BUSINESS ASSOCIATION COLLECTIVE
SUBMISSION TO AUCKLAND COUNCIL ANNUAL BUDGET 2022/2023

28th March 2022

Introduction

We are a collective of Business Improvement Districts (BIDs) across Auckland who have come together to provide feedback on the Auckland Council Annual Budget 2022/2023.

There are currently 50 BIDs in Auckland, representing over 25,000 businesses with a combined capital value estimated at $24 billion. Through the BID programme, Auckland's BIDs work with the Auckland Council to improve the local business environment and grow the regional economy.

We are working on written feedback that each BID will be looking to provide to the Annual Budget 2022/2023 along with any comments on our respective local board initiatives.

This Submission and our feedback will cover:

(1) Ongoing concerns regarding the impact of COVID-19
(2) Climate Action Targeted Rate
(3) Budget Pressures and Service Prioritisation
(4) Waste Service Standardisation
(5) Rating Policy Proposals
(6) Regional Fuel Tax underspend
(7) Vacant Land

(1) Ongoing concerns regarding the impact of the COVID-19

We have serious concerns expressed from our local business members that COVID-19 is having a significant ongoing impact on their businesses.

The impacts include direct financial impacts on businesses (especially hospitality businesses), supply chain and market disruption as well as effects on production and human resourcing. More particularly, COVID-19 has had major impacts on exporters to China and those relying on international visitors and students. For hospitality and events organisers, the ongoing disruptions have been devastating. Small and medium-sized businesses have had their business models turned upside down. Businesses tied to travel, tourism and hospitality have experienced losses that will not be recoverable. We still do not know how long this will continue. We have lost many businesses already, with the outlook for some businesses now dire. We have also noticed a decline in the security of our town centres, likely due in part to COVID-19 measures by central government to address homelessness and reallocate police resources.

With very little direction from government, the vast majority of landlords have decided to share in some of their tenant's financial stress with proportional rent relief throughout the duration of the pandemic, but particularly during lockdowns and the most recent Omicron outbreak. However, there has been no support from banking institutions and little from Auckland Council or Government to support these measures.

While we do acknowledge there have been initiatives from Auckland Council, such as the dropping of fees on outdoor dining licences and the offer of rates postponements, we ask for more focus in the Annual Budget 2022/2023 on measures Council can take to assist businesses. This might include, for example, extending the rates postponement policy and extending ‘no fees’ on outdoor dining licences to other hospitality-related licences (such as food safety licences) . We also ask for an overall review of the ‘cost recovery’ model used to fund many Council services in light of the ongoing impacts from the pandemic.

(2) Climate Action Targeted Rate

We are opposed, in principle, to the Council’s proposal to introduce a substantial new targeted rate of 2.3% through an Annual Plan. This was not signalled through the Long Term Plan 2021/2031 and represents an unfair and destabilising approach to rates, especially at a time when businesses are facing tremendous uncertainty from the ongoing pandemic, world events and inflation.

While we agree with the need to take climate action, in our view this must involve decisions by the Council to reduce, stop or reprioritise services, not simply add more.

If further funding is absolutely necessary, we ask that funding mechanisms be employed that incentivise climate action and more appropriately spread the cost (eg such as a UAGC).

Turning to the proposal for the Climate Action Targeted Rate (CATR), we do not accept that a business differential (even at 25.8%) should be applied to this targeted rate if introduced. We accept that business should contribute its share for climate action , but not through a differentiated targeted rate.

Further, with an existing and increasing number of sustainably designed and constructed commercial buildings, we disagree there is always a relationship between high property values and higher generation of greenhouse emissions. As a consequence, and also as a means of incentivising the action in *Te Tāruke-ā-Tāwhiri: Auckland’s Climate Plan* to accelerate the uptake and sustainable design and construction of buildings, we ask that Council provide for remissions of any climate action funding requirements for these kinds of buildings.

Finally, as the majority of businesses across the Auckland Region are small to medium sized, we welcome initiatives that support business to take climate action. Business education concerning sustainability and climate action is particularly important to raise awareness and drive change.

(3) Budget Pressures and Service Prioritisation

Our overall feedback is that while we support the general direction taken in the Long Term Plan 2021/2031 for an investment of $31.8 billion over the next 10 years, we ask that this investment be further prioritised and any non-priority investments or services be deferred or cancelled.

We remain concerned about the compounding effect on businesses of an increase of 3.5% in general rates, an increase of 7% in Watercare’s wastewater tariffs and the proposed additional Climate Action Targeted Rate of 2.3%.

To reduce these impacts, we believe Council should first:

- keep rates and charges increases to a minimum (eg not introduce the CATR); and
- make deeper cost savings and further prioritise services (including the services of CCOs); and then

- prioritise capital investment and defer or cancel non-priority investments;
- sell more surplus property; and
- make additional use of borrowings (within financial prudence policy settings)

On the proposal for a set of criteria for supporting decisions to reduce, stop or change some services, we agree with that proposal and ask it be applied urgently. In our view, any current services that don't align to key priorities, don't deliver value or can be provided just as well by others should be cancelled or reduced in scope immediately. We also suggest criteria asking whether an activity needs be done right now or can be deferred. If it does need to be done right now, then do it once and do it right.

(4) Waste Service Standardisation

We share concerns about the high rates of waste generated per person in Auckland and agree that the Council can play a role in influencing waste reduction. We also support the goals of the Auckland Waste Management and Minimisation Plan 2018, including to minimise kerbside household waste.

We support the proposal to allow certain business properties to opt-out of Council's waste management services and charges from 1 July 2023, because the council's kerbside service is more suitable for domestic waste than dealing with the wide range and nature of business waste. We agree that charging for a service that the council cannot deliver is inequitable and that the case for maximising council's ability to influence waste behaviour is also irrelevant when the service required cannot be delivered by the council, such as to certain business properties.

(5) Rating Policy Proposals

Our overall feedback is that what businesses need most from Council is a fair, transparent and stable approach to rates. As we said above, we are concerned about the un-signalled and compounding effect on businesses of increases in rates and charges.

Business differential

While we appreciate that the business differential is being reduced to 25.8% by 2037/2038, fundamentally, we do not accept that a business differential should be applied to rates especially for reasons that "businesses are better able to manage additional costs than residential properties" or because "businesses can claim back GST and expense rates against tax." These reasons do not justify the business differential, particularly for small businesses who make up most businesses in Auckland.

Accommodation Provider Targeted Rate

As the border reopens, we strongly believe it is critical that Council fund 'Brand Auckland' visitor attraction and events to support local businesses recover from the COVID-19 crisis. Having no funding for this in the Annual Plan 2022/2023 is very shortsighted.

We also disagree with the position that a link must be made between the funding of visitor attraction/events and a specific funding mechanism (such as the Accommodation Provider Targeted Rate ('APTR')). We believe a more secure and sustainable source of funding needs to be found, though we do agree with the introduction of a levy at the border on international visitors.

Watercare's increase in charges

To support an increase in capital investment, Watercare's board of directors resolved to increase water and wastewater tariffs by 7 per cent. This follows an increase of 7% for the current financial year. We are concerned about these substantial increases in water charges from Watercare and question whether they are a priority or reasonable.

(6) Regional Fuel Tax underspend

Our preference is to introduce initiatives that both manage demand and raise funding equitably as soon as possible, balanced with investment into affordable and more frequent public transport in order to effect sustainable behavioural change. We understand, for example, that technical work on the 'Congestion Question' project that has been examining the potential to apply congestion charging in Auckland is progressing.

In the interim, while we have previously supported a regional fuel tax, we are very concerned about the ongoing underspend of the Regional Fuel Tax and in light of recent world events, we ask that Council advocate to central government fort the regional fuel tax to be suspended.

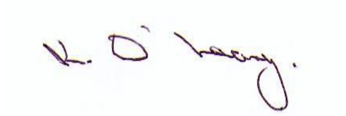
(7) Vacant Land

We note that in preparation for the Recovery Budget, the Council asked for advice on the mechanisms to address vacant land to encourage development and we asked for consideration to be given of mechanisms to address vacant tenancies in high street retail areas. As the border reopens, we again ask for this to be considered (such as use of vacant window treatments and activations).

Conclusions

As we enter another very uncertain year, especially for small and medium sized businesses, we ask the Council to consider carefully their needs in its approach to the Annual Budget 2022/2023 and provide more focus on growing the economy and supporting local businesses.

Yours sincerely,



Kevin O'Leary
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Business North Harbour

On behalf of:

Business North Harbour
Greater East Tamaki Business Association
Heart Of The City Business Association
Newmarket Business Association
Parnell Business Association
Takapuna Beach Business Association