

SUBMISSION TO AUCKLAND COUNCIL ANNUAL BUDGET 2023/2024

28 March 2023

Introduction

Business East Tamaki Inc is a business improvement district (BID) within the Auckland Region and a manufacturing and distribution hub of some 2,000 businesses strategically located close to the motorway, airport and port, generating: \$3 billion for the New Zealand economy each year; \$19 million in rates, and 30,000 jobs with projected jobs of 45,000 on completion of Highbrook Business Park.

There are currently 50 BIDs in Auckland, with a combined capital value estimated at \$72.7 billion.

Our role in the Auckland economy is to improve the business environment of our areas, promote innovation, prosperity and employment as well as attract new businesses, customers and visitors.

We share this common goal with the Auckland Council group of promoting Auckland's economic prosperity. The Council group play a pivotal role in providing efficient and effective core services for the city. Auckland must continually strive to attract more visitors, and bid competitively to host major events, as well as support economic development activities.

The marketing of "Auckland Inc" firmly sits within the scope of council's core services - no other entity has the resources, nor the single minded focus, to position our brand internationally. Council must continue investing in this important service to support economic development.

Turning to the key themes identified in your Consultation Document, we want to speak about:

- (1) Managing ongoing budget pressures
- (2) Managing rates and debt
- (3) The Storm response
- (4) Changes to other rates and fees and charges,
- (5) Local Board feedback and
- (6) Other matters important to us

(1) Managing ongoing budget pressures

We acknowledge that Auckland Council is facing significant budget challenges with a forecast budget shortfall of \$295 million and now also a huge cost blow-out of \$1 billion for the City Rail Link.

- First, we absolutely support Auckland Council holding "tough" talks with the Government to push it to pay more for the City Rail Link. This is a fundamental piece of national infrastructure, a national asset and should always have been fully or mainly funded by Government. Hundreds of millions could be clawed back here by Council.
- In terms of the need for efficiencies and savings, we ask that the detailed review of services across the Auckland Council group be progressed more quickly. We believe there should be a sharp focus on finding savings from the management of contractors and consultants by the Auckland Council group, as we still experience evidence of wastage.
- We support a budget package that sharply reduces Auckland Council's group operating costs.



- We also support prudent borrowing even if it requires more than \$75 million of additional debt.
- As we expressed earlier, we do not support the \$27.5 million funding reductions proposed for Tātaki Auckland Unlimited. Instead, we ask that the budget for marketing Auckland internationally, attracting visitors, bidding for and hosting major events as well as supporting economic development activities be maintained. We also ask that the budget for local board funded events, local economic development and town centre re-generation be maintained. These activities are what makes Auckland a 'vibrant' place in which to live. A harsh austerity budget will be detrimental to the city's recovery from three years of COVID-19 disruptions.

(2) Managing rates and debt

Turning to managing rates, we appreciate that this is important in terms of Council's budget challenge.

However, we do not support pausing the long-term differential strategy.

The intention of the long-term differential strategy is for the share of general rates paid by business properties to be made fairer. However, every time there is a budget challenge, Auckland Council pauses the long-term differential strategy. We are strongly of the view that this is unacceptable.

We do, however, support an increase in general rates no higher than inflation.

We do not support reducing the Natural Environment Targeted Rate and the Water Quality Targeted Rate by around two thirds, particularly so soon after the substantial damage to land and waterways caused by recent flooding.

(3) The Storm response

We agree that the impacts of the recent storm events over Auckland Anniversary weekend and Cyclone Gabrielle have been substantial for Council.

They have also been very serious for many businesses, and many of our business associations have been witness to this devastation.

We have been concerned about the lack of ownership regarding the risks from flooding and all the silos that operate within the Council group, which certainly came to the fore during and following the flooding events.

We find it incredulous that core functions, such as keeping the drains free from blockages or maintaining storm water pipes, fall between several agencies, and sometimes into some kind of void between Auckland Council and Auckland Transport or Waka Kotahi. We understand that the maintenance schedule was reduced to only once annually during 2020, and we all now know that this is hopelessly inadequate, and short-sighted.

This needs your urgent attention. Keeping the drains free and regularly maintained is core business, and the schedule needs to at least double to twice annually.

We agree that the floods and slips mean that urgent repairs and replacements must be carried out ahead of less urgent work.

So, we absolutely agree with increasing operating budgets by around \$20 million to support the repairs and replacements as well as prepare for and respond to future storms and understand that this may raise rates by an additional 1%.

However, we think this funding should be 'ring fenced' for these purposes.



(4) Changes to other rates and fees and charges

The Climate Action Targeted Rate was established last year with overwhelming public support. We do not agree with using this fund to reduce costs to Auckland Transport, rather than using it to improve and increase public transport services. We support more investment in public transport, walking and cycling.

We support extension of the food waste collection service across Auckland.

[5] Local Board Feedback – Howick and Otara-Papatoetoe

Business East Tamaki strongly opposes the disproportionate allocation of cuts between Auckland Council and Local Boards that would translate to critical community services being stopped, reduced or required to find alternatives.

A 5 per cent cut to local board budgets translates to the vast majority of local board areas seeing cuts of around 50 per cent to all locally driven initiatives. For the Howick and Otara-Papatoetoe Local Boards this would translate to:

- Howick Local Board needing to reduce its Locally Driven Initiatives budget by approximately **44 per cent** and Otara-Papatoetoe by approximately **60 per cent**

This funding would include community projects that bind our communities together such arts and culture, environment and climate response, library services and opening hours, community programmes, events and youth.

As we saw in the recent flooding, it is many of these organisations attached to these projects and services that stepped in when council could not, providing food, shelter and support. We think that further work needs to be done in terms of cost/benefit before cutting budgets that result in such an extensive reduction in initiatives,

(6) What else is important to us

We are now in a climate emergency, evidenced by the damage to land, waterways, property, infrastructure and people across Tāmaki Makaurau this year.

There has never been a more important time to prioritise funding to future-proof our city and build resilience for our land and people. That means prioritising low carbon solutions that put people first. Many low carbon solutions bring economic benefits and help tackle inflation as well as addressing climate change.

We encourage Council to form stronger partnerships with the business community, who are essential investors in the city's infrastructure. Partnerships are essential for success, particularly in times of emergency.

Conclusions

As we enter another year where the resilience of small and medium sized businesses will be tested, we ask the Council to carefully consider their needs as it makes decisions about the priorities and proposed savings in the Annual Budget 2023/2024.

We ask that there be a focus on providing those services which grow the economy and support local businesses, especially in our town centres.

We fundamentally believe greater savings can be made with a culture of efficiency being instilled across the council group. Now is the time for the council, and its significant number of employees, to adopt a rate-payer mindset. But council must not lose sight of Auckland's ongoing economic prosperity.

