harbour	Location of up to 35km of connectivity improvements across the region to be confirmed.	Existing average cover across Local Board area above 15% Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.
North Shore	• Kaipatiki • Devonport-Takapuna	• Service level improvements to 2 FREQUENT and 5 other lower North Shore bus routes as well as NX1 and NX2	• Approximately **1km** of safe cycle facilities in Takapuna	Location of up to 35km of connectivity improvements across the region to be confirmed.	Existing average cover across Local Board area above 15% Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.
Waitākere	• Henderson-Massey • Waitakere Ranges	• **Two new FREQUENT routes** serving Titirangi, Glen Eden and Henderson Valley • Further service improvements on the three new Northwestern FREQUENT routes • Other service improvements to local routes in Glen Eden, Sunnyvale and Swanson – Ranui Note: Waitākere currently has just 1 Frequent bus route. Northwestern Bus Improvements (now under construction) will introduce 4 additional Frequent routes, and CATR will introduce another 2, bringing the total to 7.		Location of up to 35km of connectivity improvements across the region to be confirmed.	The existing average cover across Waitakere Ranges is above 15% but: **Henderson Massey Local Board (~15%)** **Receives native specimen trees due to low canopy cover and heat vulnerability index** Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.

Ward	Local Boards	Bus improvements In addition to improvements funded to be implemented in FY 21/22 to FY 23/24	Cycling improvements	Walking improvements	Urban Ngahere
Whau	• Whau	• Service level improvements in Kelston, South Lynn and Green Bay, Rosebank, New Windsor, Blockhouse Bay • **Crosstown FREQUENT** 67 from New Lynn to Mt Roskill and Onehunga (current 670)	• 7 Local Area Networks	Location of up to 35km of connectivity improvements across the region to be confirmed.	Existing average cover across Local Board area above 15% Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.
Albert Eden Puketāpapa	• Albert-Eden • Puketepapa	• Evening service level improvements to routes 22 New North Rd, 24 Sandringham Rd, 25 Dominion Rd, 27 Mt Eden Rd, 30 Manukau Rd, to support City Centre Access for Everyone (A4E) • Evening service level improvements to 66 Mt Albert Rd (crosstown) • **Crosstown FREQUENT** 67 New Lynn, Ōwairaka (Hendon Ave), Mt Roskill (Stoddard Rd) and Onehunga (current 670)		Location of up to 35km of connectivity improvements across the region to be confirmed.	Existing average cover across Local Board area above 15% Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.
Waitematā and Gulf	• Waitemata • Waiheke • Aotea/Great Barrier	• Evening service improvements on FREQUENT routes to/from city centre such as 22 New North Rd, 24 Sandringham Rd, 25 Dominion Rd, 27 Mt Eden Rd, 30 Manukau Rd, 75 Remuera Rd, to support City Centre Access for Everyone (A4E)		Location of up to 35km of connectivity improvements across the region to be confirmed.	Existing average cover across Local Board area above 15% Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.
Ōrākei	• Ōrākei	• **FREQUENT route 76** West Tāmaki Rd, Kohimarama Rd, Kepa Rd to Wynyard Quarter (current 762) • Service level improvements on FREQUENT route 75 Remuera Rd		Location of up to 35km of connectivity improvements across the region to be confirmed.	Existing average cover across Local Board area above 15% Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.

<table>
<tr><th>Ward</th><th>Local Boards</th><th>Bus improvements
In addition to improvements funded to be implemented in FY 21/22 to FY 23/24</th><th>Cycling improvements</th><th>Walking improvements</th><th>Urban Ngahere</th></tr>
<tr><td>Maungakiekie Tāmaki</td><td>• Maungakiekie-Tāmaki</td><td>• 3 routes become FREQUENT:
○ 76 Glen Innes (Taniwha St, West Tāmaki Rd) to Wynyard Quarter via Kepa Rd (current 762)
○ 74 Glen Innes, Tāmaki (Tripoli Rd), Panmure, Sylvia Park, Onehunga (Church St) (current 743)
○ 67 Onehunga, Mt Roskill (Stoddard Rd), Avondale, New Lynn (current 670)
• Service level improvements on routes:
○ 30 Manukau Rd
○ 66 Mt Albert Rd (crosstown)
○ 298 Onehunga, Ōranga, Ellerslie, Penrose, Sylvia Park
• 751 Marua Rd</td><td>Approximately 3km of safe cycle facilities to connect Royal Oak and Onehunga</td><td>Location of up to 35km of connectivity improvements across the region to be confirmed.</td><td>Existing average cover across Local Board area below 15%:

Maungakiekie-Tāmaki Local Board (13%) Receives native specimen trees due to low canopy cover and heat vulnerability index

Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.</td></tr>
<tr><td>Howick</td><td>• Howick</td><td>• Service level improvements to ALL bus routes north of Botany, as well as:
○ 31 FREQUENT Botany, East Tāmaki, Papatoetoe, Māngere
○ 35 FREQUENT Chapel Rd (Botany, Ormiston, Manukau)
• 314 – extended to Ormiston Rise</td><td></td><td>Location of up to 35km of connectivity improvements across the region to be confirmed.</td><td>Existing average cover across Local Board area above 15%

Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.</td></tr>
<tr><td>Manukau</td><td>• Mangere-Otahuhu
• Otara-Papatoetoe</td><td>• Two new FREQUENT routes:
○ 37 Highbrook, Ōtara (Preston Rd), Puhinui Interchange (connects with trains and Airport Link), Roscommon Rd, Clendon, Manurewa. This is a completely new route.
○ 39 Ōtara North, Papatoetoe East, Manukau, Super Clinic, Clendon, Manurewa (current 361)
• Ihumatao – new service - extension of route 326 from Middlemore and Māngere
• Service improvements on two existing FREQUENT routes and three local routes:
○ 31 Māngere, Papatoetoe Station, Ōtara, East Tāmaki
○ 33 Great South Rd
○ 314 Ōtara to Middlemore
○ 324 Seaside Park, Otahuhu, Favona, Boggust Park, Māngere
• 326 Middlemore, Māngere, Ihumatao</td><td></td><td>Location of up to 35km of connectivity improvements across the region to be confirmed.</td><td>Existing average cover across Local Board areas below 15%:

Mangere-Otahuhu Local Board (8%)
Maungakiekie-Tāmaki Local Board (13%)Receives native specimen trees due to low canopy cover and heat vulnerability index

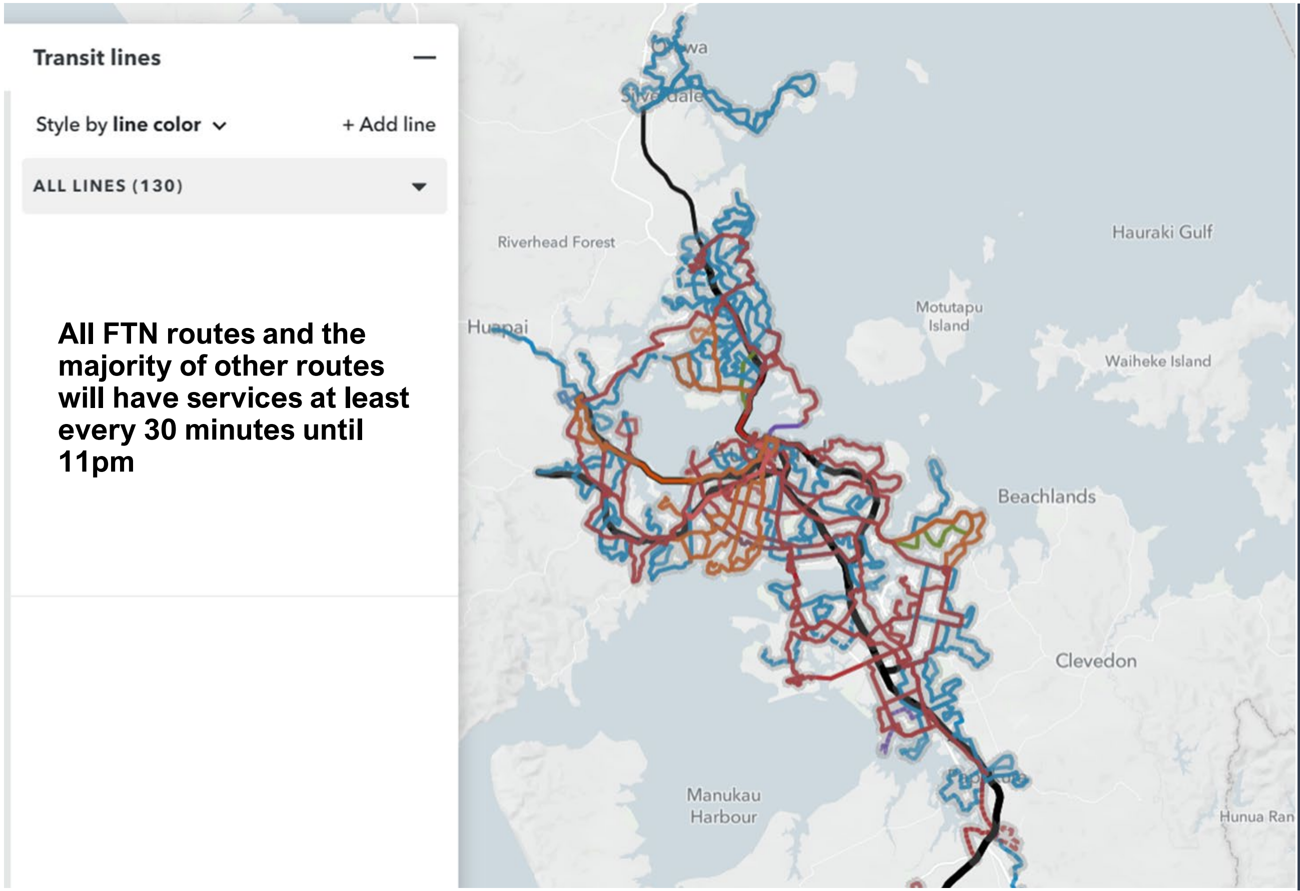
Otara-Papatoetoe Local Board (10%)
Maungakiekie-Tāmaki Local Board (13%)Receives native specimen trees due to low canopy cover and heat vulnerability index

Indicative planting plan based on existing analysis. Further analysis to be completed to confirm the exact numbers, types and locations in order to deliver the most benefit.

Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.</td></tr>
</table>

Ward	Local Boards	Bus improvements In addition to improvements funded to be implemented in FY 21/22 to FY 23/24	Cycling improvements	Walking improvements	Urban Ngahere
Manurewa Papakura	• Manurewa • Papakura	• **Three new FREQUENT routes**: ○ 37 **Manurewa, Mahia Rd, Clendon (Roscommon Rd), Puhinui Interchange** (connects with trains and Airport Link), Ōtara (Preston Rd), Highbrook. **This is a completely new route.** ○ 39 **Manurewa, Weymouth Rd, Clendon, Manurewa Marae, Super Clinic, Manukau**, Papatoetoe East, Ōtara North (current 361) ○ 40 Auranga, **Drury, Papakura** (current 376) • Service level improvements to most other bus routes	• Approximately **5km** of safe cycle facilities to connect Homai, Weymouth, Manurewa and Wattle Downs	• **Manurewa Priority Area** (Homai West, Manurewa South) Location of up to 35km of connectivity improvements across the region to be confirmed.	**Manurewa (13%)** **Maungakiekie-Tāmaki Local Board (13%)** Receives native specimen trees due to low canopy cover and heat vulnerability index **Papakura (14%)** **Maungakiekie-Tāmaki Local Board (13%)** Receives native specimen trees due to low canopy cover and heat vulnerability index Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.
Franklin	• Franklin	• **Two new FREQUENT routes**, one each in Drury West (Auranga) and Drury South, to complement new train stations • New route Clarks Beach to Papakura • Service improvements: ○ 394 Paerata Rise to Pukekohe • 396 Waiuku to Pukekohe		Location of up to 35km of connectivity improvements across the region to be confirmed.	Existing average cover across Local Board area above 15% Locations of tiny forests, food forests and Māra kai, bush remnants across the region to be confirmed. Rongoā planting will be a grant.

Appendix D. All routes with service improvements funded by the Targeted Rate



All FTN routes and the majority of other routes will have services at least every 30 minutes until 11pm

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.

Key

- RTN
- FTN
- FTN with branches
- Connector
- Local
- Peak only

Appendix E. Funding option discussion

Introduction

In considering options for funding Auckland Council's Climate Action Programme, the key questions to be answered are:

- Should the programme be funded from general rates or targeted rates?
- Should the rate be set on fixed or capital value basis?
- Should the rate be differentiated between groups of ratepayers?

In considering these questions, we need to consider:

- What are the community outcomes that the activity contributes to?
- Do some ratepayers benefit more from the activity to be funded?
- When are those benefits expected to occur?
- Do some ratepayers drive a greater share of the costs of the activity?
- 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 or Targeted rate

Activities that support climate action are currently funded from the general rate.

Council is proposing to increase funding for regional climate action and a targeted rate is proposed for funding this. Compared to general rate funding, a targeted rate provides more transparency in decision making and implementation. It can only be used to fund the purpose it was collected for, enabling greater visibility of expenditure and outcomes.

A targeted rate is proposed for funding so ratepayers can clearly identify the costs and benefits of the programme. Consulting on a separate targeted rate is likely to generate more feedback from the public that informs the question of whether ratepayers are willing to take on additional costs to accelerate climate action.

Some of the expenditure proposed is capital which the council would usually fund with debt which would be repaid over the life of the assets purchased. This matches the revenue sought from ratepayers with the receipt of benefits from the services the assets provide over time. However, as the council is presently limited in its borrowing capacity it is proposed to fund the capital investments from the proposed rate.

Benefits of increased investment in climate actions

The majority of the additional investment is aimed at:

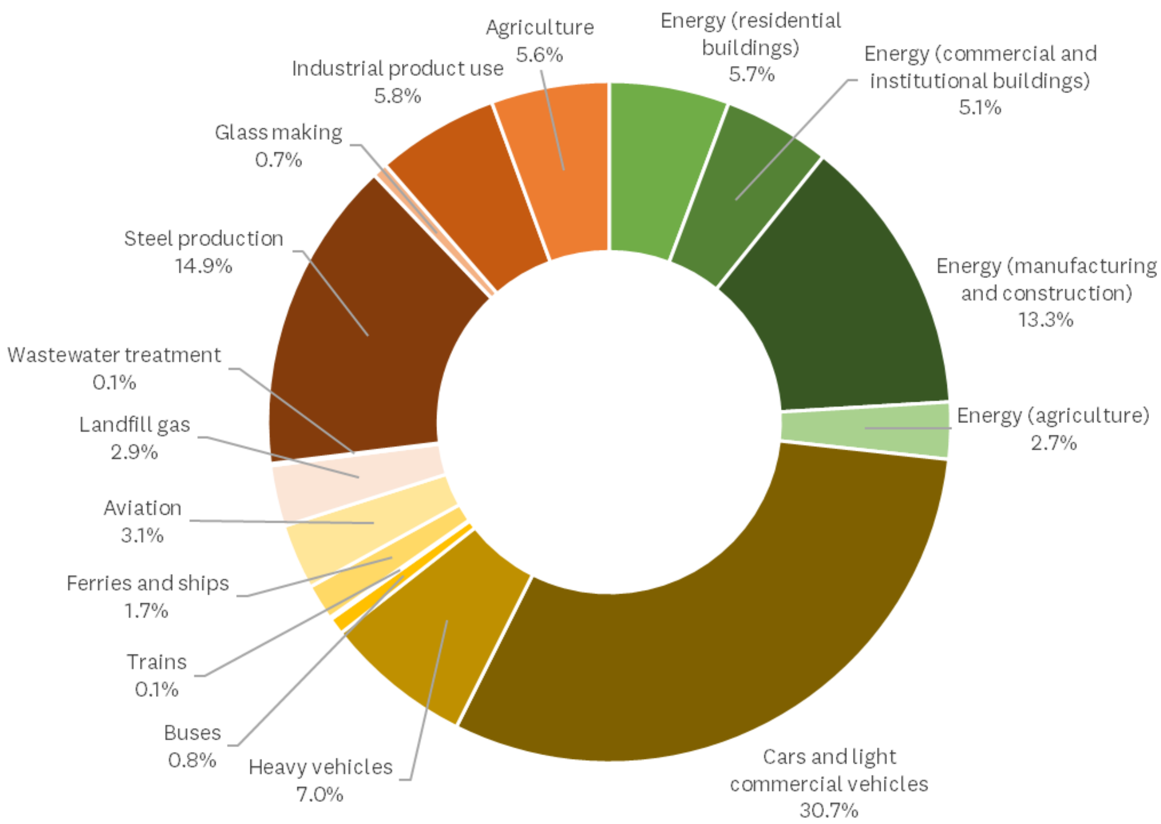
- reducing emissions (to prevent further climate change in future); and
- supporting adaptation (to the existing and future impacts of climate change).

These activities benefit all Aucklanders and will generate regional benefits that cannot be attributed to individuals or groups of ratepayers. This supports charging the rate generally, on an undifferentiated basis.

The proposed investments in public transport, active networks and the urban ngahere will produce local benefits (e.g. improved transport service levels, improved open space amenity) in the areas receiving the investment. Investment in these activities will be focused on underserved areas to expand regional networks. This will result in lifting service levels across the region. This supports continuing our current approach to funding these activities, with the rates component of investment funded on the same basis as the general rate.

Cost drivers for climate action investment

The primary driver of climate change is the emission of greenhouse gases. Auckland's Greenhouse Gas Emissions Inventory 2016 report identified Auckland's emissions by sector as shown below.



The proposed investments in public transport and active networks seek to reduce transport emissions, by reducing private light vehicle trips. In Auckland, cars are responsible for around 30 per cent of regional emissions. This focus on urban transport options has been chosen as the area where council can have the most impact on regional emissions while generating wide regional benefits and addressing inequity in the provision of services.

While the proposed investment focuses on only a portion of Auckland's greenhouse gas emissions, the driver for investment is the need to reduce emissions regionally. It is reasonable to consider whether there is a relationship between rating factors and the production of greenhouse gases when considering the basis for setting a rate.

The sectors identified for greenhouse gas emissions do not directly relate to rating sectors. It isn't possible to apportion Transport emissions between rating sectors. For example, if someone travels from home to a shop or work, it is difficult to determine whether that is a residential or a business journey.

There is also insufficient information on the waste sector emissions to attribute this to particular rating sectors. Auckland Council Waste Assessment 2017 reported that by weight, 85% waste to landfill was from the commercial sector, and 15% from domestic kerbside collections. However, Greenhouse emissions are largely due to organic waste component of landfill. The proportion of organic waste attributable to commercial and residential sectors may differ from the overall waste split.

Differentiating climate action rate by land use

The following table compares greenhouse emission sectors with rating land use categories. This enables comparison of the amount of emissions produced by each sector with the proportion of rates they would pay under a Capital Value (Share CV) or fixed charge (Share SUIP[9]) basis.

Greenhouse Emissions by sector	% Total emissions	Rating Sectors by Land use	Share CV	Share SUIPs
Residential Energy	5.2%	Residential & Lifestyle	83%	90%
Commercial Energy	5.3%	Commercial	8%	6%
Industrial Products, Steel and Glass Manufacturing and Energy (manufacturing and construction)	33.5%	Industrial	5%	3%
Agriculture including Energy	9.2%	Rural Industry	1%	1%
Transport and Waste	46.8%	Other land use	3%	1%

This comparison of share of Capital Value and SUIPs to greenhouse house emissions in the Residential, Commercial, Industrial and Agricultural sectors would appear to support differentials to

[9] SUIP = Separately Used or Inhabited Part. Council defines a separately used or inhabited part (SUIP) of a rating unit as 'any part of a rating unit that is separately used or inhabited by the ratepayer, or by any other person having a right to use or inhabit that part by virtue of a tenancy, lease, licence or any other agreement'. An example would be a rating unit that has a shop on the ground floor (which would be rated as business) and a residence upstairs (rated as residential).

increase the share of rates to be paid by the rural and industrial sectors. Such an approach is not proposed because:

- Industrial process emissions are largely driven by steel and glass manufacturing. Other industrial uses such as storage will have much lower outputs. Industrial products mainly relate to refrigerants used in air conditioning and refrigeration, the use of which are not exclusive to properties with an industrial land use.
- It ignores the fact that some properties are carbon sinks, with land absorbing around 13 per cent of Auckland greenhouse emissions. Carbon negative properties can include forestry (part of rural industry), bush lots, parks and wetlands. The precise distribution of carbon negative properties between rating sectors and non-rateable parkland is unknown.

Overall, there is insufficient information available regarding the distribution of greenhouse gas emissions within and between rating land uses to support the use of rates differentials to reflect differences in emissions.

Differentiating climate action rate by rating sector

Council applies differentials to its value based general rate to increase the share of rates paid by the business sector, and reduce the share paid by rural properties. The following sections explore the difference between sectors in relation to capital value, fixed charges and greenhouse emissions.

Business sector: There is some relationship between property values and generation of greenhouse emissions, particularly for businesses. Larger businesses have higher property values than smaller businesses. Compared to lower value businesses, higher value businesses will on average consume more resources (e.g. electricity, fuel) and generate more vehicle movements, resulting in higher levels of greenhouse gas emissions. This supports setting the rate on a capital value basis.

The amount of greenhouse gases generated by the industrial and commercial sectors is much higher than the residential sector in comparison to their share of the region’s capital value. This supports the application of a higher rates differential for business.

Rural sector: Setting rates on capital value will shift rates from undeveloped land to developed land. It would also shift rates from lower value arable and forestry land to the higher value livestock farms that generate a majority of agricultural greenhouse emissions.

Setting the rate on capital value would increase rates for lifestyle properties due to their higher average values compared to other residential properties. The lifestyle land use includes bush lot properties that help absorb greenhouse gases. This supports using a differential to lower the rural share of rates in comparison with the urban area.

Residential sector: The relationship between residential property values is less clear cut. In general, larger houses will have higher property values and require more energy to run than smaller properties in the same area. There is, however, significant variation in property values between areas, that can run counter to the idea that higher property values mean more greenhouse emissions. For example, many low value properties are located far from the city centre, with long commute times and fewer public transport options than higher value properties near the city centre. Modern low energy dwellings may attract higher valuations than similar older and less efficient properties.

Affordability and capital value or fixed charges

In general, businesses are better able to manage additional costs than residential properties. Businesses can also claim back GST and expense rates against tax. A business differential of at least 1.6 over non-business properties will reflect the value of these tax advantages.

Businesses currently pay 31.33 per cent of general rates. Under Council's Long-term differential strategy, it is planned that the business share of general rates will be 25.8 per cent by 2037/2038.[10]

Setting the rate as fixed charge would mean lower value properties would pay the same as higher value properties. The owners of higher value properties, business and non-business, will in general be better able to afford an increase in rates than the owners of lower value properties.

The relation between property (capital) value and ability to pay is stronger for businesses than non-businesses. This is because a business's investment in property will reflect their potential to generate income. There is stronger support for setting the rate on a capital value basis for businesses than for non-business.

Conclusions

Currently, climate action related activities are funded from the general rates. The assessment of the benefits from and cost drivers for the investment, as well as consideration of affordability, supports setting the rate on a similar basis to the current value based general rate. Setting the targeted rate on a similar basis to the general rates would maintain existing rates settings. We propose to set the Climate Action targeted rate so that the business share is 25.8 per cent, the same level as the Water Quality and Natural Environment targeted rates and the ultimate goal of the Long-term differential strategy for the general rate.

This would see the rate set on the basis of capital value, with differentials for business and rural properties as set out below. (Note that the rates information in the tables below are based on the most up-to-date revaluation data that officers had at the time this report was written. They are yet to be approved by the Valuer General.)

Sector	Gen rate category	**Climate action TR differential**	Differential set relative to	Proposed **rate in the $ for 2022/23 (incl. GST)**	Share of total **targeted rate revenue**
Business	Urban business	1.0000	Urban business	0.00008417	25.80%
	Rural business	0.9000	Urban business	0.00007575	
	Urban business transition	1.0000	Urban business	0.00008417	

[10] The Long-term differential strategy gradually lowers the proportion of general rates to be collected from businesses from 31.33 per cent in 2021/2022 to 25.8 per cent in 2037/2038.

Sector	Gen rate category	Climate action TR differential	Differential set relative to	Proposed rate in the $ for 2022/23 (incl. GST)	Share of total targeted rate revenue
Non-business	Urban residential	1.0000	Urban residential	0.00004862	74.20%
	Rural residential	0.9000	Urban residential	0.00004375	
	Farm and lifestyle	0.8000	Urban residential	0.00003889	
	No road access	0.2500	Urban residential	0.00001215	
	Uninhabitable island	0.0000	Urban residential	0.00000000	
	Zero rated	0.0000	Urban residential	0.00000000	
	Urban mod occ online	1.8074	Urban residential	0.00008787	
	Rural mod occ online	1.6266	Urban residential	0.00007908	
	Urban med occ online	1.4037	Urban residential	0.00006824	
	Rural med occ online	1.2633	Urban residential	0.00006142	
	Urban residential transition	1.0000	Urban residential	0.00004862	
	Urban farm and lifestyle residential transition	1.0000	Urban residential	0.00004862	
	Urban medium-occ transition	1.4037	Urban residential	0.00006824	
	Urban moderate-occ transition	1.8074	Urban residential	0.00008787	

It is also proposed that the Climate Action targeted rate increase at the planned general rates increase of 3.5 per cent per year.

Targeted Rate Examples

Example rates are set out below for rates set on the basis proposed above compared to a rate set on fixed basis with only a business differential set to recover 25.8 per cent of the rates requirement.

Model 1: Capital value model as proposed above:

The following table shows the amount of climate action targeted rate that would (if adopted) be paid in 2022/2023 by different values of residential, business and farm/lifestyle properties. Note that the example capital values and the rates in the dollar were based on the most up-to-date revaluation data that officers had at the time this report was written. They were yet to be approved by the Valuer General.

	Estimated targeted rate amount for 2022/2023 $ (incl. GST)			
Property category	**Urban residential pays:**	**Rural residential pays:**	**Urban business pays:**	**Farm/lifestyle pays:**
Rate in Dollar 2022/2023 ($)	0.00004862	0.00004376	0.00008417	0.00003889
Capital Value of Property ($)				
500,000	24.30	21.90	42.10	19.50
750,000	36.50	32.80	63.10	29.20
1,050,000 (median rural residential property)	51.10	45.90	88.40	40.80
1,150,000 (median business property)	55.90	50.30	96.80	44.70
1,200,000 (median urban residential property)	58.30	52.50	101.00	46.70
1,233,500 (average rural residential property)	60.00	54.00	103.80	48.00
1,437,000 (average urban residential property)	69.90	62.90	121.00	55.90
1,500,000	72.90	65.60	126.30	58.40
1,725,000 (median farm/lifestyle property)	83.90	75.50	145.20	67.10
2,000,000	97.20	87.50	168.30	77.80
2,297,500 (average farm/lifestyle property)	111.70	100.50	193.40	89.40
3,000,000	145.90	131.30	252.50	116.70
3,905,500 (average business property)	189.90	170.90	328.70	151.90
5,000,000	243.10	218.80	420.90	194.50
10,000,000	486.20	437.60	841.70	389.00

Model 2: Fixed rate model:

The following table shows the targeted rate that a typical single-SUIP residential, business or farm/lifestyle property would pay in 2022/2023 if the rate is applied as a fixed charge per Separately Used or Inhabited part (SUIP) of a property.

Estimated fixed targeted rate amount per SUIP for 2022/2023 (incl. GST)		
Residential pays:	**Business pays:**	**Farm/lifestyle pays:**
65.60	225.20	65.60

Rates increase analysis

The table below shows the estimated additional rates increases for 2022/2023 as a result of the proposed introduction of the Climate action targeted rate for

- the average value urban residential, urban business and farm/lifestyle property under the capital value model
- a typical residential, business and farm/lifestyle property with one SUIP under the fixed rate model
- all properties as a whole.

Charging method	Average value property additional rates increase as a result of introduction of the Climate Action Targeted Rate				
	Urban residential	Rural residential	Business	Farm and lifestyle	Overall
Capital value	2.5% (median value property 2.4%)	2.4% (median value property 2.3%)	1.9%	2.5%	2.3%
Fixed rate per SUIP	2.3%	2.9%	1.3%	1.8%	