



Auckland Council Governing Body and  
Waitemāta Local Board  
Auckland Council  
Private Bag 92300  
Auckland 1142

## **Auckland Annual Budget 2016/2017**

### ***Submission from Parnell Inc. (Parnell Business Association)***

Parnell Inc ('Association') welcomes the opportunity to make this submission to the Auckland Council draft Annual Budget 2016/17.

In summary, the Association:

- submits that the UAGC fixed charge should be \$650 (rather than the current \$397) as this means that rates for higher value properties (the predominance of which are business properties) would decrease and rates for lower value properties would increase.
- strongly objects to the Interim Transport Levy being changed so that the amount businesses pay will in future will be based on their property value - and submits instead that it must remain at the current fixed charge of \$183 for businesses and \$114 for all other ratepayers.
- submits that the proposed overall average general rates set at 3.2 per cent is inappropriate in light of much lower current inflation levels and forecasts (0.25% for 2016/17).
- submits that the proposed business rates differential is inappropriate, unfriendly to business and will undermine local economic development and job opportunities.
- strongly objects to the wastewater differential charged on business of between 1.53 and 1.85 (which means that the business sector is paying significantly more than the domestic sector per annum for water) and submits that this be phased out.
- While the Association is generally supportive of the Waitemāta Local Board's proposals (especially the installation of solar heating at the Parnell Baths), it would have liked the Local Board to have placed more of a priority on resolving transport and connectivity in the Parnell business precinct – with particular reference to the need for focused lobbying on the Parnell station.

For any further information, please contact  
Cheryl Adamson  
General Manager  
Parnell Inc.  
T. 09 379 0606  
Cheryl@parnell.net.nz

## Annual Budget 2016/17

### Response to Consultation Questions

#### FIXED RATES CHARGES

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

- This should be kept as it currently is (at a fixed yearly charge of \$397)
- The fixed charge should be higher, meaning that rates for higher value properties would decrease and rates for lower value properties would increase
- The fixed charge should be lower, meaning that rates for higher value properties would increase and rates for lower value properties would decrease
- Not sure

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

- \$350
- \$450
- \$550
- \$650
- Not sure
- Other
- Not applicable / don't think it should be changed

The Association notes that higher UAGCs generally lower the rates burden on higher value properties and raise them for lower value properties. They also raise the rates burden on smaller parcels of land and every 'separately used and inhabitable part' (SUIP) of any land. The Employers and Manufacturers Association have previously suggested that the UAGC should be the maximum 30%, but as an interim measure it should be raised to \$650 or 23%.

The Association notes that the Council report adopting this proposal and consultation material does not distinguish between or explain the relative effects on residential and business land.

Nonetheless, it appears to the Association that because most business land as compared with residential will be in that category of higher value properties (because of generally larger lot sizes), a higher UAGC will generally lower the rates burden on business land.

Response/Comment:

The Association submits that the UAGC fixed charge should be higher, meaning that rates for higher value properties would decrease and rates for lower value properties would increase.

If changed, the fixed charge should be \$650.

#### 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?***

- The Interim Transport Levy should remain at \$183 for businesses and \$114 for all other ratepayers
- The Interim Transport Levy should increase to \$407 for businesses and decrease to \$90 for all other ratepayers
- Not Sure
- Other

The Long-term Plan 2015/2025 introduced an interim transport levy for three years (to fund \$181 million of the accelerated transport programme) set at \$183 (incl GST) for business ratepayers and \$114 (incl GST) for all other ratepayers. The draft Budget 2016/2017 proposes an alternative option to change the distribution of the interim transport levy to collect more from the business sector in line with the general rate and reduce the imposition on other ratepayers. This option would:

(a) increase the share of the interim transport levy to be met by businesses from 14.7 per cent to 32.7 per cent for 2016/17 and 32.3 per cent for 2017/18; and

(b) share the business interim transport levy among businesses on the basis of capital value rather than a fixed charge.

The Association notes that the Council report and consultation material adopting this proposal do not offer substantive reasons why applying such a differential to the interim transport levy is appropriate. Arguments made by the Council that business ratepayers place 'greater demand on the transport network' and have 'tax advantages' are unsubstantiated, particularly when applied to small businesses. Evidence suggests that, in fact, 90% of traffic comprises private vehicles of residential property owners. The Shand Report on *Funding Local Government* recommended against rating differentials for businesses.

**Response/Comment:**

The Association submits that the Interim Transport Levy should remain at \$183 for business and \$114 for all other ratepayers.

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

- This should be kept as it currently is, so all businesses pay the same amount regardless of their property value
- This should be changed so the amount businesses pay depends on their property value
- Not sure
- Other

Again, the Association notes that the Council report and consultation material adopting this proposal do not offer substantiated reasons why it is appropriate to charge the Interim Transport Levy for businesses based on property value. It appears the proposal for residential properties, by contrast, is to retain a fixed charge. This seems simply inconsistent.

**Response/Comment:**

The Association submits that the Interim Transport Levy should remain at \$183 for business and \$114 for all other ratepayers (and should not be changed so that the amount businesses pay should be based on their property value).

**FARM AND LIFESTYLE RATES**

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

Response/Comment:

As we do not have farm and lifestyle properties in our area of representation, we do not have a response to this question.

### **MAORI FREEHOLD LAND RATES**

*Question 3: What is your opinion on reducing the rates collected from Maori land in Auckland to reflect restrictions on its use?*

Response/Comment:

As we do not have Maori land in our area of representation, we do not have a response to this question.

### **LOCAL BOARD INFORMATION**

*Question 5b: In your opinion have we got our priorities right for this (Waitematā) local board area in 2016/2017?*

We note that you have mentioned the following projects, yet do not mention The Parnell Station in your list of priorities, nor any other project that enhances the Parnell business precinct.

You have noted the following:-

Based on our 10-year budget, in 2016/2017 we plan to invest \$11 million to renew and develop assets in your local board area and \$23 million to maintain and operate these assets and provide other local initiatives. This includes:

- renewing existing assets (\$2.4 million)
- completing stage two of Myers Park including the improved entranceway at Mayoral Drive and installation of a splash pad (\$3.3 million)
- completing the Weona-Westmere coastal walkway (\$360,000)
- re-developing Pioneer Women's and Ellen Melville Hall (\$3.4 million)
- commencing delivery of a streetscape improvement project from the agreed Newmarket Laneways Plan (\$1.4 million)
- delivering the new Fukuoka gardens in Western Springs park (\$40,000)

We propose the following additional local priorities for 2016/2017 to be funded through local discretionary budgets:

- improve the pathways through Western Park and upgrade the Pt Resolution steps to concrete
- install a new pathway through Symonds Street Cemetery to connect Karangahape Road to Grafton Gully cycleway
- increase spend on low carbon initiatives including the installation of photovoltaics at Grey Lynn Community Centre
- increase the budget for the annual Myers Park festival to provide an even better local event
- investigate establishing a youth hub in the city centre
- install a solar heating solution at Parnell Baths
- continue to put children and young people first and achieve UNICEF Child Friendly City accreditation
- support community-led development and place making such as the open space design for 254 Ponsonby Road and the development of a bicycle pump track at Grey Lynn Park

### **Parnell Station**

The acceleration of the Parnell Station project, until it reaches full operational status is essential for the future prosperity of Parnell and we need committed support from the Waitematā Local Board in this regard so that the Parnell Station may reach full operational

status without any further delays or impediments.

Recently Parnell Inc. with the assistance of an external consultant conducted a range of focus groups with key stakeholders under the banner 'Reinvigorate Parnell' with a view to developing a Blueprint. This document clearly identifies Parnell Station as a major driver of that reinvigoration and a 'game changer' in how it can affect future connectivity, patronage and development in Parnell.

- You noted in your Community Feedback Event hosted on the 25<sup>th</sup> February that you had allocated \$233,000 in this year to assist with the internal fit out of the station building, but that this looked impractical in terms of KiwiRail's deadlines. We believe this would be a strategically good local board investment and request that this funding is allocated in the 2016/2017 year to help move forward the completion of the station building, furthermore we request any support and assistance the board can provide in lobbying both KiwiRail and AT to relocate the Newmarket Stationhouse before the end of 2016 .
- We understand it has been claimed that Parnell Station cannot be completed until grade separation is completed at the Sarawai St/Laxon Terrace level crossing. We find it difficult to understand why these issues are linked from a purely technical point of view and are under the impression in the community that each agency is using the alibi of the other for the continued 'go slow'. Given the importance of Parnell Station to the development of Parnell, we would appreciate any measure of support to uncouple these issues.
- Once the station is operational, we will need ongoing support to enhance the connectivity from the station to The Domain, the village/Parnell Road and Carlaw Park. We have requested that AT commence evaluating optimal pedestrian routes into the village, but while the completion date of the station remains uncertain, they are resistant. Together with this would be wayfinding, pathways and potential enhancements to the public realm. Delivering the greenways route through the Parnell Rail Tunnel as part of this is highly desirable to Parnell Inc.

#### Heard Park/Other Parks/Pedestrian friendly shared spaces

The Reinvigorate Parnell Blueprint identifies several potential initiatives in order to make Parnell accessible, legible and liveable for locals and visitors. Following more detailed presentation to the Waitemata Local Board, we will need support to realise our objectives for 'connecting up' every part of Parnell as a major focus for planning including:-

- Redeveloping Heard Park as the Heart and Soul of Parnell
- Addressing signage and way finding and the provision of information points or services, for a more legible destination.
- Creating connectivity between The Domain, Parnell town centre, Carlaw Park, York St area, St Georges Bay Rd and up to Gladstone/St Stephens Ave.
- Assessing the potential for an upgrade of St Georges Bay Road to support local investment.
- Addressing access issues and entrance statements along The Strand, Shipwright Ave and Carlaw Park.
- Enhancing and creating shared public spaces in ideally suited streets adjacent to Parnell town centre.

#### ***Any other feedback***

Auckland Council has asked for any other feedback:

#### Rates Increase

In line with the LTP, the Council proposes an overall average general rates increase will remain at 3.2 per cent.

However, the Association notes that the New Zealand Inflation Rate was recorded at 0.4% in the fourth quarter of 2015, and is forecast to remain less than 0.25% for 2016.<sup>1</sup>

In addition, the BERL overall cost index for local authorities (LGCI) annual average percentage change for June 2015 was only 1.0% and is forecast to be only 1.038% to June 2017<sup>2</sup>. BERL have advised the local government sector that “ ... this is a reflection of a subdued macro-economic picture globally and domestically. It is broadly agreed that the global economy is in a significant period of low inflationary pressures; with the US and Europe in particular close to deflation. Faltering growth in China and Australia, and slow growth in the Eurozone have made for a subdued year; however, growth in the United States economy is modestly more promising and may offset this somewhat. With the Christchurch rebuild easing, the fallout from reduced dairy payouts, and the ongoing difficult global picture, there are few sources of ongoing inflation ahead. In line with this context for the New Zealand economy, these forecasts for price level adjusters present a subdued inflationary outlook for the local government sector.”

The Association submits that the proposed overall average general rates of 3.2 per cent is inappropriate in light of current inflation levels and forecasts.

### Business Differential

The LTP gradually reduces business property rates from 32.8 per cent of all rates to 25.8 per cent over the 10 years (the business differential).

When Auckland Council was formed, businesses were contributing 34% of the overall rates even though their properties only made up 17% of Auckland's total property value, and so the Council decided to slowly reduce the share paid by business from 34% to 25.8% by 2022/23 because they were too high.

However, as a result of the 2014 revaluation, which saw business properties increase by much less than residential homes, Council changed this – to reduce the adjustment more slowly, to instead reach 25.8% by 2036/37.

Auckland businesses will pay around 2.6 times more than other ratepayers, or \$150 million more, than if there were no differential in the 2016/17 financial year.

By comparison, Tauranga City Council has no business rates differential.

The policy reasons for Auckland Council applying a business differential (ie that business ratepayers make more use of council services like transport and stormwater than residential ratepayers, and are better able to afford rates as they can claim back GST and rates can be claimed against income tax) are unsound, particularly when applied to small businesses.

The Shand Report on *Funding Local Government* also recommended against rating differentials.

The Association submits that the proposed business rates differential is inappropriate, unfriendly to business and will undermine local economic development and job opportunities.

### Water/wastewater charges

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<sup>1</sup> Reserve Bank of New Zealand

<sup>2</sup> BERL, *Forecasts of Price Level Change Adjustors – 2015 Update: Note to Society of Local Government Managers* (September 2015), page 15

The Association notes that the EMA has raised concerns that Watercare imposes a wastewater differential on business of between 1.53 and 1.85 that means the business sector is paying significantly more than the domestic sector per annum and that this is more in the nature of a tax than a service charge.

The Association strongly objects to this wastewater differential and wants it phased out.

The Association wishes to be heard at any hearings of the Waitemāta Local Board.