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SUBMISSION TO THE AUCKLAND COUNCIL LONG TERM BUDGET 2021/2031 AND LOCAL BOARD PRIORITIES

The Greater East Tamaki Business Association Inc (GETBA) ('Association') welcomes the opportunity to make this Submission.

Greater East Tamaki Business Association Inc (GETBA)

GETBA is the Business Improvement District business association for the greater East Tamaki business precinct. GETBA advocates for business and property owners in the economic development of East Tamaki; provides a conduit to business support, education, resources and networking; enhances the safety and security of East Tamaki; and promotes the area as a great place to do business and to work.

East Tamaki is situated in a key strategic location with links to the airport, port, CBD and other business areas within the region. The precinct has developed from greenfield origins and the availability and relative cost of land has, in the past, made the precinct attractive to businesses. As such, the area has a number of nationally and internationally significant companies, some of which are involved in developing innovative technologies. It is a dynamic and highly successful production and export zone, contributing \$3 billion to the New Zealand economy and 19 million in rates each year. It is predominantly a manufacturing and distribution hub and includes the world class Highbrook Business Park.

This Submission will cover:

- (1) Ongoing concerns regarding the impact of COVID-19
- (2) Proposed 10 Year Budget
- (3) Rating Policy Proposals
- (4) Regional Fuel Tax underspend
- (5) Climate Change
- (6) Accommodation Provider Targeted Rate
- (7) Local Board Priorities

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

We have ongoing serious concerns expressed from our local business members that COVID-19 continues to have a detrimental 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. The short-notice lockdowns and subsequent impact on immediate loss of business combined with food wastage has severe impacts. More particularly, COVID-19 has had major impacts on exporters and those relying on international visitors and students. For hospitality and event organisers, the ongoing lockdowns have been devastating. Many firms relying on imported goods are also being affected by interruptions in supply chains, particularly in manufacturing. 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 being dire.

In addition, many employees are now working from home for several days of the week, which is severely affecting our day time hospitality and retail spend.

Our Auckland businesses have felt the economic brunt of four lockdowns so far. Although we did see some positive rebounding last year, there has been a gradual erosion of consumer confidence which is affecting spend. The uncertainty for businesses on navigating rolling lockdowns, supply chain issues and the lack of international visitors have made trading conditions extremely difficult.

An further side-effect of COVID-19 has been the increase in crime and anti-social behaviour experienced by many BIDs. This is an added burden on our small business owners.

We also believe the ongoing significance of the impacts on businesses and the regional economy necessitate Council considering extending measures such as the rates postponement for ratepayers impacted by COVID-19 and introducing new measures, such as relief in paying hospitality-related fees and charges (such as outdoor dining licence fees).

(2) Proposed 10 Year Budget

Our overall feedback is that we support the need to continue with Council's capital investment of \$31 billion over the next 10 years and recognise that Council is projected to have its revenue impacted by around \$1 billion as a result of COVID-19.

However, we do not agree with the proposed one-off 5 per cent average general rates increase for 2021/2022 rather than the previously planned 3.5 per cent increase.

Instead, we believe Council should:

- keep any rates increase to a minimum for 2021/2022.
- increase Council borrowing.
- make deeper cost savings and prioritise spending; and
- sell more surplus assets/property.

We note the positive statements made in Council's half year financial results and upgrade in the Council's debt rating, indicating a more optimistic outlook is warranted. We suggest this allows Council to further increase borrowing in the short term.

(3) 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 do not accept the need for 5% rates increase.

Business differential

While we appreciate that the business differential is being reduced through the Recovery Budget 2021/2031, 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.

There has been more support for wage and salary earners, via government subsidies, than there has been for businesses, many of which have suffered irreparable damage due to Covid related disruption. We consider that it would be unfair to increase business rates by 5%. It is true that some businesses have benefitted from additional

spending by consumers over the past twelve months or so but we expect these to be in the minority. The many should not be levied because of the gains of a few.

Rating Policy

With regard to the proposal to extend the Water Quality Targeted Rate until June 2031, we agree that Auckland must improve infrastructure to save our harbours, beaches and streams from being polluted by overflows from ageing sewerage and stormwater systems. Inaction will cause reputational damage to the city. While we are supportive of transparently 'ring fencing' spending on this kind of infrastructure and an extension until June 2031, we do not accept that a business differential (even at 25.8%) should be applied to this targeted rate. We accept that business should pay a share, but not a differential.

On the proposal to extend the Natural Environment Targeted Rate until June 2031, we agree that Auckland must reverse the decline of biodiversity in the region, stop kauri dieback and address the spread of pests, weeds and diseases. However, we believe that these matters are more properly the responsibility of central government or taxpayers. Auckland Council should seek increased funding from central government because all New Zealand benefits from increased tourism and our international clean green branding. Auckland ratepayers should not be the first direct source of funding for projects which have a wider benefit than just the Auckland region. Again, while we are supportive of transparently 'ring fencing' this spending and an extension until June 2031, we do not accept that a business differential (even at 25.8%) should be applied.

With regard to introducing an Electricity Network Resilience Targeted Rate on Vector to fund council's tree management programme around the Vector overhead power lines, as businesses we are supportive of prioritising the resilience of the electricity network and more regularly trimming street trees. We agree to an approach where 'the right tree is planted in the right place' and enhancing the overall tree canopy cover through the Urban Ngahere (Forest) Strategy.

On the options tabled to reinstate the Accommodation Provider Targeted Rate, we have been told by accommodation providers both locally and regionally that they do not accept that they should fund Auckland Unlimited's tourism promotion and event costs from this targeted rate. We reiterate that we have never supported this intervention and now more than ever the sector cannot afford this, so we do not support any of the alternatives proposed.

Finally, on this topic, we appreciate the value of tourism and events to the economy, and the importance on promoting Auckland as a visitor destination and request that Council look to other levers to fully fund this Auckland Unlimited.

Watercare's increase in charges

To support a significant increase in capital investment over the next 10-years, Watercare's board of directors resolved to increase water and wastewater tariffs by 7 per cent on 1 July 2021 and 1 July 2022, followed by annual increases of 9.5 per cent for six years and then increases of 3.5 per cent for the last two years of this plan.¹

We are concerned that these substantial increases in water tariffs proposed by Watercare have not been highlighted in the Recovery Budget 2021/2031. We question whether these substantial increases in water tariffs are reasonable and ask that they be consulted on properly. In particular, these increases in water tariffs will impose a significant burden on businesses.

(4) 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.

¹ Recovery Budget 2021/2031, page 40.

In the interim, while we have supported a regional fuel tax of 10 cents per litre (plus GST), we ask for greater transparency regarding the spending of this tax on specific transport projects and services. We wish to avoid the regional fuel tax, which is the equivalent of a significant rates increase (especially for transport operators), being used as a 'top up' for overall transport budgets.

We are also concerned about the ongoing underspend of the Regional Fuel Tax.²We are worried that businesses are being over-taxed - with the RFT being underspent - or that infrastructure is not being built at the required pace.

(5) Climate Change

We note the Council's emphasis in the Recovery Budget 2021/2031 on climate change with actions like electrification of the vehicle fleet, moving to sustainable energy at council facilities and tree planting.

BIDs are involved with a variety of initiatives relating to climate change, such as supporting mode shift in transport, electrification of the bus fleet and sustainable waste initiatives.

As the majority of businesses across the Auckland Region are small to medium sized, we welcome initiatives that support and incentivise business to make the necessary changes. Funding for business education is particularly important to raise awareness and drive change.

(6) Accommodation Provider Targeted Rate

GETBA is fully opposed to reinstating the APTR and believe this would significantly damage an industry already hurting as a result of C-19 travel restrictions. Given the uncertainty of when major international travel will return, we remain fully opposed to the implementation of the APTR.

If council continues to look to reinstate this inequitable targeted rate, then we only support the council adopting the proposed option 3 for the APTR in the hope that in 12 months' time, council look to fund this themselves or at least spread the risk rather than charge a single sector.

(7) Local Board Priorities

We note the Howick and Otara-Papatoetoe Local Board Priorities in the Recovery Budget 2021/2031.

Several Local Boards have requested the reinstatement of the Local Board Discretionary Transport Capital fund and we support this request, as several BIDs are dependent on the initiatives this fund can support in their local communities.

Howick Local Board

GETBA supports the Council's vision for zero waste by 2040 and values the Local Board's intention to advocate for landfill diversion facilities and initiatives for south east Auckland, and its support of business initiatives and education to reduce waste to landfill.

We would like to see the Greenmount Landfill site progressed as soon as is safely possible following a lengthy delay. With large scale native planting, cycling and walking, informal active recreation and play and passive areas for sitting and viewing the landscape, it will give local businesses and their staff opportunities for healthy recreation and respite during the working day.

² <https://www.nzherald.co.nz/nz/half-of-auckland-councils-regional-fuel-tax-has-not-been-spent/XTFNMLCAPDH4HFFBQQKUSUIN4/>

The timely completion of the AMETI Eastern Busway and Airport to Botany Rapid Transit Network are priorities for GETBA. With suitable connections into and across our business precinct the latter will improve the commute of East Tamaki employees who reside in the south west, and employment prospects for job seekers residing in the south west.

GETBA opposes the sales of our local reserves.

GETBA supports the Howick Local Board's focus on improvements to waterways. Whilst the Otara Waterways and Lakes project is not specifically identified in the local plan, GETBA understands that the intention is to support community led activities related to this remediation project. We feel it is important as part of the project catchment falls within the Howick ward. It is disappointing that while there is general mention of partnering on planting and restoration programmes and cleaning up waterways, this particular project is not specifically identified for funding in the draft plan.

We appreciate their commitment to ensuring local projects get benefit from funds generated by the natural environment and water quality targeted rates.

Otara-Papatoetoe Local Board

We encourage the Local Board to continue to advocate for the realignment of the intersection of Preston, Ormiston and East Tamaki Roads. The efficient movement of people and freight is crucial for enabling local economic prosperity.

We commend the Local Board on their leadership in getting the Otara Waterways and Lake Trust established and ongoing support of the Trust's various clean-up initiatives such as Neat Streets and Adopt A Spot. We also support the Local Board's involvement in initiatives to promote sustainable business practices to businesses in their town centres.

We support the Otara-Papatoetoe Local Board's focus on community development programmes that target young people and seniors. We also support the maintenance and upgrading of town centres and the expansion of the Manukau Central Business Association BID boundary.

Conclusions

Finally, 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 Recovery Budget 2021/2031 and provide more focus on growing the economy and supporting job creation.

The Association wishes to be heard at any hearings or meetings of the Local Board to consider these and other submissions.

Yours sincerely,

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