SUBMISSION TO
AUCKLAND COUNCIL LONG TERM PLAN 2024/2034
(10-Year Budget)

Introduction

There are currently 51 BIDs in Auckland, representing over 25,000 businesses with a combined capital value estimated at $72.7 billion.[1] The Parnell Business Association represents over 1,100 businesses and a capital value in excess of $2.2 billion.
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 to promote Auckland's economic prosperity. The council group plays a pivotal role in providing efficient and effective core services for the city. In addition, Auckland must continually strive to attract more visitors, and bid competitively to host major events, as well as support economic development activities.

Overall, we cannot emphasise enough the need to have a much sharper focus on efficiencies and getting the 'basics' right, such as the delivery of core council services and the timely maintenance of essential infrastructure. We welcome the recent announcement of an overhaul of top management tiers at Council to streamline service delivery and cut costs.

The Long Term Plan 2024/2034 sets out the council's priorities and how you will pay for them.[2] You are also consulting on a draft Waste Management and Minimisation Plan 2024.[3] You are seeking feedback on a number of issues. Our responses will focus on:

(1) Overall Direction for the Long Term Plan
(2) Transport Plan
(3) Major Investments (Auckland Future Fund)
(4) Port Land
(5) Changes to other rates, fees and charges
(6) Water
(7) What else is important to us
(8) Draft Waste Management and Minimisation Plan 2024
(9) Local Board Priorities - Waitematā Local Board

[1] https://bid.aucklandcouncil.govt.nz/
[2] Link Long Term Plan 2024/2034 (10-year Budget) Consultation Document Link ; Long Term Plan 2024/2034 (10-year Budget) Supporting Information Link
[3] Draft Waste Management and Minimisation Plan 2024 Link

(1) Overall Direction for the Long Term Plan

Here you have asked which option do we prefer for the overall direction for council's Long Term Plan 2024/2034? (Do less / reduce council services/ investment), lower rates increases and less debt); Proceed with the central proposal; or Do more (increase council services/investment), with higher rates increases and more debt.

We support the *central proposal* in general, but have noted a few places in this submission where there are exceptions to this, including discontinuing the Long-Term Differential Strategy. In addition, we support aspects of the *Pay More, Get More Scenario* with relation to Water/Making Room for Water as well as Economic and Cultural Development (in order to attract more visitors, bid for and host major events as well as supporting economic development activities).

Overall, we wish to be assured Council is properly funding core infrastructure services.

As set out in your Consultation Document, the services and activities provided for in the *central proposal* are a capital investment of $39.3 billion and operating spending of $72.0 billion over 10 years. The Consultation Document says this will strengthen Auckland's physical and financial resilience, while tackling some big budget challenges. We agree.

Overall, the rates increase for the average value residential property will be: • 7.5 per cent in year one; • 3.5 per cent in year two; • 8 per cent in year three; and • no more than 3.5 per cent a year after that. We understand that rates for business properties will be around 1.5% higher for each of these periods. We note that this includes discontinuing the Long-Term Differential Strategy, but your Consultation Document does not set out how continuing the Long-Term Differential Strategy would affect these rate increases, especially for businesses.

The central proposal also includes establishing the Auckland Future Fund using the Auckland International Airport shareholding and the proceeds of an operating lease of Port of Auckland, along with a $50 million annual cost reduction target by year three for Auckland Council delivered services and a $30 million asset recycling target per annum ($300 million over 10 years).

As we set out below, while we support establishing the Auckland Future Fund as a concept, we also outline what could be considered as the pros and cons in our view.

In terms of the need for efficiencies and savings, we believe there should be a sharper focus on finding savings from the management of contractors and consultants by the Auckland Council group, as this is where see a lot of waste in our suburb and around the city – especially in relation to excessive Traffic Management Plans and detailed design of even the most basic infrastructure. We support a budget package that sharply reduces Auckland Council's group operating costs.

We also support borrowing more than the planned 'less than 270 per cent' of group revenue.

And, while we support Council working with central government on new funding tools to enable more investment into visitor attraction and economic development activities (as set out in the *central proposal*), in the meantime, we ask that a budget for marketing Auckland internationally, to attract visitors, bid for and host major events as well as support economic development activities be prioritised (as set out in the *Pay More, Get More Scenario)*. We are concerned that under the *central proposal* only the basic suite of events and minimum level of economic development projects will be delivered by Tātaki Auckland Unlimited. We also ask that the budget for local board funded events, local economic development and town centre re-generation be at least maintained, but preferably increased. These activities are not only what makes Auckland a 'fun' place to live in, but offer an economic lifeline to small businesses with increases in visitor numbers.

(2) Transport Plan

Here you have noted that your budget proposes working with government to make progress towards an integrated transport plan for Auckland. It proposes a total capital spend of $13.4 billion for Auckland Transport over 10 years. This includes: • making public transport faster, more reliable and easier to use by investing in rapid transit network actions, such as making it easier to pay and introducing capped weekly public transport passes; • network optimisation, reducing temporary traffic management requirements and introducing dynamic lanes; • stopping some previously-planned initiatives, such as some raised pedestrian crossings and cycleways. You have asked what we provide feedback on this transport proposal. You have also asked if there is anything council should spend more or less on.

We agree that a key priority for transport should be to make the most of council's existing assets and planned spend, including the council's significant investment in the City Rail Link (CRL) and other large rapid transit network projects. But we ask that all transport projects are planned and implemented in close collaboration with

BIDS, and not only Local Boards. A key concern we have is the disruption caused to business from transport developments, including often excessive temporary traffic management. We ask this to be addressed.

We support the particular focus on renewals and maintenance to ensure roads and other network assets are kept in good order and there be a total capital spend of $13.4 billion for Auckland Transport to address these priorities. We also support a new focus on smaller-scale changes to more quickly improve performance of our roads and public transport services, including the provision of dynamic lanes and bus lanes.

Making public transport faster, more reliable and easier to use is also supported as is rapid transit investment, focused on busways (following the successful example of the Northern Busway). Transport investment for emissions reduction, such as the ongoing addition of electric vehicles to the bus and ferry fleets is also important to us. Getting more people on to public transport also helps reduce emissions.

Ensuring maximum value from every dollar spent is a given for us, as is driving efficiencies and managing operating costs.

One concern we have along with you is the recent government decision to cancel the regional fuel tax (RFT), ending the scheme four years early. We are concerned that this has resulted in a reduction in the level of investment in and re-prioritisation of transport projects in the Long-Term Plan 2024/2034. We are keen to see the detailed plans for congestion charging/time of use charging so we can assess the implications for businesses.

Adding further complexity is the recent release of the draft Government Policy Statement on land transport 2024.[4] In particular, this reintroduces the Roads of National Significance programme.

We welcome the scrapping of the Road to Zero safety plan, especially as it relates to funding from this source being diverted into excessive safety projects and slower speeds, in our town centres – specifically the introduction of a proposed cycleway up Parnell Road as an aspect of the safety proposal.

[4] https://www.transport.govt.nz/area-of-interest/strategy-and-direction/government-policy-statement-on-land-transport-2024/

The introduction of legislation for the fast tracking of consents for major infrastructure, including the Roads of National Significance and rapid transit projects,[5] brings further opportunity, but an alignment of national and regional priorities needs to be established as there are clearly still competing agendas in this regard.

(3) Major Investments (Auckland Future Fund)

Council is proposing a diversified investment fund for Auckland (the Auckland Future Fund). The overall concept involves the transfer of council's shareholding of just over 11 per cent in Auckland International Airport Limited (AIAL) to the fund to enable the subsequent sale of any or all the shares by the fund manager. However, the Consultation Document identifies four more detailed options: (Option 1) Auckland Future Fund with AIAL shares and port lease proceeds; (Option 2) Enhanced status quo (no establishment of an Auckland Future Fund); (Option 3) Auckland Future Fund with AIAL shares only; (Option 4) Auckland Future Fund with AIAL shares and Port of Auckland (POAL) dividends. You have asked what is our preference.

Council is also considering changes to the way the Port of Auckland operates, which may also result in further investment into the Auckland Future Fund. You have also asked whether we prefer to continue council group operation of the port or lease the operation of the port for the future of Port of Auckland. And if the council group continues to operate the Port of Auckland, how would we prefer the profits and dividends to be used?

We have previously supported the sale of some shares, not to pay down debt, but to invest in critical core infrastructure such as stormwater, water and sewage.
Although you have considered in your Consultation Document using the cash from the sale of the remaining AIAL shares to reduce council debt, you have not formally progressed this as an option.[6] Although we do not support selling all of the shares, we think the establishment of an Auckland Future Fund as a concept is worthwhile.

Turning to the proposed lease of Port operations, under this option, you have said that Auckland Council or POAL would grant a lease of around 35 years over the port land and operations to an external private party to operate the port. The council would receive an upfront payment for this lease, and the private operating company would have the right to run the port, make capital investments and earn profits from these operations over the period of the lease. Council would not receive returns from

[5] https://www.rnz.co.nz/news/national/511069/government-unveils-plan-to-fast-track-infrastructure-projects
[6] Long Term Plan 2024/2034 (10-year Budget) Consultation Document, page 60.

the operations of the Port during the period of the lease. At the end of the lease, control of the port operations (and associated land) would transfer back to the council group. The underlying ownership of the port land and wharves would stay with the Auckland Council group throughout the lease. The lease agreement would also set out key parameters that would help ensure that the council's ownership objectives and lease conditions were met.[7]

There are several reasons why we do not support a lease of the Port operations.

First, the various reports commissioned on the future of the Port of Auckland have reached the same conclusion that the Port will outgrow it's present site in 20-30 years.[8] Also, the capacity constraints are not limited to the Port itself. The reports agree that the road and rail networks that service the Port will need significant upgrading to improve connectivity and integration. As a consequence, locking the Port into a lease of around 35 years does not seem to align with the need to integrate transport links or shift the Port in 20-30 years, or provide the flexibility necessary for these decisions.

Further, in recent decades the city centre has transformed dramatically and the area around the Port has become an important commercial and residential centre in its own right. There are differing stakeholder aspirations for the area leading to tensions between the growth in freight volumes on the one hand, and increasing residential and recreational use of the waterfront on the other. One hundred per cent ownership of POAL and the land on the Auckland waterfront means council can better manage the differing stakeholder aspirations.

In addition, the privatisation of the Port will likely mean Auckland businesses would end up paying increased costs to deliver profits to a private port operator (who will have a monopoly). Major price hikes from private terminal operators have led to concerns recently in Australia. An external party – particularly if offshore, would have little consideration for the sustainability of the Hauraki Gulf and would likely be more insensitive to the impact of the port operations on our city and suburbs. A 35-year lease would continue the industrialisation of Auckland's waterfront for nearly four decades.

We note the open letter by prominent Aucklanders in this regard.

[7] Long Term Plan 2024/2034 (10-year Budget) Consultation Document, page 62.
[8] https://www.poal.co.nz/our-story/future

So, all in all, we have concerns that any financial benefits from the lease will be outweighed by increased costs for businesses and consumers. Moreover, the Port of Auckland has recently seen a major turnaround under new management.

(4) Port Land

Whether or not the operation of the Port of Auckland is leased, you have said that some land and wharves currently used for port operations could be transferred to Auckland Council and used for something else that provides public benefit. Captain Cook and Marsden wharves could be transferred to council within 2-5 years provided that resource consent can be obtained for work at the Bledisloe Terminal. The Bledisloe Terminal site could be freed up and transferred to council for use in another way within 15 years. You have asked what option we prefer for Captain Cook and Marsden wharves? And what option do we prefer for Bledisloe Terminal?

The council's strategic vision for the city centre waterfront involves improving public access to the waterfront for Aucklanders. The proposal in the Long-Term Plan 2024/2034 to free-up wharves by consolidating the physical area of the port operations would support this objective.

Although Marsden and Captain Cook wharves could be freed-up for alternative use and transferred to Auckland Council with minimal impact on port operations or profitability, this would require that the port operations currently taking place on these two wharves be relocated to the Bledisloe Terminal. This would require construction work at Bledisloe North wharf and an additional vehicle handling building at the Bledisloe Terminal. These works are estimated to cost $110 million and would require resource consent approval. The Consultation Document says that it is likely that this could be achieved over a two-to-five-year timeframe.

Although releasing the Bledisloe Terminal for alternative uses could provide significant new public benefits, it would also substantially reduce the scale and value of the port operations. The Consultation Document says that this option is not considered viable in the short-term, but is an option council could look to implement within the next 15 years.

First, we do not fully understand how the proposal to lease the Port aligns with the proposals to free-up the Marsden and Captain Cook wharves. The Consultation Document says releasing these wharves would not materially change the amount of the prepaid lease, but less would be paid. However, removing the Bledisloe Terminal

from port operations would reduce the lease prepayment the council would receive by up to an estimated $300 million.

Further, if the Bledisloe Terminal was no longer used for port operations, imports of bulk cargo like construction industry materials (such as steel and aggregate) and bulk food (such as banana shipments) would likely need to be unloaded at other ports and be transported to Auckland via truck (or possibly by rail). This would likely add cost to supply chains and increase road congestion and emissions.

In addition, the range of alternative uses for the freed-up Bledisloe Terminal land could be restricted because these other uses (such as for recreation or apartments) will be located alongside a working port that will be operating twenty-four hours a day, seven days a week with all the associated noise, lighting and traffic impacts. The implications for any new cruise ship terminal would also need to be considered.

If the Council retains ownership of the Port, removing the Bledisloe Terminal from port operations would result in lower profits from the port at some point after the 10-year period of this plan. Higher rates would then be required. There would also be a reduction in the value of Auckland Council's assets as the value of the port would need to be written down by the value of the lower profits.

The longer-term financial implications of the freed-up Bledisloe Terminal would depend on the nature of the alternative uses. Creating new public infrastructure or amenities would generally have a net financial cost to council, while residential or commercial development on the site should have a net financial benefit (after accounting for any necessary infrastructure development or remediation work). This would all likely occur outside the 10-year period of the Long Term Plan 2024/2034.

Overall, we agree to Marsden and Captain Cook wharves being freed-up for alternative uses, but think the various implications for Bledisloe Terminal need to be considered as they seem in conflict with other proposals.

(5) Changes to other rates and fees and charges

Here you have noted Council's proposals to change business rates, targeted rates, fees and charges. You have asked what we think of these proposals and whether we have any other feedback.

What businesses need most from council is a fair, transparent and stable approach to rates.

Long Term Differential Strategy (LTDS)

We are very concerned about your proposal to discontinue the Long Term Differential Strategy which has been gradually lowering the share of general rates paid by businesses and for business ratepayers.

We do not accept that a business differential should be applied to rates especially for your reasons that "businesses place more demand on, and impose more costs on, the council's transport and stormwater services", or that "rates are more affordable for businesses" or because "businesses can also claim back GST on rates and expense rates against tax." These reasons do not justify the business differential, particularly for small businesses who make up most businesses in Auckland.

We ask that the Long Term Differential Strategy remain in place.

We are also very concerned about your proposal to increase the share that businesses pay of generally applied targeted rates (Water Quality, Natural Environment, and Climate Action Transport targeted rates) from 25.8 per cent (originally set at the same level of the end target of the LTDS) to the same share they will pay of the general rate, approximately 31 per cent.

While we agree that Auckland must improve infrastructure to save our harbours, beaches and streams and reverse the decline of biodiversity in the region, we do not accept that a business differential (especially at 31%) should be applied to these rates.

(6) Water

Watercare's increase in charges

To support a significant increase in capital investment over the next 10-years, Watercare's board of directors has proposed to increase water and wastewater tariffs by 25.8 per cent on 1 July 2024. We understand there is a need to have an increase, but question whether the substantial increases in water and wastewater tariffs are reasonable?

Making Space for Water

Under the *Pay More, Get More Scenario* you have noted the following:-

- *Accelerating the Making Space for Water programme for delivery within six years if possible, rather than to deliver within 10 years as under the central proposal*
- *Increase investment in renewal assets to improve the resilience and efficiency of our assets*
- *Bring forward investment to wastewater assets to further reduce outflows and improve compliance with discharge consents.*

One of our particular concerns, in various older areas of Auckland such as Parnell, is that there has been inadequate investment in infrastructure replacement as well as regular maintenance, and we agree that a fundamental change in investment is required for our assets to be more resilient to natural hazards and climate change.

The Auckland Anniversary floods in Jan 2023 followed by Cyclone Gabrielle were devastating, and as much as it had a big impact on council's finances, (both in terms of storm response costs and the need to improve our storm response and resilience), it had a huge impact on affected businesses.

In Parnell, we experienced a very confronting example of several businesses being completely destroyed, some of whom only recommenced trading in the last month or two.

The cost to business is extreme, for many owners it is their entire livelihood.

We know that the council maintenance cycles were less than optimum during and following COVID, and although the storm was considered a once in 100 year event, we will never know how much the impact would have been reduced if the drains had been cleared.

Another example of ageing infrastructure in our city that we have, literally wafting under our noses, is the collapse of the main Ōrākei sewer line, and the long-term impact of millions of litres of sewage flowing into our harbour for several weeks.

These 100-year-old pipes were last inspected in 2019 and the collapse happened in September. But it is now 6 months later, with no firm end date, and business is still being disrupted.

One of the priorities set out in your consultation document was to fix Auckland's infrastructure, build a resilient Auckland, finish large infrastructure projects and

maximise the value of existing infrastructure, - and in that regard we look forward to the completion of the Central Interceptor project in 2026 and the roll out of the Making Space for Water programme as a priority.

But as important is making sure that the maintenance and remediation of our infrastructure is at optimum levels and that core council services are delivered so that business can function.

(7) Do you have any other comments

Here you have highlighted whether we have any other comments, including on the Local Board Funding Policy and the Council Controlled Organisation Accountability Policy. With regard to the Local Board Funding Policy, your Consultation Document sets out the proposal to move to a different allocation of funding for local boards for their local community services. The new model proposes to distribute available funding based on population (80 per cent), deprivation (15 per cent) and land area (5 per cent). This is different to the current funding allocation which is based on assets in each local board area. In this Long Term Plan 2024/2034, you are proposing a staged approach (or the central proposal) to achieving this outcome.

We understand the objective of the new proposal is to achieve fairer funding across all the local boards and in principle support that view. However, we do not have a clear understanding of the implication of this policy for the Waitematā Local Board, as the current model is based on assets. The degradation of any council assets in our area is not desirable.

With regard to the proposed amendments to the CCO Accountability Policy to reflect recent changes in legislation as well as the new/updated council policies and plans, we support these amendments.[9]

(8) Draft Waste Management and Minimisation Plan 2024

The draft Waste Management and Minimisation Plan (WMMP) 2024 sets out Auckland's direction in managing and preventing waste. Your Feedback Form asks whether we support the direction of the draft WWP 2024? It also asks whether we support: (2A) Fortnightly rubbish collections; (2B) A focus on construction and demolition waste; (2C) A focus on five priority waste materials; (2D) Advocacy on product stewardship schemes; and (2E) Advocacy for better legal tools to deal with litter.

[9] Long Term Plan 2024/2034 (10-year Budget) Consultation Document, page 19.

We support the focus of the draft WMMP on ways to reduce waste being created and sent to landfill, with actions aimed at the top of the 'waste hierarchy', e.g. redesigning, reusing or repairing items as well as recycling materials. We agree with the draft WMMP's goals that centre on keeping resources in circulation and minimising harm to the environment and communities from waste.

We agree with the focus of removing food scraps from general rubbish (which have made up 41% of the rubbish) through the weekly food scraps collection service in mainland urban areas. Now food scraps have been removed, you are proposing to introduce a fortnightly rubbish collection for most Auckland households from 2026, and suggest that commercial collections will fall in line with the fortnightly cycle.

While we think this is quite workable for most households, it is definitely not workable for small hospitality businesses. Many of our larger restaurants have private collections, but the smaller eateries and take-away outlets cannot afford that, and rely on council collections. Many of them do not even have sufficient storage for bins. A fortnightly collection will be really problematic for town centres, and will encourage rodents and litter. This needs to be fit for purpose in commercial and retail precincts.

It is not acceptable this detail was buried in the consultation material and not stated upfront, where it could be found easily.

We agree with Council advocating to central government for a beverage container return scheme (CRS) and other mandatory product stewardship schemes as a key priority action within the draft WMMP. We would like to work with you to ensure the implications for business (especially small and mediums sized business) are fully understood.

We also agree with your focus on addressing litter and illegal dumping to protect public health and the environment, including advocating to central government for better legal tools (e.g. instant fines) to deal with litter. We support Council collaborating with communities and businesses on local solutions for hot spot areas.

(9) Local Board Priorities – Waitematā Local Board

The Waitemata Local Board have stated their key priorities for the 10-year budget 2024-2034, noting that the funding available for these priorities is dependent on the Governing Body decisions on the 10-year budget:

Of importance to the Parnell Business Association are the following.

- *Implement the 2013 Waitematā Greenways Plan and work with Parks and Community Facilities and Auckland Transport to deliver key walking and cycling connections.*

Since the publication of The Parnell Plan in 2019, we have long held the aspiration of the Waipapa cycleway from Newmarket Park, through the old rail tunnel, adjacent to the rail line, then through The Domain and joining the Grafton Gully cycleway at Stanley Street. This would be an extremely efficient way to get cyclists from Newmarket to the city without needing to be in traffic. We need the advocacy of The Waitematā Local Board in this regard, so this project can be funded.

Similarly, we need the advocacy for the completion of The Parnell Station precinct. The underpass has recently been completed by Auckland Transport, but the easement down to the station left completely in limbo since Summerset have retreated from their development. A new solution needs to be found, whether by compulsory acquisition or part purchase, so the completion of the easement can be facilitated, as in its current state it is unsafe. Parnell Station could become an important link once the CRL is on stream and all efforts need to be made to enhance existing PT in Auckland.

We thank the Waitematā Local Board for their contribution towards Wayfinding, some of which will focus on Parnell Station, which has been outstanding since the station was opened in 2017. The signs will encourage people to walk around the suburb to see the sights and will be particularly helpful for visitors to the area.

The consultation document states that certain priorities sit outside local board decision making and require advocacy to the Governing Body or another entity;

We are disappointed that there is no mention of St Georges Bay Rd

- We have been advocating for a Streetscape upgrade of St Georges Bay Rd and surrounding streets since 2016
- It was included in the Parnell Plan in 2019
- It was mentioned in Local Board Plans as advocacy priority between 2020-2022
- In 2023, knowing there were severe financial restraints we suggested that the project is scaled down to a badly needed pedestrian crossing in

St Georges Bay Road, together with like for like renewals. Auckland Transport have scoped the project and indicated they are ready to go in 2024/2025 - pending budget. So we are really disappointed this has not been mentioned.

- A tremendous amount of money has been spent by private developers on reviving this part of Parnell over the past decade. This has not been matched in any way by Council. In fact, quite the opposite has applied, with severe damage around the floods of 2023 and now having to endure the ongoing disruption of the sinkhole.

We also need support and advocacy for projects such as The Strand Optimisation, so the interest of businesses can be served.

The last section in the document talks about 'what we propose in your local board area in 2024/2025. The following are some of the key projects and activities we plan to deliver next year, and any key changes to services':

- *Phased delivery of improvements for Heard Park.*

We are grateful to the Waitematā Local Board for providing funding to advance the design of the Heard Park Concept plan, including the playground.
We look forward to the presentation of design so that funding can be allocated in the 2024/25 and 2025/26 financial year for the park and new 'play space' to be completed.

- *The Local Board have stated they will seek opportunities to promote and celebrate heritage places in Waitematā including making digital content and place-based stories more accessible.*

We would always be interested in exploring any such opportunities for Parnell.

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 the needs of these ratepayer businesses as it makes decisions about the priorities and proposed savings in the Long Term Plan 2024/2034.

We cannot emphasise enough that there must be a focus on providing dependable core infrastructure services as a priority.

We have supported the central proposal in most cases, with certain exceptions, which may result in prioritising spend on certain items or slightly changing allocations.

We fundamentally believe further savings can be made with a culture of efficiency being instilled across the council group. Now is the time for the council, and it's significant number of employees, to adopt a rate-payer mindset. But council must not lose sight of Auckland's ongoing economic prosperity.

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