Northern Action Group Inc.
Submission on Auckland Council Annual Plan 2026/2027

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1. Key Recommendations Summary

Northern Action Group recommends that Auckland Council:

1. **Remove City Rail Link operating costs from general rates.**

   Communities such as Rodney that receive minimal benefit from the metropolitan rail network should not be required to fund its operating costs.

2. **Apply the principle that costs should follow benefits when setting rates and targeted rates.**
3. **Undertake a comprehensive review of Auckland Council's rating structure before the next Long-term Plan**, including:
   - increasing the **Uniform Annual General Charge (UAGC)** toward the statutory limit of 30 per cent of total rates revenue
   - reviewing **rating differentials between rural, residential and business properties**
   - ensuring **Local Board area contributions better reflect the distribution of council investment and services.**
4. **Ensure that growth pays for growth** by setting development contributions or infrastructure levies at realistic levels sufficient to fund infrastructure required for new development.
5. **Expand user-pays funding mechanisms** where practical for services such as transport infrastructure, waste management and recreational facilities.
6. **Prioritise core infrastructure investment** ahead of discretionary or promotional expenditure.
7. **Support community-led development planning in Rodney**, including the Mahurangi Community Planning Group pilot project.

These steps would improve fairness between communities, strengthen local democratic accountability and place Auckland Council's finances on a more sustainable footing.

2. Introduction

Northern Action Group (NAG) welcomes the opportunity to comment on Auckland Council's proposed Annual Plan 2026/2027.

NAG represents ratepayer interests in Rodney and surrounding northern communities. Our focus is on ensuring that Auckland Council delivers core infrastructure and services efficiently, fairly and sustainably.

We have made submissions on previous Auckland Council budgets and plans including:

- the Long-term Plan 2021-2031
- the 2023/24 Budget
- the Long-term Plan 2024-2034
- the Annual Plan 2025/2026.

This submission reiterates many of the issues raised previously because the structural problems in Auckland Council's funding model and spending priorities remain largely unresolved.

Our overall view remains consistent:

Auckland Council should focus primarily on providing core infrastructure and services well, and restrain the expansion of spending into activities that should either be funded by users or supported voluntarily by those who benefit.

Rates are a tax on property. Historically they were intended to fund shared property-related infrastructure and facilities such as roads, drainage, parks, libraries and community buildings.

The further rates are extended into subsidising activities unrelated to those functions, the more pressure is placed on ratepayers and the less sustainable Auckland Council's financial model becomes.

3. General Response to the Proposed Annual Plan 2026/2027

The consultation document proposes an **average rates increase of 7.9 per cent**, largely driven by the cost of operating the City Rail Link (CRL).

NAG recognises that Auckland Council must maintain and renew essential infrastructure and manage rising operating costs. However, this proposal highlights a persistent issue in Auckland Council's financial management:

Major investments are approved without adequate provision for their long-term operating costs.

The CRL is a clear example.

The consultation document confirms that the annual operating cost of CRL is estimated at approximately **$235 million per year**, largely consisting of interest and depreciation.

These costs are now being passed directly to ratepayers.

Ratepayers were previously told that the CRL would transform Auckland's transport system and support economic growth. While that may be true for parts of the region, the cost burden must be allocated fairly.

Rodney ratepayers have already contributed through general rates toward the capital cost of the CRL. Our obligation should end there.

Rodney residents should not now be required to fund the ongoing operating costs of a project that provides minimal direct benefit to their communities.

4. Rates and Fairness

4.1. The City Rail Link illustrates the problem

The proposed **7.9 per cent rates increase** is primarily driven by the cost of operating the City Rail Link (CRL), estimated at around **$235 million annually** in interest, depreciation and operating costs.

Rodney ratepayers have already contributed through general rates toward the capital cost of the CRL.

Our obligation should end there.

Rodney communities receive little direct benefit from the CRL. Public transport access from Rodney remains limited and most residents rely on private vehicles for work and daily activities.

Yet Rodney ratepayers are now being asked to fund the ongoing operating costs of a rail system that primarily serves the metropolitan rail corridor.

The additional costs now being imposed arise largely because Auckland Council did not adequately provide for CRL operating costs when the project was approved.

That planning failure should not be corrected by imposing additional costs on communities that receive minimal benefit.

If additional funding is required for CRL operations, it should be recovered through:

- public transport fares
- transport network funding mechanisms
- targeted funding sources that reflect the beneficiaries of the system
- central government contributions.

It should not be funded through a region-wide increase in general rates.

The CRL issue is therefore not just about one project. It illustrates a broader problem with Auckland Council's rating structure.

4.2. The principle: costs should follow benefits

A fundamental principle of fair local government finance is that **costs should broadly follow benefits**.

Where infrastructure or services benefit the entire region, region-wide funding may be appropriate.

Where benefits are concentrated in particular areas, communities or users, funding should reflect that relationship.

When costs are allocated across the entire rating base without regard to the distribution of benefits, the result is cross-subsidisation between communities.

This undermines public confidence in the fairness of the rating system.

Rodney communities have repeatedly experienced this problem — contributing through general rates to projects concentrated in the urban core while receiving comparatively limited infrastructure investment in return.

Auckland Council's rating policies should therefore be reviewed to better align funding contributions with the distribution of services and benefits across the region.

4.3. Rating structure reform

Auckland Council's current rating structure relies heavily on capital-value-based general rates combined with differential ratios between property categories.

While historically understandable, this structure now produces outcomes that do not reflect the actual distribution of council services and infrastructure investment.

Three areas deserve particular review.

The Uniform Annual General Charge (UAGC)

If Auckland Council is serious about treating ratepayers equally, the **Uniform Annual General Charge (UAGC)** should move closer to the statutory maximum of **30 per cent of total rates revenue**.

A stronger UAGC recognises that every property benefits from a basic level of council services and governance regardless of property value.

Increasing the UAGC would reduce excessive dependence on capital-value-based rating and improve equity between properties.

Differential ratios between property categories

The current differential ratios between **rural, urban residential and business properties** should be reassessed.

These ratios should reflect the **relative infrastructure and service benefits actually received** by those property categories.

Rural properties typically receive fewer council services and infrastructure investments than urban properties. In many cases the primary services provided are roading access and regulatory functions.

The rating system should recognise these differences rather than applying broad assumptions that do not match the actual distribution of council services.

Local Board area equity

The rating system should also better reflect differences in infrastructure investment between Local Board areas.

Where communities receive lower levels of infrastructure investment or fewer services, their contribution through rates should reflect that reality.

Rodney communities are experiencing substantial population growth while infrastructure provision lags significantly behind development.

At the same time, Rodney ratepayers continue to contribute through general rates to projects elsewhere in the region.

A review of rating policy should therefore examine whether **Local Board area contributions more closely reflect the distribution of council investment and services across Auckland.**

4.4. Land value based rating

NAG has previously recommended that Auckland Council examine a transition toward a **land-value-based rating system**.

Land value rating has several advantages:

- it encourages efficient use of land
- it is difficult to avoid
- it does not distort economic production
- it aligns infrastructure provision with land development.

Recent volatility in property markets has further highlighted the weaknesses of the current capital-value-based system.

Auckland Council should undertake a comprehensive review of rating policy before the next Long-term Plan to determine whether land value rating would provide a fairer and more stable system.

4.5. Accountability and Local Board governance

There is also an important governance reason for reviewing Auckland Council's rating structure.

Local Boards are intended to represent community priorities and influence the allocation of local services and infrastructure.

However, the current rating system largely disconnects what communities pay from what they receive.

When ratepayers cannot see a clear relationship between:

- the rates they pay, and
- the services and infrastructure provided in their area,

local democratic accountability is weakened.

Residents reasonably expect their Local Board to have meaningful influence over the level of services and investment provided in their communities.

A rating structure that better reflects the distribution of services and investment across Local Board areas would strengthen transparency, accountability and public confidence in local government decision-making.

If Auckland Council wishes to strengthen localism and the role of Local Boards, the rating system must support — rather than obscure — the relationship between **local contributions, local decision-making and local outcomes**.

4.6. Auckland Council already has the powers to reform the system

Importantly, Auckland Council already has the legislative authority to implement many of these changes.

Under the **Local Government (Rating) Act 2002**, councils have broad discretion to:

- set the level of the Uniform Annual General Charge
- apply differential rating categories
- implement targeted rates
- structure rating policies to reflect local circumstances.

The issue is therefore not a lack of legal authority.

It is simply whether Auckland Council is prepared to review its rating policies to better align costs with benefits and improve fairness between communities.

A comprehensive review of the rating system should therefore be undertaken before the next Long-term Plan.

5. Targeted Rates and Growth Funding ("Growth pays for Growth")

Targeted rates should be applied according to a clear principle:

Those who benefit should pay.

Too often targeted rates have been applied across the entire Auckland region while delivering benefits concentrated in specific areas.

This effectively becomes a cross-subsidy between communities.

Rodney ratepayers have repeatedly experienced this problem.

If targeted rates are used, the revenue raised should be spent in proportion to the contributions made by the communities paying those rates.

5.1. Development Contributions and Growth Funding

Auckland Council must also address the persistent infrastructure funding gap created by growth.

New residential development generates significant demand for infrastructure including:

- roads and transport connections
- water and wastewater systems
- stormwater and flood protection
- parks, sports fields and community facilities
- libraries, halls and other public assets.

These costs should not be transferred onto existing ratepayers.

A clear principle should apply:

Growth should pay for growth.

This principle has been repeatedly stated by the Mayor and should be applied consistently in practice.

Development contributions or infrastructure levies must therefore be set at levels that realistically reflect the cost of providing the infrastructure required to support growth.

In many growth areas these costs are substantial. NAG has previously suggested that a realistic contribution could be in the order of **$200,000 per additional dwelling** where major infrastructure expansion is required.

While the exact level may vary between locations, the essential principle remains that:

- existing ratepayers should not subsidise new development
- infrastructure required for growth must be funded alongside the development itself
- development contributions should be complemented by targeted rates where appropriate.

When growth funding is structured correctly, development can proceed without creating long-term financial pressure on existing communities.

Applying the principle that **growth pays for growth** will help ensure Auckland's infrastructure keeps pace with development and that ratepayers are not left funding the consequences of planning decisions made today.

6. Spending Priorities

6.1. Focus on core infrastructure

Auckland Council's first responsibility is maintaining essential infrastructure:

- transport networks
- drainage
- flood protection
- water and wastewater systems
- parks and community facilities.

The Council's consultation document emphasises significant infrastructure investment.

This is appropriate and necessary.

However, it must be accompanied by stronger financial discipline to ensure that infrastructure projects are fully costed over their life cycle, including operating costs.

6.2. Reduce subsidies and non-essential spending

The largest structural financial pressure on Auckland Council remains the subsidy of public transport.

Subsidised services that lose money year after year create an ongoing fiscal burden on ratepayers.

Public transport is valuable, but subsidies must be constrained.

Auckland Council should establish a clear target for reducing the subsidy ratio over time.

If public transport services are valuable to users, fares should reflect that value.

Similarly, Auckland Council should reconsider funding for non-essential activities such as:

- event promotion
- tourism marketing
- cultural festivals and events
- promotional activities that benefit specific business sectors.

These activities should primarily be funded by the organisations and industries that benefit from them.

6.3. Asset ownership and investment priorities

NAG has consistently argued that Auckland Council should focus its balance sheet on infrastructure assets rather than passive investment holdings.

Holding shares in commercial enterprises such as ports or airports is not necessary for Auckland Council to regulate or manage those assets.

Funds raised from any asset sales should be directed toward:

- infrastructure renewal
- debt reduction
- improving essential services.

7. Rodney Local Board Plan and Localism

NAG strongly supports strengthening the role of local communities in planning their future.

The Rodney Local Board area is experiencing significant population growth but has not received proportional infrastructure investment.

Residents increasingly feel that development is being imposed on communities rather than planned with them.

Zoning for regulatory purposes is not **Planning** for development. A more effective planning model is needed.

Community-led development planning

NAG supports the proposal submitted to the Rodney Local Board by the Mahurangi Community Planning Group (MCPG) to pilot a community-led development planning process.

This initiative addresses a significant gap in Auckland Council's planning system.

Current planning tools focus primarily on regulatory zoning rather than integrated community development planning.

Community-led development planning would:

- integrate spatial, environmental, infrastructure and social planning
- align Council investment with community priorities
- reduce infrastructure risk by improving planning certainty.

The proposed pilot project focuses initially on a development plan for the Warkworth Town Centre and would demonstrate how communities can contribute constructively to planning outcomes.

This initiative uses local expertise and volunteer participation while requiring modest funding primarily for coordination and technical planning support.

The pilot has clear deliverables and provides a scalable model that could later be extended to other Rodney communities.

Embedding community-led planning within the Local Board Plan would strengthen trust between Council and communities and improve the effectiveness of infrastructure investment.

8. Governance and Structural Issues

Many of the issues facing Auckland Council arise from the structural challenges of governing a very large "mega-council".

Rodney's needs as a predominantly rural area differ significantly from those of urban Auckland.

Greater recognition of local decision-making and subsidiarity is required.

Local boards should have stronger influence over:

- local infrastructure priorities
- asset management decisions
- allocation of local funding.

Without meaningful local input, Council risks continued dissatisfaction and declining public trust.

9. Conclusion

NAG supports Auckland Council's focus on financial discipline and infrastructure investment.

However, several key issues remain unresolved:

- the unfair distribution of CRL operating costs
- the continued expansion of rates funding into non-core activities
- the lack of structural reform in Council funding and governance
- the need for stronger local community involvement in planning.

Rodney ratepayers have contributed substantially to Auckland Council over many years while receiving relatively limited infrastructure investment.

Future plans must recognise the diversity of Auckland's communities and allocate costs and benefits more fairly.

10. Responses to Consultation Questions

1. What do you think of our proposed Annual Plan 2026/2027?

The plan continues the existing Long-term Plan framework and maintains investment in core infrastructure.

However, the proposed 7.9 per cent rates increase is excessive and largely driven by CRL operating costs that were not adequately planned for when the project was approved.

Rodney ratepayers should not bear an equal share of those costs.

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2. What do you think of the proposed rates increase?

NAG does not support the proposed rates increase.

If CRL operating costs require funding, they should be recovered from transport users or targeted funding sources rather than general rates.

Rodney communities receive minimal benefit from the CRL and should not be required to fund its operation.

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3. What do you think of the proposed changes to fees and charges?

Where services are used by identifiable users, cost recovery through fees and charges is appropriate.

User-pays approaches should be expanded wherever practical.

4. What do you think of the proposals for your local board area?

Rodney requires significantly greater infrastructure investment to support growth.

NAG supports the Rodney Local Board prioritising community-led development planning initiatives such as the MCPG pilot project to improve coordination between community priorities and Council investment.

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5. Any other comments?

Auckland Council must address structural issues in its funding model and governance framework.

Rates increases above inflation cannot continue indefinitely.

Long-term financial sustainability requires:

- stronger spending discipline
- expanded user-pays funding
- fair allocation of targeted rates
- greater local decision-making.

NAG looks forward to continuing constructive engagement with Auckland Council to achieve these outcomes.

Bill Foster

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