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SUBMISSION TO THE DRAFT LONG TERM PLAN/10 YEAR BUDGET 2018-2028

Introduction

The Greater East Tamaki Business Association Inc. (GETBA) welcomes the opportunity to make this submission to the Auckland Council Draft Long Term Plan/Ten Year Budget 2018-2028.

East Tāmaki is situated in a key strategic location with links to the airport, port, CBD and other business areas within the region. The precinct has developed from greenfield origins and the availability and relative cost of land has, in the past, made the precinct attractive to businesses. As such, the area has a number of nationally and internationally significant companies, some of which are involved in developing innovative technologies. It is a dynamic and highly successful production and export zone, contributing $3 billion to the New Zealand economy and 19 million in rates each year. It is predominantly a manufacturing and distribution hub and includes the world class Highbrook Business Park.

GETBA is the Business Improvement District business association for the area. GETBA advocates for business and property owners in the economic development of East Tamaki; provides a conduit to business support, education, resources and networking; enhances the safety and security of East Tamaki; and promotes the area as a great place to do business and to work.

Feedback

Your Consultation Document seeks feedback on specific issues. However, before we move to those issues we would like to comment on an issue that is of paramount importance to our business precinct.

Transport and Roading

As a manufacturing and distribution hub there are frequent movements of freight in and out of this business precinct. Most commuters to East Tamaki drive alone in their cars, with some driving with passengers, but very few choose public transport (as there are few options) and active modes are restricted by the nature of the roads and types of traffic.

Consequently, transport issues (especially congestion) are a significant impediment to East Tamaki businesses' ability to attract and retain staff, and to productivity. Improved roading and transport is required to enable more efficient movement of freight and people in and out of the area and to address productivity losses.

Our top hotspot is the major arterial route of Smales and Allens Roads which feeds into Highbrook Drive, particularly where it intersects with Springs and Harris Roads. We are very concerned that planned widening/intersection upgrade improvements to this major arterial route and intersection continue to be delayed. With the phenomenal growth of Flat Bush contributing to congestion on this route, it is vital that this important upgrade is addressed within the next three-year funding period.

The East Tāmaki area is connected to the southern motorway at the Highbrook interchange which is also the main connection to the west and airport, and is heavily congested. There is potential to enhance the efficient movement of freight with a dedicated freight/T2 lane along Highbrook Drive and upgrade to the interchange itself.

We look forward to improved connectivity in the north of the precinct with the delivery of the AMETI project. However, completion is still seven years away and the congestion continues to get worse. It is also not a freight solution.

The major arterial route, Ti Rakau Drive, and its connecting roads are becoming noticeably more congested. We have been promised improvements to the Gossamer/ Ti Rakau/ Trugood/Cryers/Harris area as part of AMETI, but it will be 2026 before the Pakuranga to Botany section of AMETI is completed and the congestion needs to be resolved more urgently. Meanwhile other intersections with Ti Rakau, including Greenmount Drive, are also becoming increasingly congested and dangerous.

We support the Preston/ Ormiston Road intersection upgrade.

Your Consultation Document seeks feedback on a number of Council priorities and how you will pay for them. Our response will focus on: (1) Introducing a regional fuel tax; (2) Your approach to rates; (3) Introducing a water quality targeted rate; (4) Introducing an environmental targeted rate; (5) Extension of the accommodation providers targeted rate; (6) Draft CCO Accountability Policy; (7) Council savings and efficiencies; (8) The Auckland Plan; and (9) Draft Auckland Waste Management and Minimisation Plan 2018.

(1) Introducing a regional fuel tax

Your Consultation Document says that Council wants to improve the transport system. As the population grows, congestion (and the pollution it creates) is getting worse, safety is declining and businesses are struggling to move freight and people. To address the problems, you say you need to identify new funding sources as Council is at the limit of what it can sustainably borrow. You are proposing that a regional fuel tax of 10 cents per litre (plus GST) be used to raise more funding for transport projects and services.

We agree that congestion (and the pollution it creates) is getting worse, safety is declining and businesses are struggling to move freight and people. We also agree that we are not going to address this problem simply by building more roads. Demand management of our existing network has to be a key solution, especially creating priority for freight and delivery movements.

However, we do recognise the need to raise more funding for transport projects and services.

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 don't support a regional fuel tax of 10 cents per litre (plus GST) unless we can be assured that the revenue generated is ring-fenced to spending on specific projects and services and is reported on with complete transparency. The forthcoming Regional Land Transport Plan should clearly identify this source of funding and the specific transport projects and services it will be spent on. 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 ask that as the legislation is drafted, you advocate for the GST portion to also be hypothecated to Auckland’s transport projects/services and that non-road fuel not be subject to the tax.

To ensure transparency, we also ask that the projects and services being funded by the tax be distributed following a clear rationale and identified clearly in future Council Budgets. We also ask that central government’s contribution to Auckland transport funding be included transparently in such budgets so we are clear about its ongoing contribution.

While we understand that the Government can pass the legislation necessary in time, if for some reason that does not occur and the Interim Transport Levy must remain in place for another year, we support it remaining set as $113.85 for residential and farm/lifestyle ratepayers and $182.85 for business ratepayers.

Finally, we note that a regional fuel tax of 10 cents per litre is only a small step towards addressing the funding gap the Auckland Transport Alignment Project (ATAP) identified at $5.9 billion. We request Auckland Council and the Government commit to urgently delivering fair and equitable solutions to fund this gap not only to ensure that Auckland’s transport system does not grind to a halt, but to enable the continued growth and vitality of New Zealand’s largest city.

(2) Your approach to rates

Your Consultation Document says Council needs to continue funding other projects and services for our growing city and that requires an increase to general rates. You are proposing an average general rates increase of 2.5 per cent for years one and two and then 3.5 per cent for years three to ten.

Our overall feedback is that what businesses need most from Council is a fair, transparent and stable approach to rates. In that regard, we support the Council being clear about how general rates increases will be made over time. We also appreciate the funding gap for major infrastructure.

However, because businesses are still paying a disproportionately high level of rates (2.7% or around $150 million more), we question whether an overall average urban business increase of 6% (without the accommodation providers targeted rate and fuel tax impact) is justified.

We do not accept the view 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. The Shand Report on Funding Local Government recommended against rating differentials. By comparison, Tauranga City Council has no business rates differential at all.

Noting that the proposed targeted rates are being introduced at the 25.8% business differential share we suggest that general rates be treated the same way. At the very least we support the resumption of the re-balancing of the business differential under the Long Term Differential Strategy.

Finally, we recognise that increases in the UAGC place a greater burden on small businesses and support these being tied to the increases in general rates.

(3) Introducing a water quality targeted rate

Your Consultation Document says that Council wants to improve infrastructure to save our harbours, beaches and streams from being polluted by overflows from ageing sewerage and stormwater systems, especially in the Western Isthmus. You are proposing a new targeted rate to increase funding of water infrastructure and speed up delivery of cleaner harbours, beaches and streams. This would equate to an average 2.1% rates rise for an urban business ratepayer or 2.0%.

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, 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.

(4) Introducing an environmental protection targeted rate

Your Consultation Document says that Auckland's rapid growth is putting pressure on the environment, as is the spread of pests, weeds and diseases that are threatening many of our native species. Your proposal is to invest more in environmental initiatives and to fund this through a targeted rate at one of two levels (equating to either an average 0.7% or 1.5% rates rise for an urban business ratepayer).

We agree overall 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 note that these matters are not 'core services' under the Local Government Act 2002, but 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.

While we are supportive of transparently 'ring fencing' spending on this kind of infrastructure, 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.

(5) Extension of the accommodation providers targeted rate

Council proposes to extend this targeted rate, initiated last year to fund ATEED's tourism promotion and event costs, to online accommodation providers like Airbnb.

We still do not support this intervention and our preference is for the Government to introduce a levy on international visitors to fund tourism projects.

For some accommodation providers, the current accommodation providers targeted rate has resulted in a rates increase of 250 per cent or more and for many, a doubling of already significant rates. Some providers have benefitted from exemptions while others have not. This contradicts the Council's view that there should be rates stability.

Accommodation providers have also advised us that it is unfair to shift the rates burden to them when only around 10% of the total visitor spend is on commercial accommodation.

However, if the Council decides to retain the accommodation providers targeted rate, then we agree that it should be extended to rating online accommodation providers (like Airbnb).

Finally, on this topic, whilst we appreciate the value of tourism and events to the economy, we ask that Council spending be carefully scrutinised to ensure the returns justify the investment.

(6) Draft CCO Accountability Policy

We support the Draft CCO Accountability Policy and especially the common expectations to be placed on CCOs of building public trust and confidence, providing value for money and building a group approach. In particular, we'd like to see the common expectations reflect a holistic and integrated approach to planning and project design/delivery across the Council group, with clear lines of communication and a commitment to seek local and regional BID input (as appropriate) early enough to influence outcomes and deliver improved results for businesses. We ask that the expectations reflect a requirement for effective co-ordination of projects within local areas.

(7) Council savings and efficiencies

We welcome the s17A Reviews being undertaken by the Mayor as a means of establishing 'value for money'. However, we believe there are more savings available to the Council. We would like the Council to focus more on efficiencies, savings and addressing head count. We believe significant savings can be made by reducing silos and improving efficiencies across the Council and CCOs.

(8) The Auckland Plan

As your Consultation Document says, the Auckland Plan is a statutory spatial plan for Auckland that looks ahead to 2050. It considers how Auckland will address our key challenges of high population growth, shared prosperity, and environmental degradation.

We ask that the proposed Auckland Plan continue to include Directive 6.3 of the current Auckland Plan, that directs Auckland to: "Protect, enhance and improve business-zoned areas and business improvement districts" and also continues to include paragraph 384, which states:

"384_ To boost the economic growth of town centres and business precincts, the Auckland Council has a Business Improvement District (BID) policy to assist local associations. BIDs are funded by targeted rates and allow businesses to use the funding to improve the local business environment and promote business growth in a way that meets their communities' needs. There are currently 46 [now 48] BIDs operating in Auckland, representing over 25,000 businesses. The local boards are joint partners in the BID Partnership Programme with the Business Associations. This relationship will build on established local priorities."

(9) Draft Auckland Waste Management and Minimisation Plan 2018

The Auckland Waste Management and Minimisation Plan has been reviewed and you are seeking feedback on proposals to: work with the commercial sector to find ways to reduce and divert waste from landfill; prioritise the three largest waste items - construction and demolition, plastic and organic waste; continue to establish community recycling centres; and to ask central government to introduce a container deposit scheme for plastic/glass bottles and cans and a product stewardship scheme for hard to dispose products like tyres and e-waste.

The business improvement district model is an excellent way for Council to partner with the commercial sector to find ways to reduce and divert waste from landfill. Some BIDs such as ourselves have introduced initiatives to assist local businesses to minimise waste to landfill.

Council could allocate a portion of the Council Waste Minimisation Fund to partner with BIDs and business sectors so that we can maintain and enhance these initiatives in a sustainable ongoing way.

We agree that the priority must be the three largest waste items - construction and demolition, plastic and organic waste. We ask that Council pay particular attention to the nature and frequency of its collections in business areas as one way of addressing these waste streams. We still do not have organic collection in our industrial precinct.

We support Council continuing to establish community recycling centres and leading by example through its own operations and procurement practices, for example by using recycled demolition concrete in its own works.

We also support Council asking central government to introduce a container deposit scheme for plastic/glass bottles and cans, and product stewardship schemes for hard to dispose products like tyres and e-waste. We also support Council asking central government for an increase in the Waste Levy beyond $10 per tonne provided the revenue is 'ringfenced' to provide the necessary infrastructure to ensure waste is diverted from landfills and that any increase is phased in over a well signalled time period.

HOWICK LOCAL BOARD KEY PRIORITIES

Other priorities

In the message from the Chair, there is reference to the Local Board continuing to advocate for integrated and well-designed public transport systems and continuing to progress AMETI, which we appreciate. However, we would like to see the Local Board robustly advocate for the prioritisation of funding for the Allens/Smales road widening and intersection improvements project – see the Transport and Roading section at the beginning of our submission.

We also wish to see the timely development of the Greenmount Closed Landfill into a park.

OTARA-PAPATOETOE LOCAL BOARD KEY PRIORITIES

We support the Local Board advocating to Auckland Transport to build light rail from the airport to Manukau and on to Botany, commencing with route protection.

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