Auckland LIGHT RAIL
Bringing us closer

Funding: Long list to short list report

2 August 2021

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1. Purpose and overview

The Auckland Light Rail Project (the ALR Project) will deliver a wide range of economic, social and environmental benefits across the Auckland region and New Zealand. Due to the size and scale of the project, there is likely to be a significant funding requirement throughout the both the delivery and operations phase. Accordingly, exploring a range of different funding solutions is needed to generate the required level of funding.

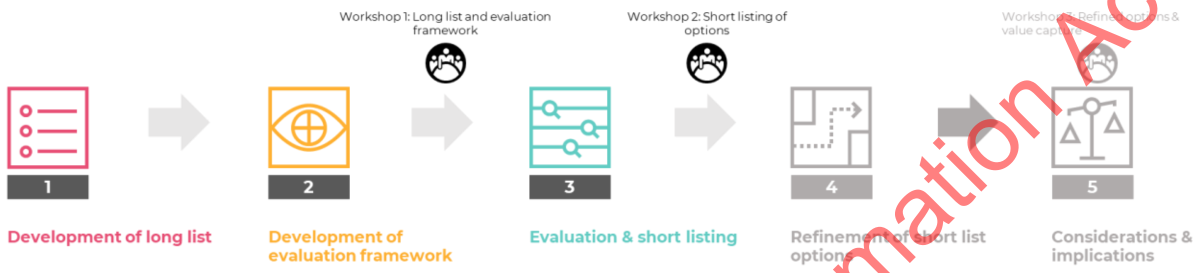
The purpose of this report is to:

- Outline the methodology used to identify, evaluate and short list different funding options;
- Set out the long list of potential options, including a description of the funding source;
- Provide an evaluation of the long list of options; and
- Provide a recommendation on the options that should be short listed for further development.

2. Framework and methodology

The framework for identifying and assessing options was developed based on the Treasury Better Business Case methodology, utilising a typical long list to short list process. Figure 1 below provides an overview of the framework.

FIGURE 1: FUNDING OPTIONS ASSESSMENT FRAMEWORK



The Funding Options Assessment Framework has five key steps, which are outlined below. Further detail on each of the phases is provided in the subsequent sections.

1. **Development of long list** – Identification of a comprehensive long list of funding options that may be used for the Project.
2. **Development of evaluation framework** - A multi-criteria assessment framework was developed to assess the long list of funding options and support the short listing of funding options. The multi-criteria were workshopped with the Establishment Unit and Partners, and were designed to align to the Project outcomes and objectives, and address key funding implications.
3. **Evaluation & short listing** - High level evaluation of each of the funding options against the multi-criteria. Scoring was based on a qualitative assessment against the agreed multi-criteria (e.g. high, medium, low). Funding options were short listed based on their performance against the multi-criteria.

   The focus of this report is on the first three steps.

4. **Refinement of short list options** – Funding options that were short listed will be refined further as part of Phase 4.
5. **Considerations & implications** - Short listed funding options will be considered further once refined, with a focus on identifying the key trade-offs and implications of each option. A key focus of this stage will be on beneficiary identification and mapping and identifying behavioural and precedent setting impacts of different funding tools.

The focus of this report is on the first three stages, with a subsequent Funding: Short List Report covering phases four and five.

This report and the Funding: Short List Report will be supported by two more detailed pieces advice, which will focus on the impact of different tools on partner organisation and the allocation of different tools to different beneficiary groups (including a couple of hypothetical case studies).

3. Beneficiary mapping

In considering the equitability of the different funding options, a high-level beneficiary mapping exercise was completed, where the key benefits were identified and attributed to different classes of beneficiaries. This analysis will be refined and expanded upon in the Funding: Long List to Short List Report, where each funding tool will be matched to the corresponding beneficiaries.

TABLE 1: SUMMARY OF BENEFICIARIES

Beneficiary group	Nature of benefit
Crown and Auckland Council	• Increase in land value of Crown and AC holdings.
Business owners within station catchment	• Increased business value and stronger revenues from greater accessibility to businesses (e.g. greater foot traffic through the business). • Access to a broader labour catchment and reduced travel time to key centres including the airport and city centre.
Property owners within station catchment	• Increased land value due to land value attributed to the transport intervention. • Increased land value due to regulatory / zoning changes.
Private sector property developers	• Opportunities to develop around proposed stations to capitalise on increased accessibility. • Development of transit infrastructure improves accessibility and promotes urban regeneration, allowing increased development and intensification within the station catchments and/or priority development areas.
Motor vehicle users	• Improved accessibility due to ALR may increase willingness to pay for parking closer to stops. • Increased public transport access may lead to a decrease in congestion and increase the willingness of people to pay for parking.
Public transport users	• Improved transport system through integration of ALR into the existing transport network. Improving access to employment and key areas while reducing crowding and congestion.

4. Development of long list

An initial long list of potential funding options was developed, which is presented in the tables below. A wide range of funding sources were identified, including:

- Project specific funding sources: funding sources that could be allocated directly to the project; and
- System-wide sources: funding sources that increase the amount of funding to either Crown or Auckland Council, which could in turn be applied to the project.

Tables 2 and 3 below provide a high-level description of each of the long list options.

International and domestic precedent was leveraged (where available) to support the development of the funding options long list. The options were workshopped with the Auckland Light Rail Establishment Unit, including representatives from partner organisations Auckland Council, Waka Kotahi, Treasury and the Ministry of Transport.

Options at the long list stage were developed to a high level. Short listed options will be subsequently refined and defined as part of phase 4 (refer Figure 1). Further detail on the each of the long list options, including domestic and international precedent, is provided in the Appendix.

TABLE 2: FUNDING OPTIONS LONG LIST – PROJECT SPECIFIC SOURCES

Funding source	High-level description
Crown appropriation	• Crown grant provided through an appropriation.
Auckland Council contribution	• Direct funding contribution from Auckland Council.
City deal	• Crown grant agreed contractually, where the funding is linked to the achievement of certain benchmarks or objectives (typically to achieving growth targets)
NLTF funding	• Crown funding provided through the NLTF.
Targeted rate	• Rate imposed on all, or a certain category, of rateable land within Auckland, which is specifically for the ALR project.
Betterment levy	• Levy imposed on targeted group of properties to capture a portion of the land value uplift realised following the intervention. The focus of this levy is on the benefit derived (e.g. land value uplift), rather than recovering the costs of delivering the infrastructure.
IFF levy	• Long term levy imposed upon landowners. Opportunity to set the levy based on a number of characteristics, including location, access to a service, land use, etc, and can differ between beneficiaries (i.e. different levy based on different catchments).
Negotiated contribution	• Contribution from major stakeholders along the alignment (e.g. AIAL, Westfield, major developers, etc).
Funding source	**High-level description**

Business rate supplement	• A charge added to existing business rates for certain applicable properties within a set area. Factors such as location, land use, activities permitted, land value, etc. may be used to define the area.
Capital gains tax (within the corridor)	• A one-off tax on profit realised through the sale of land or property within the corridor.
Windfall gains tax (within the corridor)	• A one-off tax on the estimated land value uplift following an intervention (e.g. 'upzoning', delivery of ALR) property within the corridor.
Stamp duty (within the corridor)	• A one-off tax on the sale of land or property within the corridor, generally charged as a percentage of transaction value.
Vacant land rate (within the corridor)	• Ongoing charge on vacant land within the corridor.
Increase in the value of public land holdings	• Value captured through an increase in the value of publicly owned land (e.g. Auckland Council, Kāinga Ora). Crystallisation of the value through a sale would be required to generate funding.
Strategic purchase and sale of land	• Purchasing land along the corridor delivery prior to land values responding to the ALR project and crystallising the increase in value through a sale of the land post-delivery.
Sale of development/air rights	• Sale of development and/or air rights (e.g. over-station development). Includes the sale of a long-term lease over the associated land.
Tax increment financing	• Hypothecation of a portion of the incremental tax revenue resulting from ALR, which may be used to raise finance.
Farebox	• Fares charged to users of ALR.
Premium farebox	• Additional charge over and above the fare for passengers boarding and alighting at the airport. Expectation that airport workers using the service for travelling to and from work would not be required to pay the premium fare.
Tourist (Non-resident) farebox	• Higher fares charged to tourists for using the service. Opportunity to extend to a general funding source by charging the 'tourist premium' across the network.
Increasing parking charges (within the corridor)	• Increase in parking charges for the Auckland Transport owned and managed car parks along the corridor, with the additional revenue hypothecated for the ALR project.
Funding source	**High-level description**
Workplace parking levy (within the corridor)	• Charge levied on businesses operating within the corridor based on the number of work carparks held.
Advertising fees	• Sale/leasing of advertising space at stations/stops and on/within the rollingstock.

Development partnering	• Partnering with Kāinga Ora/Panuku/Auckland Council (Development Project Office) and the private sector to complete development at or near stops/stations or key nodes. Funding generated through sharing in the uplift/profit generated. There is a spectrum of different partnering options available depending on risk appetite.
Retail / commercial leasing	• Short/medium term leasing of space at stations for commercial businesses (e.g. coffee stop, newspaper stand, etc.).
Development contributions	• Contribution paid by a developer for new, residential, commercial, industrial or retail development, typically paid at the point at which a consent is received.

TABLE 3: FUNDING OPTIONS LONG LIST – SYSTEM-WIDE SOURCES

Funding source	High-level description
Uniform general annual charge	• Uniform annual charge imposed on all rateable land within a district.
General rates	• Rate imposed on all rateable land within a district, which may be set based upon the rateable value and/or category of land.
Development contributions	• Contribution paid by a developer for new, residential, commercial, industrial or retail development, typically paid at the point at which a consent is received. These contributions are governed by Auckland Council's Development Contribution Policy and is priced based on a system approach, rather than project specific.
Capital gains tax	• A one-off tax on profit realised through the sale of land or property. As a general source, this would involve applying the capital gains tax across all of Auckland.
Windfall tax	• A one-off tax on unrealised estimated profit following an intervention (e.g. 'upzoning', delivery of transport infrastructure). As a general source, this would involve applying the windfall tax across all of Auckland.
Stamp duty	• A one-off tax on the sale of land or property, generally charged as a percentage of transaction value. As a general source, this would involve applying the stamp duty across all of Auckland.
Congestion charges	• A charge on vehicles that drive into a designated congestion zone (e.g. entering the Auckland CBD). Certain vehicles (e.g. taxis or electric cars) may be exempted or be charged a lower rate.
Road user charge	• A road pricing system that would be imposed on all road users across the network. Option to increase the sophistication of the RUC through adapting it to different factors (e.g. use of fuel).
Alternative fuel tax	• Tax on alternative fuel sources used to power vehicles.
Toll revenue	• Additional sections of tolling along existing road network.
Fuel exercise duty	• Additional duty applied on the purchase of fuel.
Tourism levy	• Levy charged on tourists upon arrival to New Zealand to fund infrastructure.
Vehicle emissions tax	• A vehicle emissions tax paid annually on all registered vehicles. The tax may be charged according to the carbon dioxide emissions of the vehicle. The tax could vary across different vehicle technologies and fuel types.
Vehicle relicensing	• An increase in the cost for vehicle owners to register their vehicle

5. Development of the evaluation framework

There is not currently a framework or relevant New Zealand Guidance established for assessing funding opportunities. Accordingly, a bespoke multi-criteria assessment framework was developed to enable a high-level assessment of funding options, which was consistent with 2019 framework.

The multi-criteria were developed with reference to the following:

- International and domestic precedent;
- Key funding implications/considerations;
- The ALR Project outcomes;
- Potential system-wide impacts (intended and unintended); and
- Wider considerations (e.g. development incentives).

Table 4 below outlines the multi-criteria used for the short-listing process.

TABLE 4: MULTI-CRITERIA ASSESSMENT FRAMEWORK

Criteria	Description
Magnitude of funding	Assessment of the quantum of potential funding that could be generated through each option. At this stage, the assessment will be based on 'order-of-magnitude' estimates.
Certainty of revenue	Assessment of the extent funding options provide certainty on both the timing and quantum of the associated revenue.
Implementation and deliverability	The extent to which the funding options could be easily implemented. Considerations under this criterion include access to necessary powers/legislation, consistency with existing frameworks (e.g. FAR), public acceptability/sensitivity, administrative requirements (including on an ongoing basis), associated processes (e.g. IFF/UDA applications).
Equitability of option	The extent to which the funding option allocates the cost of the ALR project to its beneficiaries, including between different generations. Wider social considerations, such as affordability for the ultimate payer and socio-economic impacts will also be considered under this criterion.
Flexibility	The extent to which the funding options are sufficiently flexible to adapt to different technical options, decisions, market changes (e.g. environmental regulation and sector reform). A key consideration under this criterion will be the flexibility of options to respond to any future transitions (e.g. if the delivery entity was dissolved following the delivery phase).
Wider considerations and impacts	The wider considerations and impacts of each option will also be considered, including the extent to which options are likely to support environmental outcomes (e.g. incentivised mode shift), incentivise development (e.g. rather than incentivising land banking), alignment with policy, and support ALR objectives (e.g. promoting access and integration through a whole-of-network approach).

Options were assessed on a 'Red, Amber, Green' (RAG) basis against each of the multi-criteria. Table 5 below provides an overview of the RAG assessment definitions.

Table 5: RAG assessment definitions

Criteria	Description
Red	Funding option does not meet the evaluation criteria
Amber	Funding option partially meets the evaluation criteria
Green	Funding option meets the evaluation criteria

An overview of the high-level considerations that drove the evaluations is provided in Appendix 1 below. Options were short-listed based on the overall impression against the criteria, reflecting the relative importance of and spectrum of alignment with the evaluation criteria.

An overview of the key trade-offs that were identified are provided below:

- Recovering cost through farebox and incentivising patronage/mode-shift;
- Capturing value from land owners and incentivising development;
- Specifically targeting beneficiaries (i.e. beneficiary pays principle) and promoting affordability (i.e. sharing the cost over a wider group). It was noted that this will be particularly challenging when considering lower socio-economic areas (i.e. risk of driving gentrification through increasing the cost of living);
- Designing mechanisms to specifically target the benefit against the additional complexity;
- Trade-off between the certainty of cashflows and affordability of the levy when considering whether to impose a levy on unrealised gains; and
- Trade-off between optimising the transport and/or urban outcomes and driving commercial revenues (e.g. urban outcomes could be driven through development partnering, however this may lower the commercial value of the associated private sector opportunities).

6. Evaluation and short listing

An overview of the evaluation against each of the criteria is provided in Table 5 below. Scoring against the RAG framework was workshopped collaboratively with the Establishment Unit, including representatives from Auckland Council, Auckland Transport, Waka Kotahi, the New Zealand Treasury, and the Ministry of Transport.

The focus of this stage was on drawing out a broad range of considerations to support an initial short listing. Once the short list options have been refined, each funding tool will be mapped to the specific set of beneficiary groups it is targeting, and to the type of costs it may fund (i.e. capital expenditure, operating expenditure, etc.). This analysis will be documented in the Funding: Short List Report.

Further detail on the scoring for each of the options is provided in the Appendix.

Table 6: Overview of evaluation against the evaluation criteria

Funding source	Certainty	Implementation & delivery	Equitability	Flexibility	Wider considerations	Short listed
Project specific sources						
Crown appropriation	🟢	🟢	🟡	🟢	🟡	✓ Significant potential quantum and high degree of certainty.
Auckland Council contribution	🟢	🟢	🟢	🟢	🟡	✓ High degree of certainty, allocation of costs to regional/local beneficiaries, and establishment of positive precedent (i.e. not just a call on the Crown).
City deal	🟡	🟢	🟡	🟡	🟢	✓ Focus on meeting incentive targets expected to drive outcomes, and national benefits to justify the Crown contribution.
NLTF funding	🟡	🟢	🟡	🟡	🟢	✓ Core part of current funding framework, and potentially provides a reasonable degree of certainty. To the extent it results in an increase in FEDs, RUCs, etc. it may drive environmental outcomes.
Targeted rate	🟡	🟢	🟢	🟡	🟡	✓ Alignment of costs to regional and local beneficiaries, which would set the right precedent for future rapid transit projects.
Betterment levy	🟢	🔴	🟢	🟢	🟡	✓ Direct alignment with beneficiary pays, which promotes equity, which may justify the additional implementation requirements (i.e. legislative change). Opportunity to structure as a long-term source to improve certainty.

IFF levy	●	●	●	●	●	✓ Potential to allocate costs to the local and/or regional beneficiary groups, and provides long term revenue certainty, which may support independent financing.
Negotiated contribution	●	●	●	●	●	✓ Allocation of costs to significant local beneficiaries (e.g. AIAL). The additional flexibility may be appropriate for these types of beneficiaries.
Business rate supplement	●	●	●	●	●	✓ Allocation of costs to local beneficiaries (e.g. businesses). Can implement within existing legislative framework.
Capital gains tax (within the corridor)	●	●	●	●	●	× Likely to be too difficult to implement given current policy regarding capital gains tax. Complexity with implementing specifically in the corridor and likely perverse incentives in terms of development and intensification.
Windfall gains tax (within the corridor)	●	●	●	●	●	× Implementation challenges likely to be significant, given the one-off payment nature of the tool. Affordability / equity considerations concerns as the gain is not realised. Further, expectation that a betterment levy could be structured to capture this same benefit, and address affordability through requiring payment over a longer period.
Stamp duty (within the corridor)	●	●	●	●	●	× Low level of certainty associated with the cashflows, significant barriers to implementation and the potential to have adverse system and wider impacts (i.e.

						disincentive to sell land within the corridor).
Vacant land rate (within the corridor)	●	●	●	●	●	✓ While this may not be a material or certain funding stream, the potential behavioural incentivises (i.e. incentive to change land use) should support urban development outcomes. As such it is a funding tool worth exploring further.
Increase in the value of public land holdings	●	●	●	●	●	✓ Passive funding source, which also captures the full land value uplift associated with the intervention.
Strategic purchase and sale of land	●	●	●	●	●	✓ Despite the potential implementation challenges, it is likely to be the most effective way at capturing land value uplift. Would also enable greater public sector control over the development opportunities to support the desired development outcomes. Upfront cost and risk associated with this will need to be considered.
Sale of development/air rights	●	●	●	●	●	✓ Common tool to commercialise development opportunities, whilst retaining control over the development outcomes (e.g. requiring delivery of public amenities, affordable housing, etc.).
Tax increment financing	●	●	●	●	●	✓ May add additional flexibility and allocate costs to the beneficiaries (i.e. incremental revenue is generated through the land value uplift).
Farebox	●	●	●	●	●	✓ Key operational funding source for the project. Aligns the cost to

						the local beneficiaries (i.e. users of ALR).
Premium farebox	🟡	🟡	🟡	🟡	🟡	✓ Allocates the costs to specific beneficiaries (i.e. users of ALR boarding/alighting at the airport). Likely to be relatively easy to implement and administer and may generate a material funding source (to be confirmed through quantitative modelling).
Tourist (Non-resident) farebox	🔴	🔴	🟢	🔴	🔴	× Likely to be challenging to implement and administer, without providing a material or certain revenue stream. Potential for affordability constraints for tourists using ALR to/from the airport, given they may also be paying a premium fare.
Increasing parking charges (within the corridor)	🔴	🟡	🟡	🟡	🟢	✓ Potential behavioural incentive to drive mode shift. However, would need to be considered in light of AT's parking strategy, including a potential future car parking concession.
Workplace parking levy (within the corridor)	🟡	🔴	🟡	🟡	🟢	✓ May drive mode shift and incentivise appropriate behaviours. One of the few funding tools that may specifically target motor vehicle users as a beneficiary group.
Advertising fees	🟡	🟢	🟢	🟡	🟡	✓ Straightforward to implement and provides an opportunity to generate additional commercial revenues through operations.
Development partnering (including with Mana Whenua)	🟢	🟡	🟢	🟡	🟢	✓ Opportunity to drive urban development outcomes, whilst generating funding for the project. Aligns with commitment to partnering with Mana Whenua to the extent Māori developers

						can be engaged. Upfront cost and risk associated with this will need to be considered.
Retail / commercial leasing	🟡	🟢	🟢	🟡	🟡	✓ Straight forward to implement and provides an opportunity to generate additional commercial revenues through operations.
System-wide sources						
Uniform general annual charge	🟡	🟡	🟡	🟡	🟡	**n/a** – Considered inappropriate for this project, given there are specific beneficiaries that can be identified and because it couldn't be hypothecated to the project.
General rates	🟡	🟡	🟡	🟡	🟡	✓ Local government tool that would allocate cost to the Auckland wide beneficiaries.
Development contributions	🔴	🟢	🟢	🟡	🟡	✓ Enables targeting of specific project beneficiaries (i.e. developers), which aligns to beneficiary pays.
Capital gains tax	🔴	🔴	🟡	🟡	🟡	**n/a** – Likely to be too difficult to implement given current policy regarding capital gains tax.
Windfall tax	🟢	🔴	🟢	🟡	🟡	**n/a** – Likely to be too difficult to implement this and justify this at a national level.
Stamp duty	🔴	🔴	🔴	🟡	🟡	**n/a** – Considered inappropriate for this project to recommend the imposition of a national stamp duty.
Road user charge	🔴	🟢	🔴	🟡	🟢	**n/a** – Considered inappropriate for this project to recommend how the NLTF manages its funding, given ongoing policy work around the NLTF. However, we note the positive

						environmental outcomes that may be incentivised through an increase in the RUCs. Further considerations will be provided in the Detailed Funding Advice.
Alternative fuel tax	🔴	🔴	🔴	🟡	🟡	**n/a** – Considered inappropriate for this project, given the current rebate policy for EVs.
Toll revenue	🔴	🔴	🔴	🟡	🟢	**n/a** – Considered inappropriate for this project. Would also likely require legislative change, given the application of a tolling scheme must apply to a new road (LTMA s46).
Fuel exercise duty	🔴	🟢	🔴	🟡	🟢	**n/a** – Considered inappropriate for this project to recommend how the NLTF manages its funding, given ongoing policy work around the NLTF. However, we note the positive environmental outcomes that may be incentivised through use of these tools.
Vehicle emissions tax	🔴	🔴	🔴	🟡	🟢	
Vehicle relicensing	🔴	🟢	🔴	🟡	🟢	

Appendix A: Funding Long List & Evaluation Worksheet

Funding source	High-level description	Ultimate decision maker	End payer	Type of cost funded	Currently used in New Zealand?	International precedent	Certainty of cashflows	Implementation and delivery	Equitability	Flexibility	Wider considerations	Short listed?
Funding source	Description	Crown/Council/either	e.g. land owner, commercial business, general population, Crown, transport user, developer	Capital, operations, both	Y/N with example	Y/N with example	H/M/L	H/M/L	H/M/L	H/M/L	H/M/L	Yes/No
Project specific sources												
Crown appropriation	Crown grant provided through an appropriation.	Crown	Taxpayer (through Crown)	Capital	**Yes** - CRL - Crown proportion was funded through an appropriation, rather than the NLTF.	**Yes** - Crown appropriations are common internationally (PLR, GCLR, Crossrail).	**High** - Represents a Crown commitment to fund and typically has terms outlined in an agreement. These agreements can commit funding over a long period of time (e.g. outside of political and budget cycles).	**High** - Easy process to implement, and would not require any party to have any special powers.	**Mid** - Costs would be shared across the whole of NZ, many of which would not be direct beneficiaries. However, the CC2M Project is expected to drive productivity, growth and additional tax revenue, which would benefit the whole of NZ. Further, sharing the costs over the wider population will promote greater affordability.	**High** - Significant flexibility to agree the terms of the appropriation with the Crown.	**Mid** - Investment along the alignment should support existing and future planned Crown investment. Further, the Crown has significant land holdings along the corridor, which are expected to benefit from higher land values.	Yes
Auckland Council contribution	Direct Auckland Council funding contribution	Council	Auckland ratepayers	Both	**Yes** - CRL - Auckland Council provided 50% funding contribution.	**Yes** - Council contributions are common internationally.	**High** - Long-term certainty over cashflows should be obtained through the Funding Agreement, reducing ongoing political risk in relation to the funding.	**High** - Easy process to implement, and would not require any party to have any special powers.	**High** - Ratepayers across Auckland will benefit from the ALR project (e.g. through improved environmental outcomes, social cohesion, improved accessibility, etc.)	**High** - Significant flexibility to agree the terms of the appropriation with the Crown.	**Mid** - Postive behavioural/precedent setting tool, given allocation of costs to regional/local beneficiaries.	Yes
City deal	Crown grant agreed contractually, where the funding is linked to the achievement of certain benchmarks or objectives (typically to achieving growth targets)	Crown	Taxpayer (through Crown)	Both	**No**	**Yes** - Greater Manchester City Deal, where Greater Manchester could 'earn back' a portion of additional tax revenue from GVA increases resulting from local investment in infrastructure.	**Mid** - Crown commitment to fund provides a level of certainty. However, the level of certainty is limited by the risk of not achieving the agreed targets.	**High** - Likely to be relatively easy to implement/adminster, given it is a contractual arrangement between the Crown and Delivery Entity/partners. However, there may be complexity in determining and measuring the performance targets.	**Mid** - Costs would be shared across the whole of NZ, many of which would not be direct beneficiaries. However, the CC2M Project is expected to drive productivity, growth and additional tax revenue, which would benefit the whole of NZ. Where the funding targets are linked to generating national benefits, the nexus is likely to be stronger. Further, sharing the costs over the wider population will promote greater affordability.	**Mid** - Flexibility to agree the terms of the appropriation with the Crown.	**High** - Given the funding is tied to the achievement of targets, the Crown could incentivise the achievement of the project outcomes.	Yes
NLTF funding	Crown funding provided through the NLTF.	Crown	Wider transport users (through NLTF)	Both	**Yes** - FAR framework provides ~51% of funding for transport projects in Auckland.	**Unknown**	**Mid** - Represents a Crown commitment to fund the project, however funding is typically only committed for three years at a time (e.g. aligns with GPS, RLTP, etc).	**High** - Relatively easy to implement, however the recipient (e.g. the Delivery Entity) would need to be an 'approved organisation' under the LTMA to be eligible to receive funding. Would also require approval from the NLTF Board.	**Mid** - Costs would be shared across the whole of NZ, many of which would not be direct beneficiaries of the infrastructure. However, the CC2M Project is expected to drive productivity, growth and additional tax revenue, which would benefit the whole of NZ. Sharing costs over the wider population will also promote affordability.	**Mid** - Some degree of flexibility (i.e. can agree a non-standard FAR), however potentially constrained by current NLTF framework.	**Mid** - May place considerable pressure on NLTF capacity, especially given the NLTF relies heavily upon revenue from RUCs/FEDs, which may be variable over the longer term (i.e. mode-shift away from cars, switch away from fossil fuels).	Yes
Targeted rate	Rate imposed on targeted group of rateable land within the territory under the Local Government Rating Act, which can be identified by location, activities permitted, provision of a service, land use (e.g. business/commercial purpose), etc.	Council	Land owner	Both	**Yes** - Rodney Transport Targeted Rate ($150 per rateable unit).	**Yes** - Fire Services Property Levy in Victoria ($111 per property).	**Mid** - Generally highly predictable cashflows and secured against the property. However, targeted rates are set as part of the tri-annual LTP process, which requires ongoing political support from Auckland Council.	**High** - Relatively easy to implement, given there is an existing framework and domestic precedent. However, risk community opposition, especially if the targeted rate is material, given there is already pressures on rates (and other charges).	**High** - Targeted rate framework is designed to enable the targeting of specific beneficiaries, aligning to the beneficiary pays principle. Affordability would need to be addressed through rate settings, noting the timing of cashflows is unlikely to align to the crystallisation of the benefit.	**Mid** - Relatively flexible tool, given opportunity to distinguish properties based on a number of characteristics and to set rate based on a number of different factors (e.g. land value). However, still needs to comply with the LGRA and would require Auckland Council to set and administer, in the absence of legislative change.	**Mid** - Would need to consider application alongside an IFF levy to ensure there is no 'double charging'. Could be used effectively to raise funding while working through the IFF application process. Opportunity to define the beneficiaries as 'economic beneficiaries' as justification for the targeted rate, however would still require a formulation based on cost recovery.	Yes
Betterment levy	Levy imposed on targeted group of properties to capture a portion of the land value uplift realised following the intervention. The focus of this levy is on the benefit derived (e.g. land value uplift), rather than recovering the costs of delivering the infrastructure.	Council	Land owner	Both	**No**	**Yes** - Gold Coast Light Rail charged betterment levies to properties within the corridor ($111 per property).	**High** - Expectation that the levy would have the same high payment rates as general/targeted rates and be secured against the property, which would provide a high degree of certainty. Flexibility to impose the levy over the long-term (e.g. outside of Auckland Council LTP cycles) to provide additional certainty, given legislative change would likely be required.	**Low** - Likely to rely on legislative change, given the focus of the levy is on capturing value, rather than on cost recovery (as the existing LGRA is formulated on).	**High** - Framework of the levy is designed to enable the targeting of specific beneficiaries, aligning to the beneficiary pays principle. Affordability would need to be addressed through rate settings, noting the timing of cashflows is unlikely to align to the crystallisation of the benefit.	**High** - Depends on the specific formulation, however the expectation is that the levy framework would be loosely aligned to the targeted rate framework (e.g. LGRA Schedule 2 and 3).	**Mid** - Would need to be considered alongslide the impostion of a targeted rate and IFF levy.	Yes
IFF levy	Long term levy imposed upon landowners. Opportunity to set the levy based on a number of characteristics, including location, access to a service, land use, etc, and can differ between beneficiaries (i.e. different levy based on different catchments).	Crown	Land owner	Capital	**Yes** - Currently being considered on a number of projects, but has not been implemented yet.	**Unknown**	**High** - Typically highly predictable cashflows (depending on levy formaulation, e.g. development ramps) and secured against the property. Non-payment expected to be very low (as with targeted rates). Further, the levy is set for the long-term (i.e. up to 50 years) and does not need to be regularly reaffirmed, providing certainty over the long-term.	**Mid** - The framework for setting an IFF levy has been established legislatively, and therefore no further legislation is required. However, there is a separate process required under the IFFA to establish an IFF levy, which includes receiving Cabinet approval. Further, there are currently no projects that have successfully been through the IFF framework due to its cost and complexity (including the requirement to establish an SPV(s)). Community/political opposition will also need to be carefully managed.	**High** - The IFF framework is designend to enable the targeting of specific beneficiaries of the infrastructure (e.g. using geographical location and other characteristics to target the beneficiaries). Affordability may be an issue if the levy is set too high, especially given the misalignment between cashflows (i.e. land value uplift is not crystallised until the property is sold, but the levy is due on an annual basis), however this could be managed through the levy design and/or postponement policy.	**Mid** - the IFF levy was designed to be a highly flexible instrument. However, once the Order-in-Council has been executed, it is likely to be very challenging to make any changes to the levy.	**High** - Need to consider application alongside the imposition of a targeted rate. There is a risk that an IFF levy could decentivise development, where developers are required to carry the risk (i.e. levy imposed prior to the development being completed), however this needs to be traded off against the reduction in the level of certainty that mechanisms such as a 'developer ramp' may have on cashflows.	Yes
Negotiated contribution	Contribution from major stakeholders along the alignment (e.g. AIAL, Westfield, major developers, etc).	Either	Crown (through taxpayer)	Capital	**Yes** - Agreements with developers to construct and fund infrastructure, which may be made in lieu of developer contributions.	**Yes** - Crossrail - BAA (70m), Canary Wharf Group (150m) and Berkeley Holmes all made significant contributions.	**High** - Typically negotiated contributions are in the form of an upfront capital contribution, rather than being structured as an ongoing payment. Accordingly, certainty is very high (once agreed).	**Mid** - Implementation process is simple (i.e. no special powers/legislation required), however it does rely on successfully reaching an agreement with a key stakeholder(s). Concessions may be negotiated with the stakeholder to incentivise a contribution (e.g. stop/station location)	**High** - Contributions are negotiated with specific parties, which are (or may become) significant beneficiaries of the project, aligning with the beneficiary pays principle. Affordability is unlikely to be an issue, given the contribution is commercially negotiated. However, the timing of cashflows (i.e. upfront capital contribution) should be considered.	**High** - Commercially negotiated so flexible to route, mode, alignment and the specific circumstances of the contributor. However, as access to foot traffic and / or ability to realise value through development are impacted by the technical solution (especially patronage), some options may provide more / less flexibility. Any concessions negotiated with the stakeholder would also constrain future flexibility.	**Mid** - Need to consider impact on developer appetite and the development economics. Need to consider whether changes to the transport solution (i.e. Station location) as a result of negotiations with major stakeholders/developers provide value for money in the context of the desired objectives.	Yes

Business rate supplement	A charge applied to businesses operating with the corridor. Factors such as location, land use, activities permitted, land value, etc. may be used to define the area.	Council	Businesses	Both	**No**	**Yes** - Crossrail - 2% of rateable value for eligible properties (>70,000).	**Mid** - Highly predictable cashflows as expected to leverage the existing business rate framework, which has a very high collection rate. However, if the supplement was imposed as a targeted rate, it would be subject to the tri-annual LTP process, adversely affecting long-term certainty (i.e. needs to be reapproved every three years).	**Mid** - Likely to be able to be imposed as a new targeted rate under the LGRA and administered and collected under the existing framework. However, it would need to be consulted on as part of the LTP process and would be subject to political and public pressures. Given the considerable disruption to businesses along the corridor there is more risk of pressure from business groups / businesses along the corridor.	**High** - Businesses at/near stops and stations are expected to benefit from additional foot track and general accessibility improvements for customers, which provides a link between the supplement and the benefits accrued. However, the cost to the business in relation to disruption during the construction phase will need to be considered. The quantum of the supplement would need to be considered to assess whether the supplement was affordable for businesses, especially in light of other rates/levies applied.	**Mid** - If implemented as a targeted rate under the LGRA, there would be relative flexiblity to distinguish properties based on a number of characteristics and to set rate based on a number of different factors (e.g. land value). However, it would still need to comply with the LGRA and would require Auckland Council to set and administer, in the absence of legislative change. Different technical options are unlikely to have a significant impact on the implementation of the supplement.	**Mid** - Need to consider the potential risk of discouraging businesses to locate at/near stops/stations, which may be a key urban development objective at some of the precincts. Potential adverse impacts on development economics/feasibility should also be understood, however are not expected to be too material. Affordability will also need to be carefully considered, especially in lower socioeconomic areas.	**Yes**
Capital gains tax (within the corridor)	A one-off tax on profit realised through the sale of land or property within the corridor.	Crown	Land owner (Vendor)	Capital	**No**	**No** - Capital gains tax are used as general funding sources in a number of countries, however have not been applied in a corridor/project specfic context.	**Low** - Relies on property sales within the corridor and house price inflation to generate revenue. However, house price inflation has been relatively strong (~7-8% p.a.) over the past twenty years within Auckland City and sales volume has been strong and relatively consistent since 2013. Low volumes following the GFC (2008 to 2011) demonstrate the potential cashflow uncertainty.	**Low** - Would require new legislation to be implemented, which given recent policy/decisions around wider capital gains is likely to be very challenging. Public opposition is likely to be very high. However, once implemented, the ongoing administration is likely to be relatively low.	**Mid** - Should align with the beneficiary pays principle, given the intervention is estimated to increase land values, producing a capital gain for land owners. Further, as a capital gains tax is only payable upon crystallisation of the benefit (i.e. sale of the property), there is alignment between cashflows. Affordability is unlikely to be a major issue, because the capital tax would only apply to the capital gain component of the sale. However, there are other external factors that drive house price inflation, unrelated to the intervention, which would also be covered by the tax, despite not being a result of the intervention.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options. Different technical options may result in different land value increases, which may affect the quantum of the revenue collected.	**Low** - Risk of perverse incentives, where some properties are covered by the capital gains and others are not, which could lead to undesired land market dynamics. A capital gains tax may also to reduce the supply of land available in the near term, given it reduces the incentive for vendors to sell. However, the reduction in land supply tends to be transitory, as the market rebalances over time.	**No**
Windfall gains tax (within the corridor)	A one-off tax on the estimated land value uplift following an intervention (e.g. 'upzoning', delivery of CC2M) property within the corridor.	Crown	Land owner	Capital	**No**	**Yes** - the Victoria State Government has announced it will introduce a windfall gains tax of up to 50% of the estimated land value uplift resulting from a zoning change. Opportunity for portions of this revenue to be hypothecated for specific projects.	**High** - The windfall gains tax is not reliant on property sales or actual house price inflation to generate revenue, as it is priced based on the estimated increase in value, and payable at the point at which the intervention (e.g. delivery of transport, rezoing) occurs. Further, it would typically be secured against the property (as with other property based taxes), providing a very high degree of certainty.	**Low** - Would require new legislation to be implemented, which given recent policy/decisions around wider capital gains may be very challenging. Public opposition is likely to be very high. However, once implemented, the ongoing administration is likely to be relatively low. The calculation methodology is also likely to be challenging to agree and communicate with the public.	**Mid** - Strong alignment with the beneficiary pays principle, given the tax is linked to the estimated land value uplift associated with the intervention. Further, as the calculation methodology would be designed to estimate the uplift directly associated with the specific intervention (i.e. using controls to remove external factors), there should be a strong nexus between the benefit and the cost. However, as the tax is based on an estimated figure, the actual benefit derived by property owners may be smaller and/or take a longer period of time to accrue. Further, the tax would be payable at the point of intervention, rather than upon a sale, and therefore the land owner is unlikely to have crystallised the benefits, resulting in a tax on unrealised gains.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options. Different technical options may result in different land value increases, which may affect the quantum of the revenue collected.	**Mid** - There is a risk that the tax offsets the benefits of the intervention for landowners, which may adversely impact upon the development/economic feasiblity of development around the stations. However, if set at a reasonable level, the potential adverse impact is likely to be relatively immaterial. The systems impact of imposing the tax specifically within the corridor would also need to be considered.	**No**
Stamp duty (within the corridor)	A one-off tax on the sale of land or property within the corridor, generally charged as a percentage of transaction value.	Crown	Land owner (Vendor)	Capital	**No**	**No** - Project specific stamp duties have not been imposed, however stamp duties are imposed in Australia, which are used as a general funding source.	**Low** - Relies on property sales within the corridor to generate revenue. Sales volume has generally been strong and consistent within the corridor, however, the low sales volumes following the GFC (2008 to 2011) demonstrate the potential uncertainty in relation to cashflows.	**Low** - Would require new legislation to be implemented, which is likely to be challenging given the high likelihood of strong public opposition. However, because of the blunt nature of the duty (i.e. based off the total value of the sale), the calculation of the duty is relatively straight forward (i.e. does not require consideration of purchase price, impact of intervention, impact of inflation, etc.). Once implemented, the ongoing administration is likely to be relatively low.	**Mid** - There is a small nexus between the duty and the benefit derived by the vendor (e.g. land value uplift), meaning it partially aligns to the 'beneficiary pays' principle. Further, as the stamp duty is only payable upon crystallisation of the benefit (i.e. sale of the property), there is a strong alignment between cashflows, promoting affordability.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options.	**Low** - Need to consider the systems wide impact of having such a duty imposed specifically within the corridor, and not across Auckland more widely. Risk that the stamp duty reduces the incentive to make land available for sale over the short/medium term as the market rebalances. Need to ensure that this does not constrain the realisation of the urban benefits.	**No**
Vacant land rate (within the corridor)	Ongoing charge on vacant land within the corridor, based on its the land value.	Council	Land owner	Capital	**No**	**No** - Victoria (Australia) imposed a 1% tax on the capital improved value of a vacant dwellings in Melbourne's inner and middle suburbs. However, the resulting funding was treated as a general funding source, rather than the tax being imposed and collected in a project specific context.	**Low** - Intended to be imposed , using land use and geographical location as the key property identifiers. However, as the rate is only payable on vacant land, there is significant uncertainty over the number of properties that would be captured by the tax over the medium/longer term (i.e. a reduction of vacant land in the corridor over time).	**Low** - Likely that new legislation would be required to implement a vacant land tax. Further, Auckland Council's collection and administration systems/framework could be leveraged to minimise ongoing effort.	**Low** - While land owners would derive a benefit through land value uplift, the focus of this rate is more about incentivising development through targeting vacant land. Further, if another targeted rate (or betterment levy) was imposed within the corridor, the land owner would already be being rated for land value uplift benefits. Accordingly, there is unlikely to be a strong nexus between the benefit accrued at the rate imposed, implying the rate would be misaligned to the 'beneficiary pays' principle. Further, affordability would need to be carefully considered, given there is no offsetting cashflow benefit to the land owner to fund the payment.	**Mid** - Expected to be relatively flexible, given new legislation would be required. Compatible with any technical solutions.	**High** - Provides an incentive to change land use to a higher use activity (i.e. incentive to develop the property to avoid paying the rate), which would align to the project's urban objectives. The systems impact of imposing it only within the corridor would need to be considered, as well as how it would align to the Auckland Plan (i.e. growth objectives/capacity/etc)	**Yes**
Increase in the value of public land holdings	Value captured through an increase in the value of publicly owned land (e.g. Auckland Council, Kāinga Ora). Crystallisation of the value through a sale would be required to generate funding.	Either	Purchaser (when crystallising the value uplift)	Capital	**Yes** - Common for Crown to own land at/near major infrastructure projects, which benefit from the associated land value uplift	**Yes** - Common funding source internationally.	**Mid** - As the value is derived directly by the Crown/Council through public ownership of the land, there are no collection risks to consider. However, the timing and quantum of the land value uplift is contingent upon market conditions, introducing considerable uncertainty. A purchaser would also be required to realise the land value uplift.	**High** - As the land is already in public ownership, there is no action required for implementation. However, a sale would be required to realise the land value uplift. Strategic placement of stations/stops (i.e. stations/stops placed near major public land holdings) may drive the land value uplift derived from publicly owned land.	**High** - Equitable for the Crown/Council to derive value from its own intervention (i.e. capturing the value of its own investment).	**High** - High degree of flexibility, as the funding tool is not tied to any technical solutions, future stages or augmentation. Further, market conditions is really the only limitating factor on any potential divestment of land to realise benefits.	**Mid** - Need to consider the trade-off between realising the transport/urban benefits and driving value uplift for public land holdings (i.e. locating stations/stops at major public land holdings should not materially reduce the realisation of urban/transport benefits).	**Yes**

Strategic purchase and sale of land	Purchasing land along the corridor delivery prior to land values responding to the CC2M project and crystallising the increase in value through a sale of the land post-delivery.	Either	Purchaser	Capital	**No**	**Yes** - Landcorp (Western Australia) actively purchases 'greenfield' land surrounding major infrastructure projects.	**Low** - Market conditions are likely to be a major contributor to the revenue generated. Revenues are also contingent upon multiple transactions (i.e. purchase and subsequent sale of land), introducing significant uncertainty over the timing and quantum of the revenue. Consideration will need to be given to the timing of route, alignment, etc announcement.	**Mid** - Acquisition by commercial negotiation is relatively straight forward, and would not require any special powers or legislative change. However, there would still be transaction risk (i.e. need to commercially agree the purchase and subsequent sale). There are constraints over compulsory land acquisition that may make implementation more challenging (i.e. would need to fit with the definition of 'public works'). Acquisition under s. 224 of the PWA may allow the Crown to generate a return from the land value uplift and avoid 'offer back' provisions. Would require upfront capital to invest in the land purchase. Appetite for a greater risk profile would also be required.	**High** - Public sector would capture all of the benefits associated with the intervention as the land owner, aligning to the beneficiary principle. However, the public sector would be generating return through purchasing land at a 'greenfield' price and selling it for a 'brownfield' price, which may be seen as inequitable. Leveraging compulsory acquisition powers may increase the risk of it being seen as inequitable.	**High** - Completed on commercial terms as a result of commercial negotiations, providing a high degree of flexibility. If the land was acquired under s. 224 or via commercial agreement, there is unlikely to be many major legislative restrictions (other than market conditions) on the timing of transactions.	**High** - Land ownership would provide greater public control over future development, which could be used to support the realisation of urban benefits.	**Yes**
Sale of development/air rights	Sale of development and/or air rights (e.g. over-station development). Includes the sale of a long-term lease over the associated land.	Either	Developer	Capital	**Yes** - Aotea Station development (City Rail Link).	**Yes** - Sydney Metro (Lendlease partnership for a 42 storey workplace, shopping centre & commercial hub), development at the Victoria Cross station in North Sydney.	**Mid** - Market conditions are likely to be a major contributor to the revenue generated. Revenues are also contingent on transactions, introducing uncertainty over the timing and quantum of the revenue.	**Mid** - These sales could be negotiated without legislative changes. The key challenge with implementation is likely to be market appetite, as it relies upon a transaction. Likely to require upfront investment to optimise the value in the opportunities. Appetite for a greater risk profile would also be required.	**High** - Equitable for the Crown/Council to derive value from its own intervention through realising the value of land/development/air rights (i.e. capturing the value of its own investment).	**High** - High degree of flexibility, as the funding tool is not tied to any technical solutions, future stages or augmentation. Market conditions is really the only limitating factor on any potential divestment of land to realise benefits.	**High** - Opportunity to drive the realisation of the urban benefits through imposing contractual commitments within the sale of land/development rights. However, these restrictions may affect the sale price.	**Yes**
Tax increment financing	Hypothecation of a portion of the estimated increase in tax revenue as a result of the CC2M project, which is then used to raise finance.	Crown	Crown (through taxpayer)	Capital	**No**	**Yes** - Redevelopment of Atlantic Station (Atlanta, Georgia). Current aggregate value of US TIF is ~$10bn.	**Mid** -The funding from the TIF is related to the incremental increase in tax revenue. Accordingly, the revenue would be subject to market conditions (e.g. revenue would decline if the additional growth/productivity did not result in an increase in tax revenue. However, tax revenue, typically, has a very low non-payment rate, and therefore if growth/productivity benefits were derived, there is a strong likelihood of receiving the revenue.	**Low** - Implementing a TIF arrangement would likely require legislative and instutional change. Further, designing (and calculating) the incremental revenue is likely to be relatively complex.	**Mid** - Focus of the funding is on the incremental increase to tax revenue, improving the nexus between the funding and the benefit.	**Mid** - Relatively inflexible instrument once implemented, and typically is fixed for a long period of time (i.e. 10-30 years). However, would not be contingent on any technical solution.	**Low** - Need to ensure the TIF does not adversely affect future tax revenues available for other projects. The combined impact of multiple projects may also need to be considered (e.g. if other public funding on another project is critical to realising the productivty/growth benefits)	**Yes**
Farebox	Fares charged to users of CC2M.	Council	Transport user	Operations	**Yes** - Auckland Transport zonal fare system.	**Yes** - Common across public transport internationally.	**Mid** - The revenue source is ultimately subject to demand/patronage, which introduces a degree of risk, particularly in the post COVID-19 environment. The farebox policy will also be a key driver (i.e. if patronage is low, will this be offset by increasing fares).	**High** - Highly implementable if imposed by Auckland Transport under the existing framework. However, decisions regarding the Delivery Entity scope may make this more/less challenging (e.g. legislative and institutional change would be required if the Delivery Entity was going to be responsible for fare setting/collecting).	**High** - Transport users as direct beneficiaries would be contributing to the cost of the services, indicating strong alignment to the 'beneficiary pays' principle. Affordability would be a key consideration when determining the quantum of the fares.	**Red** - Fares would likely to need to be set within the existing farebox recovery policy, Auckland Transport fare strategy and in accordance with the LTMA in the absence of any legislative/institutional change. The technical options are unlikely to have a material impact on farebox strategy.	**Mid** - Trade-off between the quantum of funding and patronage/demand would need to be carefully considered to ensure the environmental outcomes are achieved (i.e. decarbonisation through 'mode shift'). The social equity of providing affordable fares would also need to be considered. Alignment with wider network pricing may be critical to drive network integration.	**Yes**
Premium farebox	Additional charge over and above the fare for passengers boarding and alighting at the airport. Expectation that airport workers using the service for travelling to and from work would not be required to pay the premium fare.	Council	Transport user	Operations	**No**	**Yes** - Sydney's Airport Link includes a $14.90 (adult) additional charge for those aligting at the airport stops.	**Mid -** The revenue source is ultimately subject to demand/patronage, which introduces a degree of risk, particularly in the post COVID-19 environment (i.e. demand for public transport and demand for air travel).	**Mid** - Likely that Auckland Transport could impose a 'premium fare' within the existing framework, noting this may require a change to the existing fare strategy. However, potential challenges (i.e. legislative/institutional change likely required if Auckland Transport not leading this). Potentially more political/public opposition, given a 'premium fare' has not been introduced domestically before. Would need to specifically consider the impact on potentially disadvantaged travellers.	**Mid** - Transport users as direct beneficiaries would be contributing to the cost of the services, indicating strong alignment to the 'beneficiary pays' principle. Affordability would be a key consideration when determining the quantum of the fares. However, the relative quantum of the 'ordinary' and 'premium' fares should be considered.	**Mid** - Fares would likely to need to be set within the existing farebox recovery policy, Auckland Transport fare strategy and in accordance with the LTMA in the absence of any legislative/institutional change. Technical factors, such as travel time, may have an impact on demand elasticity for the service, which should be considered.	**Mid** - Trade-off between the quantum of funding and patronage/demand would need to be carefully considered to ensure the environmental outcomes are achieved (i.e. decarbonisation through 'mode shift'). The social equity of providing affordable fares would also need to be considered. Alignment with wider network pricing may be critical to drive network integration.	**Yes**
Tourist (Non-resident) farebox	Higher fares charged to tourists for using the service. Opportunity to extend to a general funding source by charging the 'tourist premium' across the network.	Council	Transport user	Operations	**No**	**Unknown**	**Low -** The revenue source is ultimately subject to demand/patronage and international tourist/air travel demand.	**Low** - Likely that Auckland Transport could impose a 'tourism fare' within the existing framework, however it may require updates to the existing fare strategy. Allowing residents to register their HOP cards as 'Auckland residents' is likely to be the simplest way to distinguish between 'residents' and 'non-residents', however this would increase complexity/adminstration.	**High** - Transport users as direct beneficiaries would be contributing to the cost of the services, indicating strong alignment to the 'beneficiary pays' principle. Affordability would be a key consideration when determining the quantum of the fares.	**Low** - Fares would likely to need to be set within the existing farebox recovery policy, Auckland Transport fare strategy and in accordance with the LTMA in the absence of any legislative/institutional change. Technical factos, such as travel time, may have an impact on demand elasticity for the service, which should be considered.	**L**ow - Trade-off between the quantum of funding and patronage/demand would need to be carefully considered to ensure the environmental outcomes are achieved (i.e. decarbonisation through 'mode shift').	**No**
Increasing parking charges (within the corridor)	Increase in parking charges for the Auckland Transport owned and managed car parks along the corridor, with the additional revenue hypothecated for the CC2M project.	Council	Transport user	Both	**No** - Auckland Transport treats parking revenue as a general funding source.	**Unknown**	**Low** - Revenue is ultimately subject to demand for parking. Base level of demand expected over the near term, however wider parking strategy may affect demand over the long-term.	**Mid** - Auckland Transport could increase parking charges within the existing framework. However, it has recently raised parking rates materially, which may result in political/public opposition.	**Mid** - Targeting of motor vehicle users, which benefit from the reduced congestion.	**Mid** - Some flexibility in the implementation, and could be done under any of the technical options (including future stages/augmentation). However, alignment with wider parking strategy may constrain flexibility.	**High** - Increasing parking charges should incentivise mode shift away from the private car onto public transport (including the CC2M services), which should help achieve environmental outcomes. However, alignment to Auckland Transport's wider parking strategy would need to be considered.	**Yes**
Workplace parking levy (within the corridor)	Charge levied on businesses operating within the corridor based on the number of work carparks held.	Council	Businesses	Both	**No**	**Yes** - In Nottingham, UK a charge is levied on employers with 11 or more employee car parking spaces. The levy charge is £379 per year. It has also been implemented in Australia.	**Mid** - Relatively high certainty over the short/medium term, given the levy is tied to the number of parks (i.e. rather than demand/use of the parks). Further, as the levy is on the businesses, not individual car parks, there is likely to be a smaller number of people/groups paying the levy that would need to be managed.	**Low** - Likely to require new legislation and the creation of a new implementation/collection system to implement. Once up and running, the ongoing adminstration is likely to be relatively limited.	**Mid** - Targeting of motor vehicle users, which benefit from the reduced congestion.	**Mid** - Some flexibility in the implementation, and could be done under any of the technical options (including future stages/augmentation). However, alignment with wider parking strategy may constrain flexibility.	**High** - Imposing a parking levy may incentivise businesses to divest car parks, with staff then incentivised to use public transport modes instead, which should help drive the realisation of environmental outcomes. However, alignment to Auckland Transport's wider parking strategy would need to be considered.	**Yes**
Advertising fees	Sale/leasing of advertising space at stations/stops and on/within the rollingstock.	Either	Businesses	Both	**Yes** - Auckland Transport leverage partnerships with advertising agencies to generate funding across its public transport network (stations, stops, bus exteriors, etc).	**Yes** - Transport for NSW provide adverstising opportunities on Sydney Trains.	**Mid** - Relatively certain within contractual periods, however would be subject to market conditions/demand. Expectation that the advertising opportunities would be relatively appealling to the market, which may partially miitigate demand risks.	**High** - Potential opportunity to leverage Auckland Transport's existing media advertising partnerships. Market demand is likely to be the only material constraint to implementation. Expectation that the advertising opportunities would be relatively appealling to the market, which may partially mitigate demand risks.	**High** - Direct nexus between the benefit (i.e. benefit to the business of providing advertising space) and the fees, which aligns to the 'beneficiary pays' principle.	**Mid** - Relatively flexible tool, given it is commercially negotiated. However, opportunities may be impacted by the technical solution (e.g. advertising space at a station for light metro/heavy rail, may be more desirable than advertising space at surface light rail stops).	**Mid** - Need to consider impact on customer experience when negotiating agreements (e.g. may not want to have advertising wrap on the rolling stock to cover windows and visual appearance).	**Yes**

Development partnering	Partnering with Kāinga Ora/Panuku/Auckland Council (Development Project Office) and the private sector to complete development at or near stops/stations or key nodes. Funding generated through sharing in the uplift/profit generated. There is a spectrum of different partnering options available depending on risk appetite.	Either	Developer	Capital	**Yes -** Aotea station development through partnership between CRL and Panuku.	**Yes** - Landcorp (Western Australia) purchases 'greenfield' land surrounding infrastructure projects and develops in partnership with other public (and private) sector agencies.	**Mid** - Market conditions are likely to be a major contributor to the revenue generated. The degree of risk assumed by the Delivery Entity (or partner) is also likely to drive certainty of cash flows (e.g. a fixed payment from the developer compared to the Delivery Entity sharing in the revenue/profit generated by the development partner).	**Mid** - These sales could be negotiated without legislative changes. The key challenge with implementation is likely to be market appetite, as it relies upon a transaction. May require upfront investment to optimise/realise the value. A higher risk appetite would be required, given the degree of risk associated with this options (noting the specturm of development risk/return options).	**High** - Equitable for the Crown/Council to derive value from its own intervention through realising the value through sharing in the value uplift (i.e. development revenues/profit).	**Mid** - The technical solution is likely to drive the development opportunities (e.g. the attractiveness/feasibility of major precinct development development at key nodes may be driven by factors such as speed/reliability/frequency of the mode). Ultimately, market appetite/innovation and economic feasibility will drive development.	**High** - Partnering should enable the Delivery Entity (and/or partners) to exercise control over the development, which should enable it to drive the urban outcomes it desires. However, this may need to be considered against the funding generated (e.g. the desired urban form may not optimise the quantum of funding).	**Yes**
Retail / commercial leasing	Short/medium term leasing of space at stations for commercial businesses (e.g. coffee stop, newspaper stand, etc.).	Either	Businesses	Both	**Yes** - Britomart station, Wellington CIty Station supermarket.	**Yes** - RailCorp leases space for retail at its major stations.	**Mid** - Likely to be relatively high certainty during contractual periods, however contractual periods may be relatively short (i.e. yearly). Further, market conditions will ultimately drive demand, and therefore revenue over the medium/long term. If a long-term 'anchor' tenant could be secured (e.g. New World at the Wellington Central Station), longer contractual periods may be possible, which would improve the level of certainty.	**High** - Potential opportunity to leverage existing Auckland Transport framework and approach. Legislative change is unlikely to be required.	**High** - Equitable for the Crown/Council to derive value from its own intervention through realising the value of land/development/air rights (i.e. capturing the value of its own investment).	**Mid** - The technical solution is likely to drive the commercial opportunities (e.g. the attractiveness/feasibility of leasing retail/commercial space may be contingent on major stations and a minimum level of patroange). Ultimately, market appetite/innovation and economic feasibility will drive opportunities.	**Mid** - Retail/commercial enterprise may align to the desired urban form. Through lease arrangements, the Delivery Entity (and/or partners) could excerise control over the form/nature of these enterprises, enabling it to deliver against its urban outcomes. The impact on funding would need to be considered (e.g. the desired enterprise may not generate the largest revenue stream).	**Yes**
System-wide sources													
Uniform general annual charge	Uniform annual charge imposed on all rateable land within a district	Council	Land owner	Both	**Yes** - Uniform annual charges are currently used in NZ. Auckland Council has a Uniform Annual General Charge.	**Yes** - Victoria (Australia) charges a general muncipal rate but this is not currently used to fund transport infrastructure.	**Mid** - Generally highly predictable cashflows and secured against the property. However, targeted rates are set as part of the tri-annual LTP process, which requires ongoing political support from Auckland Council.	**Mid** - Relatively easy to implement, given there is an existing framework and domestic precedent. However, risk community opposition, especially if the increase in the UAGC is material, given there is already pressures on rates (and other charges).	**Mid** - Benefits of the ALR project are expected to be realised across Auckland (e.g improved productivity, economic growth, reduced congestion), providing a partial nexus to the imposition of the charge.	**Mid** - Relatively inflexible instrument to implement, which can only contribute up to a maximum percentage of total rates revenue. However, the charge is not dependent on any technical solution.	**Mid** - Need to consider the overlap with the other rates/levies imposed to prevent 'double counting'. However, as it is imposed across Auckland, it would prevent the creation of corridor specific incentives (e.g. maintains consistency at a system level).	**n/a**
General rates	Rate imposed on all rateable land within a district, which may be set based upon the rateable value and/or category of land.	Council	Land owner	Both	**Yes** - Funding tool used by Auckland Council.	**Yes** - Used extensively in Australia.	**Mid** - Generally highly predictable cashflows and secured against the property. However, targeted rates are set as part of the tri-annual LTP process, which requires ongoing political support from Auckland Council.	**Mid** - Relatively easy to implement, given there is an existing framework and domestic precedent. However, risk community opposition, especially if the general rates increase is material, given there is already pressures on rates (and other charges).	**Mid** - Benefits of the CC2M project are expected to be realised across Auckland (e.g improved productivity, economic growth, reduced congestion), providing a partial nexus to the imposition of the charge.	**Mid** - Relatively inflexible instrument to implement. However, the charge is not dependent on any technical solution.	**Mid** - Need to consider the overlap with the other rates/levies imposed to prevent 'double counting'. However, as it is imposed across Auckland, it would prevent the creation of corridor specific incentives (e.g. maintains consistency at a system level).	**Yes**
Development contributions	Contribution paid by a developer for new, residential, commercial, industrial or retail development, typically paid at the point at which a consent is received. These contributions are governed by Auckland Council's Development Contribution Policy and is priced based on a system approach, rather than project specific.	Council	Developer	Capital	**Yes -** Funding tool used by Auckland Council.	**Yes** - Commonly used in Australia (e.g. NSW has a framework for administering s7.11 Local Infrastructure Contributions).	**Low** - Revenue is contingent upon development activity, reducing the level of certainty over both timing and quantum. Further, development contributions are set as part of the tri-annual LTP process, and therefore subject to ongoing approval.	**High** - Relatively easy to implement, given there is an existing framework and no legislative change would be required (assuming Auckland Council was responsible for imposing the contribution).	**High** - Development contributions are set based on the beneficiary pays/'causer' principles.	**Mid** - Relatively inflexible instrument to implement. However, the charge is not dependent on any technical solution.	**Mid** - Would need to ensure that the implementation of the development contribution did not adversely affect developer appetite or market economics. There is evidence that land markets should be able to adjust to development contributions, partially mitigating the risk around development feasibility.	**Yes**
Capital gains tax	A one-off tax on profit realised through the sale of land or property. As a general source, this would involve applying the capital gains tax across all of Auckland.	Crown	Land owner (Vendor)	Capital	**Yes** - Income tax framework treats investment revenues as income in some circumstances. Currently, there are exceptions for first home purchases and properties held for a long period of time (i.e. bright line test). However, a formal capital gains tax has not been established in New Zealand.	**Yes** - ~34 countries in the OECD have a capital gains tax (including Australia, Canada, etc.). Typically, charged at the same rate as income tax, with some exclusions provided (e.g. primary residence).	**Low** - Relies on property sales and house price inflation to generate revenue. However, house price inflation has been relatively strong (~7-8% p.a.) over the past twenty years within Auckland City and sales volume has been strong and relatively consistent since 2013. Low volumes following the GFC (2008 to 2011) demonstrate the potential cashflow uncertainty.	**Low** - Would require new legislation to be implemented, which given recent policy/decisions around wider capital gains is likely to be very challenging. Public opposition is likely to be very high. However, once implemented, the ongoing administration is likely to be relatively low.	**Mid -** A portion of the capital gains tax would capture the benefit to the land owner of higher land values. As the tax is payable on crystallisation of the benefits, and only on the increase in capital value, it promotes affordability. However, there are other external factors that drive house price inflation, unrelated to the intervention, which would also be covered by the tax, despite not being a result of the intervention. Further, as the tax is applied more generally, there would be revenues relating to transactions occuring outside the corridor that were not benefiting from land value uplift as a result of ALR.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options. Different technical options may result in different land value increases, which may affect the quantum of the revenue collected.	**Mid** - Risk a capital gains tax may reduce the supply of land available in the near term, given it reduces the incentive for vendors to sell. However, international precedent indicates that the reduction in land supply tends to be transitory, as the market rebalances over time.	**n/a**
Windfall tax	A one-off tax on unrealised estimated profit following an intervention (e.g. 'upzoning', delivery of transport infrastructure). As a general source, this would involve applying the windfall tax across all of Auckland.	Crown	Land owner	Capital	**No**	**Yes** - The Victoria State Government has announced it will introduce a windfall gains tax of up to 50% of the estimated land value uplift resulting from a zoning change. Opportunity for portions of this revenue to be hypothecated for specific projects.	**High** - The windfall gains tax is not reliant on property sales or actual house price inflation to generate revenue, as it is priced based on the estimated increase in value, and payable at the point at which the intervention (e.g. delivery of transport, rezoing) occurs. Further, it would typically be secured against the property (as with other property based taxes), providing a very high degree of certainty.	**Low** - Would require new legislation to be implemented, which given recent policy/decisions around wider capital gainsmay be very challenging. Public opposition is likely to be very high. However, once implemented, the ongoing administration is likely to be relatively low. The calculation methodology is also likely to be challenging to agree and communicate with the public.	**High** - Strong alignment with the beneficiary pays principle, given the tax is linked to the estimated land value uplift associated with the intervention. Further, as the calculation methodology would be designed to estimate the uplift directly associated with the specific intervention (i.e. using controls to remove external factors), there should be a strong nexus between the benefit and the cost. However, as the tax is based on an estimated figure, the actual benefit derived by property owners may be smaller and/or take a longer period of time to accrue. Further, the tax would be payable at the point of intervention, rather than upon a sale, and therefore the land owner is unlikely to have crystallised the benefits, resulting in a tax on unrealised gains.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options. Different technical options may result in different land value increases, which may affect the quantum of the revenue collected.	**Mid** - There is a risk that the tax offsets the benefits of the intervention for landowners, which may adversely impact upon the development/economic feasiblity of development around the stations. However, if set at a reasonable level, the potential adverse impact is likely to be relatively immaterial. Systems impact would be reduced if the tax was implemented at a system level (i.e. all projects of a similar nature were taxed in this way).	**n/a**
Stamp duty	A one-off tax on the sale of land or property, generally charged as a percentage of transaction value. As a general source, this would involve applying the stamp duty across all of Auckland.	Crown	Land owner (Vendor)	Capital	**No**	**Yes** - Stamp duty is used in Australian states on transactions such as motor vehicle registration and transfers, insurance policies and transfers of property such as business or real estate. It is roughly 3-4% of the property value nationally and in NSW stamp duty is also applied to vehicle registrations.	**Low** - Relies on property sales to generate revenue. Sales volume has generally been strong and consistent, however, the low sales volumes following the GFC (2008 to 2011) demonstrate the potential uncertainty in relation to cashflows.	**Low** - Would require new legislation to be implemented, which is likely to be challenging given the high likelihood of strong public opposition. However, because of the blunt nature of the duty (i.e. based off the total value of the sale), the calculation of the duty is relatively straight forward (i.e. does not require consideration of purchase price, impact of intervention, impact of inflation, etc.). Further, once implemented, the ongoing administration is likely to be relatively low.	**Low** - There is a small nexus between the duty and the benefit derived by the vendor (e.g. land value uplift), which would reduce as you moved away from the corridor (i.e. stamps tax collected in relation to transactions outside of the corridor may not align to the beneficiary pays principle). However, as the stamp duty is only payable upon crystallisation of the benefit (i.e. sale of the property), there is an alignment between cashflows, promoting affordability.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options.	**Mid** - Risk imposing a stamp duty may reduce the supply of land available in the near term, given it reduces the incentive for vendors to sell. However, international precedent indicates that the reduction in land supply tends to be transitory, as the market rebalances over time.	**n/a**

Road user charge	A road pricing system that would be imposed on all road users across the network. Option to increase the sophistication of the RUC through adapting it to different factors (e.g. use of fuel)	Crown	Wider transport user	Operations	**Yes** - Currently collected nationally to contribute to the NLTF and collected in Auckland region to fund public transport.	**No -** but it is being considered in the UK	**Low** - Reliant on demand (e.g. private transport users). Evasion risks are not expected to be material	**High** - Existing framework established. Accordingly, an increase to RUCs could likely be completed (by the NLTF) relatively easily. Collection mechanisms/systems already well established. However, public/political opposition would need to be considered.	**Low** - The final payer of the road user charge would not be directly benefiting from the infrastructure (e.g. the payer is driving rather than using the ALR service). The nexus between the charge and benefit would weaken further if the charge was imposed at a national level.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options.	**High** - Would provide a greater incentive for users of private transport to shift towards public (and/or active) modes of transport, helping to achieve environmental outcomes	**n/a**
Alternative fuel tax	Tax on alternative fuel sources used to power vehicles	Crown	Wider transport user	Operations	**No**	**Yes** - UK charges £145 as a single 12 month payment	**Low** - Reliant on demand (e.g. private transport users). Evasion risks are not expected to be material	**Low** - Likely to require special legislation to impose. Significant engagement with stakeholders and the public is also likely required.	**Low -** The final payer of the alternative fuel tax would not be directly benefiting from the infrastructure (e.g. the payer is driving rather than using the ALR service). The nexus between the charge and benefit would weaken further if the tax was imposed at a national level.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options.	**Mid** - Would provide an incentive for private car users to shift to public/active modes of transport. However, there is a risk that the incentive to swap from a petrol/diesel vehicle to an EV (or other alternative fuel based car) would be reduced, which may reduce the take-up of alternative vehicles.	**n/a**
Toll revenue	Additional sections of tolling along existing road network.	Crown	Wider transport user	Operations	**Yes** - Used for the Northern Gateway Toll Road north of Auckland. However, the toll revenue is applied specifically to the Northern Gateway Toll road project (i.e. not used to fund public transport infrastructure).	**Yes** - Toll revenue is used extensively in Australia (e.g. Sydney Harbour Tunnel), however it is typically only used for roading projects, where the revenues collected from users of the roading infrastructure tolled (i.e. tolling revenues are not used to fund public transport infrastructure).	**Low** - Reliant on demand (e.g. private transport users using the tolled roads). Evasion risks are not expected to be material	**Low** - Likely to require special legislation to impose. Significant engagement with stakeholders and the public is also likely required.	**Low** - Toll would be linked to the use of different infrastructure, reducing the nexus between the cost and benefit.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options.	**High** - May provide an incentive to consider alternative modes of transport for journey's that would be tolled.	**n/a**
Fuel exercise duty	Additional duty applied on the purchase of fuel.	Crown	Wider transport user	Operations	**Yes** - Major funding source for the NLTF.	**Yes** - Australian Government have imposed a fuel excise levy (42.7 cents per litre) on petrol and diesel.	**Low** - Reliant on demand (e.g. private transport users). Evasion risks are not expected to be material	**High** - Existing framework established. Accordingly, an increase to RUCs could likely be completed (by the NLTF) relatively easily. Collection mechanisms/systems already well established. However, public/political opposition would need to be considered.	**Low** - The final payer of the fuel exercise duty would not be directly benefiting from the infrastructure (e.g. the payer is driving rather than using the ALR service). The nexus between the charge and benefit would weaken further if the duty was imposed at a national level.	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options.	**High** - Would provide a greater incentive for users of private transport to shift towards public (and/or active) modes of transport, helping to achieve environmental outcomes	**n/a**
Vehicle emissions tax	A vehicle emissions tax paid annually on all registered vehicles. The tax may be charged according to the carbon dioxide emissions of the vehicle. The tax could vary across different vehicle technologies and fuel types.	Crown	Wider transport user	Operations	**No**	**Yes** - The UK has a Vehicle Emissions tax that is based on a vehicle's CO2 emissions the first time it's registered.	**Low** - Reliant on demand (e.g. private transport users). Evasion risks are not expected to be material	**Low** - Likely to require special legislation to impose. Significant engagement with stakeholders and the public is also likely required.	**Low** - The final payer of the vehicle emissions tax would not be directly benefiting from the infrastructure (e.g. the payer is driving rather than using the ALR service). The nexus between the charge and benefit would weaken further if the tax was imposed at a national level	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options.	**High** - Would provide a greater incentive for users of private transport to shift towards public (and/or active) modes of transport, helping to achieve environmental outcomes	**n/a**
Vehicle relicensing	An increase in the cost for vehicle owners to register their vehicle.	Crown	Wider transport user	Operations	**Yes** - Collected nationally to contribute to the NLTF.	**Yes** - used in Australia and other major cities.	**Low** - Reliant on demand (e.g. private transport users). Evasion risks are not expected to be material	**High** - Existing framework established. Accordingly, an increase to RUCs could likely be completed (by the NLTF) relatively easily. Collection mechanisms/systems already well established. However, public/political opposition would need to be considered.	**Low** - The relicensing costs would not be directly benefiting from the infrastructure. The nexus between the cost of relicensing and benefit would weaken further if the tax was imposed at a national level	**Mid** - Relatively inflexible instrument once imposed. However, would not rely on any technical option or conditions, and could therefore be applied under any of the preferred options.	**High** - Would provide a greater incentive for users of private transport to shift towards public (and/or active) modes of transport, helping to achieve environmental outcomes	**n/a**

End