Submission on Funding the Operating Costs of the City Rail Link (CRL)

To: Auckland Council 19 March 2026

1. Introduction

This submission addresses Auckland Council's proposal to recover the ongoing operating costs of the City Rail Link (CRL) through a uniform general-rate levy. While the objective of ensuring the CRL's financial sustainability is legitimate and widely supported, the proposed funding mechanism does not reflect the distribution of benefits across the region. A general-rate levy imposes a disproportionate and inequitable burden on communities that receive little or no direct benefit from the CRL, despite having already contributed to its capital cost through past rates.

A more proportionate, efficient, and defensible funding model is available—one that aligns contributions with actual benefit, maximises revenue from users, and avoids perpetual cross-subsidisation from remote areas. This submission sets out a proportionality-based framework for assessing the proposal and demonstrates why a targeted rating model better reflects Auckland Council's statutory obligations and rating principles.

2. Proportionality as a Public-Finance Principle

Proportionality provides a structured method for assessing whether a funding mechanism is fair, necessary, and appropriately tailored to its objective. It requires that the objective be legitimate, that the chosen mechanism be capable of achieving that objective, that no less intrusive or more targeted alternative exists, and that the burden imposed is not excessive relative to the benefit received.

While funding CRL operations is unquestionably a legitimate aim, the proposed general-rate levy fails the necessity and balancing stages of the proportionality test. Less intrusive, more targeted alternatives exist, and the burden imposed on low-benefit communities is excessive relative to the benefits they receive.

3. Distribution of Benefits Across Local Board Areas

The benefits of the CRL are not evenly distributed across Auckland. They are geographically concentrated along the heavy-rail network and in areas with strong feeder connections. Using transport access, rail station proximity, and feeder-network integration, Auckland's Local Board areas fall into three clear benefit tiers.

Communities in the central isthmus and along the Western, Southern, and Eastern Lines receive the greatest benefit, including direct access to CRL stations, travel-time savings, reliability improvements, and property-value uplift. Areas with strong busway or ferry connections receive moderate but meaningful benefits. In contrast, Rodney receives negligible direct benefit, having no rail stations, no rapid transit, no busway, and no realistic prospect of rail extension. Rodney residents have already contributed to the CRL's capital cost, and imposing a perpetual operating levy for a service they cannot use is disproportionate and inequitable.

Summary Table

Category	Local Boards	Rationale
1. CRL catchment or with rail stations	Waitematā, Albert-Eden, Maungakiekie-Tāmaki, Ōrākei, Puketāpapa, Henderson-Massey, Waitākere Ranges, Whau, Ōtara-Papatoetoe, Māngere-Ōtāhuhu, Manurewa, Papakura, Franklin	Direct CRL stations or heavy-rail stations; highest benefit
2. Strong transport links (busway/ferry feeders)	Devonport-Takapuna, Kaipātiki, Upper Harbour, Hibiscus and Bays, Howick, Puketāpapa	Strong integration into CRL via busway or ferry
3. Remote from network	**Rodney only**	No rail, no rapid transit, negligible direct benefit

4. Why a Uniform General-Rate Levy Fails Proportionality

4.1 Necessity

A general-rate levy is not the least intrusive or most targeted mechanism available. Auckland Council has several viable alternatives that better align contributions with benefit. These include targeted rates by Local Board area, fare adjustments informed by known elasticity, value-capture mechanisms in uplifted areas, corridor-based targeted rates along rail lines, and CBD parking levies linked to mode-shift benefits. Because these alternatives are feasible and more proportionate, a general-rate levy fails the necessity test.

4.2 Balancing

The burden imposed on low-benefit communities—particularly Rodney—is excessive relative to the benefits they receive. Rodney receives no marginal benefit from CRL operations, yet would be required to pay the same rate as communities with direct rail access and substantial uplift. Franklin receives partial benefit but not equivalent to CRL-adjacent suburbs. High-benefit areas receive the majority of the uplift but would contribute no more than areas with negligible benefit. This imbalance is exacerbated by the perpetual nature of the proposed levy, creating a permanent cross-subsidy from remote communities to central ones. A uniform levy therefore fails the balancing test.

5. A Proportionate and Defensible Funding Model

Auckland Council can meet its revenue objective while respecting proportionality and fairness by adopting a tiered, benefit-aligned targeted rate structure. Under such a model, high-benefit areas would contribute the most, moderate-benefit areas would contribute proportionately less, and areas with negligible benefit—such as Rodney—would not be required to subsidise a service they cannot use.

This approach reflects the actual distribution of benefits, aligns with established rating principles, and is consistent with the Council's statutory obligation to consider who benefits from the services being funded. It also ensures that the communities receiving the greatest uplift contribute appropriately to the ongoing costs of the infrastructure from which they benefit.

6. Conclusion

Auckland Council's proposed general-rate levy for CRL operating costs is not proportionate, not necessary, and not equitable. A more defensible approach is available—one that aligns contributions with benefit, maximises revenue from users, and avoids imposing perpetual burdens on communities with negligible benefit.

A proportionality-based funding model would:

- **Maximise revenue from rail users**, using elasticity modelling to optimise fare settings;
- **Apply targeted rates by Local Board area**, reflecting the actual distribution of benefits;
- **Apply value-capture tools in uplifted areas** to ensure beneficiaries contribute fairly;
- **Avoid perpetual general-rate burdens** on communities with negligible benefit.

Such a model is fairer, more transparent, and more consistent with Auckland Council's statutory obligations and rating principles.

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