

BUSINESS ASSOCIATION COLLECTIVE PRESENTATION TO ANNUAL BUDGET 2023/2024

16 March 2023

Introduction

We are a collective of ten Business Improvement Districts (BIDs) from across Auckland who have come together to provide this feedback on the Auckland Council Annual Budget 2023/2024.¹

There are currently 50 BIDs in Auckland, with a combined capital value estimated at \$72.7 billion. The 10 BIDs who have contributed to this submission, represent over 25,000 businesses and a CV in excess of \$42 billion.

There will be individual submissions by each BID, along with any comments on our respective local board initiatives. We are here this afternoon to present some overarching principles on the issues most important to us.

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 supporting 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, and
- (5) 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 funded by Government. Hundreds of millions could be clawed back here.

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.

¹ Business East Tamaki, Business North Harbour, Heart of the City, Newmarket Business Association, Manukau Business Association, Onehunga Business Association, Parnell Business Association, Ponsonby Business Association, Rosebank Business Association, Takapuna Business Association.

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 make 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 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.

Whilst other BIDs may submit individually on rates we do, however, support an increase in general rates no higher than inflation.

We also support reducing the Natural Environment Targeted Rate and the Water Quality Targeted Rate by around two thirds and using the money Council has already collected from these targeted rates to continue delivering these work programmes.

(3) 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 the funding should be 'ring fenced' for these purposes.

(4) Changes to other rates and fees and charges

We understand the staff challenges being experienced by Auckland Transport, but instead of maintaining the currently reduced number of public transport services, we ask that they be increased as more staff become available.

We agree, however, with the partial re-prioritisation of bus services planned to be funded by the Climate Action Targeted Rate to now be used for funding the North West bus service improvements and the two new frequent bus routes in East Auckland.

(5) What else is important to us

We are concerned about the proposal to reduce open space maintenance by reducing 30 per cent of litter bins across the region. In our view, keeping our region, but especially our town centres tidy and free from litter, is core business.

We are also concerned about the reductions in garden maintenance for 80 per cent of gardens. Again, we don't want to see this result in the reduction of amenity of gardens in our town centres.

We are also concerned that Eke Panuku Development plans to reduce or withdraw from public realm projects and local events in town centres, such as Matariki festivals, weekend workshops for kids, Christmas and cultural New Year celebrations. Again, we are concerned that these reductions will reduce the amenity and enjoyment of our town centres.

We are especially concerned that if further cost reductions are required, Eke Panuku will exit from urban regeneration activities in 11 priority locations across the region. We fear this will impact heavily on the amenity of our town centres as private development will continue, but without regeneration of the public realm.

Conclusions

As we enter another year where the resilience of small and medium sized businesses will be tested, we ask the Council to consider carefully 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.