Rosebank Business Association
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10 March 2021

Auckland Council Governing Body
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SUBMISSION TO THE AUCKLAND COUNCIL LONG TERM BUDGET 2021/2031 AND WHAU LOCAL BOARD PRIORITIES

The Rosebank Business Association ('Association') - 'Rosebank – Gateway to the West' - welcomes the opportunity to make this submission.

The Rosebank Business Improvement District is a commercial and industrial hub of 650 + businesses located on the Rosebank Peninsula in West Auckland. It has direct access to the SH16 North-Western Motorway and when the Waterview tunnel was completed, it's traffic count increased to between 25 and 35.000 vehicles per day with immediate access and link to the SH20 Airport Motorway. Businesses in the area generate an estimated $1 billion in revenue, pay significant rates and employ about 9,000 FTEs. The predictions are that this workforce will increase to 20,000 by 2035.

This presentation and our feedback 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) Rating of Vacant Land, and
(7) Whau 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 is having a significant 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. 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 lockdowns have been devastating. Many firms relying on imported intermediate or final inputs from China are also being affected, 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 dire.

We have welcomed the responses from Mayor Phil Goff through the crisis, especially the need to respond calmly, but we ask for more focus in the Recovery Budget 2021/2031 on measures Council can take to assist businesses.

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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 other measures, such as relief in paying hospitality-related fees and charges.

(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 property.

We note the positive statements made in Council's half year financial results indicating a more optimistic outlook is warranted.

(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 a 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.

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.

Finally, on the options 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 do not support this intervention and our preference is for the Government to introduce a levy on international visitors or share GST to fund tourism projects. However, if the Council decides to retain the accommodation providers targeted rate, then we support Option 3 (reinstate the APTR from 1 July 2022) but we ask for increased spending on visitor attraction, major events, and destination marketing activity greater than $14.5 million from general rates. Finally, on this topic, whilst we appreciate the value of tourism and events to the economy, we ask that Auckland Unlimited's spending be carefully scrutinised to ensure the returns justify the investment.

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 charges proposed by Watercare have not been highlighted in the Recovery Budget 2021/2031. We question whether these substantial increases in water charges are reasonable.

(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. 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 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.[2] We are worried that businesses are being over-taxed with the RFT is 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 business to make the necessary changes. Funding for business education is particularly important to raise awareness and drive change.

[1] Recovery Budget 2021/2031, page 40.
[2] https://www.nzherald.co.nz/nz/half-of-auckland-councils-regional-fuel-tax-has-not-been-spent/XTFNMLCAPDH4HFFBQQKUSUIN4I/

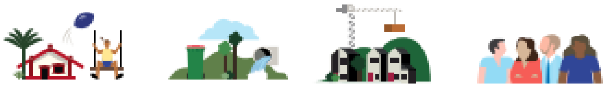
<u>(6) Rating of Vacant Land</u>

We note that in preparation for the Recovery Budget, the Council asked for advice on the application of higher rates to vacant land to encourage development. Officers reported that the Council could consider setting a higher general rates differential on vacant land to bring the share of the costs of providing council services paid by owners of vacant land closer to the level paid by owners of developed properties. We ask that the Council give further consideration to the application of a vacant land differential. In this regard, we also ask that Council consider an approach to addressing vacant or unoccupied retail premises on high streets.[3]

(7) Whau Local Board Priorities

We note the Whau Local Board Priorities in the Recovery Budget 2021/2031:

Whau Local Board



Key areas of spend	COMMUNITY SERVICES	ENVIRONMENTAL SERVICES	PLANNING SERVICES	GOVERNANCE
OPERATING SPEND 2021/2022	$13.3M	$178,000	$966,000	$1.0M
CAPITAL SPEND 2021/2022	$14.9M	–	–	–

What we propose in your local board area in 2021/2022

- Open space planning to support growth and protect the environment.
- Investigation and design of a new urban park for New Lynn.
- Increase funding to the Urban Ngahere (Forest) Strategy.
- Expand the Whau Arts Broker role.
- Refresh our community grants programme to highlight our renewed commitment to Māori.
- Work with business associations around the impacts of COVID-19 and develop initiatives to support recovery.
- Placemaking activities to regenerate town and neighbourhood centres.
- Strengthen our partnership with Hoani Waititi Marae to support residents of the Whau.
- Continue our partnerships supporting improved water quality along the Whau River.
- Continue with the implementation of our Pacific and Ethnic Peoples' Plans.

Key advocacy initiatives for 2021-2031

- Site identification and delivery of the Whau aquatic and recreation facility
- Increase regional resourcing to support the Urban Ngahere (Forest) Strategy, other ways to increase urban tree cover and advocating to central government to strengthen tree protection rules.
- Support the Unlock Avondale Programme and deliver the Avondale multipurpose community facility.
- Advocate for the reinstatement of funding for the Local Board Transport Capital Fund to the level it was prior to the 2020/2021 financial year.
- Develop a new multi-storey park-and-ride facility in New Lynn to realise the recommendations of the New Lynn Urban Plan.
- Funding to complete the remaining parts of Te Whau Pathway.

We support the work of the Whau Local Board with business associations around the impacts of COVID-19 and the development of initiatives to support recovery. We also support advocacy for the reinstatement of funding for the Local Board Transport Capital Fund to the level it was prior to the 2020/2021 financial year.

[3] https://www.renewaustralia.org/

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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 of the Whau Local Board to consider these and other submissions.

Yours sincerely,

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