



Auckland Ratepayers'
Alliance PO Box 133 099, Eastridge,
Auckland 1146
Phone: (09) 2815 172
Email: enquiries@ratepayers.nz

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Auckland Council
Private Bag 39200
Victoria Street West
Auckland 1142

Dear Councillors,

Submission of the Auckland Ratepayers' Alliance on the proposed Regional Fuel Tax

1. The Council is proposing a regional fuel tax (RFT) to fund transport infrastructure, which would replace the Interim Transport Levy (ITL). The Ratepayers' Alliance opposes this.
2. The RFT is projected to generate \$1.5 billion in revenue over ten years, or an average of \$150 million per year. This is equivalent to a 9.1 percent rates increase from the 2016/17 financial year.
3. The Council's first priority should be to find waste-cutting opportunities in existing expenditure, and then use those savings to fund transport infrastructure investment. The most prudent way to find those savings would be to hold total Council income increases to a set level, and then to prioritise spending from there.
4. The Mayor promised efficiency improvements of 3-6 percent of total expenditure. If the Council managed to find those savings, the RFT wouldn't be required, and Auckland could still have high quality infrastructure.
5. The expected annual revenue of the RFT is equivalent to a 3.95 percent efficiency saving on current total expenditure.
6. Additionally, the Council has assumed no dynamic effects in their projected ten-year revenue.
7. First, we should expect to see a reduction in fuel demand as a direct result of the tax. The fuel tax will increase consumer prices, reducing household demand for fuel, reducing Council revenue.
8. Secondly, due to improving fuel efficiency and 'broadband connectivity', Z Energy projected in 2014¹ that fuel demand would fall over the decade to 2024. Coupled with increasing uptake of electric vehicles, the Council should expect revenue from the regional fuel tax to fall over time, rather than remain constant.
9. Additional research in this area is required by the Council to ensure they can offer ratepayers stability and certainty over the coming years. A failure to meet the expected revenue streams from the

¹ Z Energy Investor Day Presentation, 3 April 2014, <https://investor-centre.z.co.nz/investor-centre/home/announcements-and-reports/>

regional fuel tax, while still fully-funding all planned infrastructure would require the Council to seek alternative revenue streams. Naturally that would require additional taxes or rates on local residents.

10. Council should be transparent about the charges they are imposing on ratepayers.
11. While Councillors and the Mayor regularly campaign on keeping rates increases to a set level, they typically exclude interim levies, specific regional taxes, and targeted rates from their calculations. Each of those still impose a financial burden on ratepayers, while allowing the Council an opportunity to continue spending.
12. When Council self-imposes rates increase restraints, they should include other levies and taxes which impose financial burdens on ratepayers. Not doing so is an unfair appraisal of the financial treatment of ratepayers.
13. Rates increases for the 2017/18 year were presented as 2.5% by Councillors in the media. However, that number excludes targeted rates for water quality, and the environmental levy, which together comprise a 3.7% increase in rates, bringing the effective increase in financial burden on ratepayers to 6.2%.
14. While the proposed repeal of the ITL should have brought the effective increase down, it will be replaced by the RFT. While obviously not all Aucklanders are motorists, the majority of households include a motorist, and the average cost to motorists from the regional fuel tax exceeds the cost of the ITL. For many families, where both parents drive to work and take children to school, the cost of the regional fuel tax will far exceed the ITL.
15. Put simply, in the presence of additional taxes and levies on top of general rates, Councillors should make clear to households that the increase in their financial burden will be substantially higher than the headline figure.
16. The RFT will impose a higher financial burden on larger families and those who need to commute to work. The ITL is currently \$114 per household, while the AA estimate the average commuter will pay \$135 a year under a regional fuel tax.
17. The impact of this transfer will be that those who live in the inner city or use public transport will be made better off, while also having their required infrastructure subsidized in the form of light rail and other public transport initiatives.
18. The RFT will impose regressive financial impacts on households.
 - a. Families who live in the outer suburbs and heavily use their vehicle will be hurt by the tax more than families that live in inner suburbs on Auckland's isthmus.
 - b. Families who drive older, less fuel-efficient cars will be hurt harder by the tax, than families with new cars that are more fuel efficient.