



24 March 2016

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Submission of Business North Harbour Inc. Auckland Council Annual Budget 2016 - 17

Introduction

Business North Harbour is a commercial and industrial BID area, representing over 4,000 commercial property owners and businesses within the North Harbour area.

Our businesses comprise of a mix of Small Medium Enterprises (SME), multinational organisations representing sectors such as ICT, business services, specialist manufacturing and light – medium warehousing. In addition to the businesses, we have key educational institutions such as Unitec, Pinehurst, Kristin and Albany Primary schools – plus additional vocational institutions, all within an industrial estate, which is on average less than 20 years old. North Harbour has been identified as an area of strategic growth to both Auckland and New Zealand.

Our primary interests are those decisions within the Auckland Council Annual Budget 2016 - 17 which:

- support or will restrict business growth opportunities
- impact on the cost of business – across a short to medium timeframe
- impact on economic development and the ability to leverage value from location
- impact on access to both regional and localised transport hubs
- impact on R&D and investment – sector development and capability
- provide the scope to leverage natural assets for economic development across leisure and tourism sectors – enhancing Auckland's reputation as the world's most livable city

Our submissions on the Auckland Council Annual Budget 2016-17 follows.

Kind regards

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Consultation Questions and Our Responses

Fixed Rates Charges (Uniform Annual General Charge)

Question 1a: *What is your opinion on the fixed charge portion of rates, known as the Uniform Annual General Charge (UAGC)?*

Our Responses

- We acknowledge the need for spend on core local infrastructure assets and services (such as transport, water, wastewater and storm water, and solid waste collection)
- We acknowledge growth must be supported by appropriate core local infrastructure.
- We accept that is a requirement for a 3.5% increase on residential properties, and a 2.5% increase for commercial properties.
- Applying the above increases enables us to support a 2.5% increase on the \$385 current UAGC levy.

Note: note this would result in a \$394.62 levy for commercial properties, not the \$397 quoted in the council documentation.

- We note that the *Shand Report on Funding Local Government* recommended against rating differentials.
- In our submission to the Auckland Council 10 Year Budget consultation 2015-25, we requested Auckland Council honour their commitment to reduce business rate percentage adjustment to reach 25.8% by 2022/23, not to extend it to the proposed 2025/26 timeframe. (ref: Page 42, *Auckland Council 10 year Budget 2015-25 consultation document*)
- We do not support the timeframe of the Long-term differential strategy (LTDS), which would see business rate realignment to 25.8% not being achieved until 2036/37. We totally oppose any further extension beyond at the most, 2025/26.

We request to see to economic modelling which supports the statement “At this time it is expected that the differential will be approximately at a level that reflects the tax and GST advantages businesses have over residential ratepayers” (ref: page 4, *Auckland Council Annual Plan 2016/17 Supporting Information*).

- We would support a reduction in Council asset holding to 50% retention of ownership in Auckland Airport and 50% retention of ownership in Ports of Auckland as per our submission to the *Auckland Council 10 year Budget 2015-25*. We strongly advocate this as an alternative to rate increases.

Consultation Question 1b: *If changed, what should the fixed charge be, within the range of \$350 - \$650?*

Our Responses:

- Not applicable.

Interim Transport Levy

Question 2a: *What is your opinion on the Interim Transport Levy amount paid by businesses versus the amount paid by all other ratepayers?*

Our Responses:

- The Interim Transport Levy was set for three years, to raise the required \$523 million dollars as outlined in the Auckland 10 Year Budget 2015-25 and Auckland Transport Plan 2015. We see no need for Auckland Council to renege on this commitment, or to compromise the basis on which support was given to the Auckland Transport Plan 2015 by Business North Harbour and other submitters.
- Business already disproportionately support this levy. There is no justification for asking businesses to further support this other than an attempt to gain general public support in an election year.
- The Auckland Transport network, is primarily used by commuters, not businesses. Commuter, not business, are the primary direct beneficiaries of the \$523 million investment made possible through the three year Interim Transport Levy.
- Under this politically biased option for realignment of the ITL, residential ratepayers will only see an insignificant \$21 per annum decrease which will largely go unnoticed.
- The average business in Auckland employs fewer than 10 people. An increase from \$183 per annum (the agreed three year levy), to a minimum of \$407 will be noticed.

Question 2b: *What is your opinion on the amount businesses pay for the Interim Transport Levy in relation to their property value?*

Our Responses:

- For the reasons stated above 2a we believe there should be no change.
- However if there is to be a change, scenario three would be the only option we could support.
- We wish to reiterate that overall Business North Harbour supports a 'Motorway User Charge' because it will be a direct charge rather than a tax (despite businesses overall paying more). In addition we wish to emphasise that local transport projects need to be advanced to avoid or reduce the effects of 'rat running' on local roads by people avoiding the motorway toll. Reference: Business North Harbour's Submission – Auckland Council Long Term Plan 2015-2025

Farm and Lifestyle Rates

Question 3: *What is your opinion on the rates paid by farm/lifestyle properties over 50 hectares?*

Our Response:

- No comment.

Maori Freehold Land Rates

Question 4: *What is your opinion on reducing the rates collected from Maori Land in Auckland to reflect restrictions on its use?*

Our Response:

- No comment.



Upper Harbour Local Board

Question 5a: *Which local board does your feedback relate to?*

Upper Harbour Local Board

Question 5b: *Do you support the proposal for your local board area?*

Our Responses:

- We partially support the priorities published for *Upper Harbour Local Board* which are non-contentious.
- However we suggest that the absence of any local economic initiatives is a major oversight given that the area incorporates one of Auckland's major commercial hubs – Business North Harbour, delivering local employment in excess of 25,000.
- Business North Harbour would welcome the opportunity to work with Upper Harbour Local Board, and ATEED to develop and deliver an economic growth strategy relevant for the Upper Harbour area.