



The Northern Action Group Incorporated

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Auckland Council 10 Year Plan response

If you just want some guidance on how to fill in AC's feedback form, jump to page 10.

Overview and Introduction: Where is the real plan?

This year the mayor Wayne Brown (WB) promises "The central proposal will deliver my vision of affordable, resilient, and future-focussed infrastructure, services and funding tools. "

His two mantras this year are:

- what is the problem we are trying to fix; and
- better faster cheaper.
- Nothing is free.

Last year the Mayor's budget message was for proposals that he said were:

- Credible
- Sustainable
- Affordable and
- Implementable.

Yes the Mayor's focus on fiscal sustainability (affordability) and good financial management is commendable. And his fix Auckland, back to basics, live within our means approach is what we wanted him for.

But amidst the plethora of attractive words about vision and direction there's sadly no BIG PICTURE thinking here. It's all loads to read but the same old tired "trim a bit here, add a bit there" for "more or less" rates, proposition we hear every year. Nothing structural (i.e where the real problems are). One year of disappointment and 9-years of promises.

Yes! We all recognise the need to invest in infrastructure, and the importance of resilience with climate change. Spending depreciation provision on maintenance and upkeep of our assets. But this is just what good management demands. Nothing new here. Just the shame that it hasn't been done.



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And the wallpaper and smokescreen of the Greater Auckland Future Fund (GAFF) should not distract us from what really matters. More on the GAFF below....

Thankfully the mayor has listened to some of what we said last year but apparently has still to convince the more profligate of his Council colleagues.

Of concern for us all is the persistent failure to address the ongoing financial challenge of extensively subsidising public transport and spending the region's ratepayers' money on making the inner city more "liveable" with the consequent provision of services that have no regard to the finances or economics, or the local board equity of their provision.

AT needs to be reined in from its expansionist and vehicle hating ideologies and focused more as the mayor says on "what ratepayers want".

What we really need is some real change!

When he was campaigning in Warkworth's, PM Chris Luxon promised a review of Auckland. Yes please - we all want a proper review, not a stitch up quick fix deal by the Mayor and Minister for Auckland.

The funding model for Local Government is not working; the legislation does not properly provide for mega councils like AC; and the governance and management structure of AC needs to change to properly recognise subsidiarity, devolution and localism - as the PM keeps saying he wants.

And then this year there's all the unknown unknowns that make planning beyond next year's budget impossible. These include whatever will replace the Regional Fuel Tax, congestion charging tolling and other Road pricing options, and the effect of new government policies and decisions yet to be made on Auckland's future.

So we don't need the 10 year plan that the legislation demands we have **right now**. We are just doing it because we need a budget for next year and the legislation demands a plan.

What we **should** be doing is to follow the Auckland Future Development Strategy (AFDS) with its sensible focus on:

- resilience,
- adaption and
- fiscal prudence and prioritisation,



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and identify what our money will be spent on and where it will come from for the next budget year.

That short term resolution needs to be accompanied by an adaptable and effective approach to planning and enforcement which is currently sadly lacking. Auckland development is being driven by the interests of ad hoc developments pushing aside the boundaries of the FDS (and AC's other various plans and rules) making effective infrastructure amount and timing planning impossible, lacking sensible community input, and (sadly) supported by private planners being paid by developers. AC and its investment and activity planning has become focused on consents and rules compliance rather than forecasts and actual provision planning.

Where are the changes to make infrastructure plans stick (so they are not wasted), cut the consenting red tape, but set fair and proper standards and monitor and ensure compliance – with more severe penalties.

Where are the proposals to deal with the building and construction waste going to landfill that the accompanying WMMP seeks to reduce, but not eliminate.

Where is the left field thinking like – what is the future of the Port of Auckland (POA)? Will it stay or where will the port move to? If it stays, can it grow? How do we get more land?

Just as an example:

How about Manakau for the Port (as Sapere recommended). Then what if we forget about a new regional landfill up North and fill in some of the harbour with the building and construction waste AC can't stop people generating whilst still building, eliminate a serious metal contamination problem, and get some cheap new land for development?

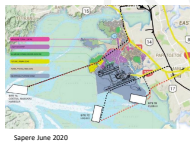


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ALTERNATIVE LOCATIONS....

As an example: what about a landfill in the Manukau Harbour?

The Sapere Port study showed the location benefits and a CBA could readily be produced showing a preference for the site.



Sapere June 2020



Stats NZ

BENEFITS

- Would seal off and remediate an area of contaminated mudflats that is otherwise leaching into the harbour
- Dumps waste in an unpleasant, dirty and neglected area rather than an environmentally “clean” valley area with recreational and tourism value
- Provides low cost disposal close to the center of waste generation
- Has ready transport access
- Would reclaim and create valuable land at minimum cost rather than using valuable existing land
- After 10 years would be suitable land for:
 - The proposed new stadium?
 - Affordable housing?
 - The proposed Port?



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What the glossy brochure offers?

There's a lot of “magic bullet fix” thinking and sales pitch around the silly Future Fund idea but Wayne's significant proposals include (as he says):

- 1) Releasing waterfront land (and selling remaining AIA shares). More on that shortly but – what about the POA future?;
- 2) Making public transport faster more reliable and easier to use - but also a senseless \$50 cap that reduces Public Transport (PT) income and perpetuates the subsidy mindset;
- 3) Refresh fiscal and budget responsibility rules (whatever that means in the context of a spend-up Council that has never allowed proper accountability and management controls at local board level) including a range of cost savings (against what counterfactuals?) - He really just means a list of things we're not going to spend more on...;
- 4) Keeping rates affordable - but he thinks that means 1.5% **ahead** of inflation rather than **under** it.
- 5) Fairer Funding options for local boards – yes, yes, we've heard all that before and seen the hand waving - at least since 2016 - Governance Framework Review, Service Level review - all that “report but no action” stuff. WB needs to front up with some real proposals here!



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These don't necessarily line up directly with the resilience, adaption and fiscal prudence and prioritisation concepts being espoused (except for 3 – though that's not a done deal!). And “significant” does not necessarily mean “affordable, resilient and future focussed”. Rates increases are higher than inflation. Resilience investments are hard to identify other than fixing our roads and drainage, and the only future focussed bits are either the silly Future Fund idea – rating us to invest our rates for us 😂 – or the last 9 years of the plan - which in the current period of uncertainty are as solid as butter in a hot sun.

But there's some good stuff here, so lets look behind the rhetoric - first at the key issues he should be addressing (getting back to basics and achieving fiscal responsibility) – and some of which he is! and then to respond to the main proposals his consultation document wants feedback on – its his Agenda after all. If you want inspiration for your response, use ours!

The big picture?

Future Fund Fantasy or just a GAFF?

They say it's a “regional wealth fund for Auckland to secure its long-term financial future in face of climate change risk, and make the most of its strategic assets.”

Sounds great, but does anyone actually believe that?

The Purposes are to:

- Save funds for “resilience” to meet future needs like climate risks - self-insurance;
- Stop assets being used for short-term gains; and
- Achieve a good return on funds.

No - it's not quite the same thing as securing our financial future is it? but this is just a device - yes Wayne wants to stop the Councillors from wasting the proceeds of assets sales or leases (Airport and Port).

The first bit of propaganda here is that selling or leasing key assets and investing the proceeds will generate better returns than those businesses will - but that's purely speculative - their value in a sale or lease already reflects current market estimates of their future worth!



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Asset sales?

Selling the family silver to buy groceries was never a good sustainable strategy. So looking around for spare assets to flog to generate some cash is hardly good management.

But owning and managing assets that are not part of AC's core service duties and responsibilities is an unnecessary use of ratepayers' monies. All AC assets should be under regular review and sold if they don't offer ratepayers sufficient benefits to justify ownership. The POL and AIA are just political headline assets.

Port and Airport

Of course AC ratepayers in principle should not be in the business of owning ports and airports. They are just investments too. But these assets are politically significant.

First, it was silly to sell down the AIA holding to a non-controlling level without selling it all, so it makes sense to sell the rest.

Port future first please WB?

But second, proposing a 30 year port land lease just defers the decision on the future of the port for 30 years. If we care about returns, the port needs to grow, or move, or die. We need to decide! That's the BIG PICTURE issue being avoided here.

WB needs to have a plan agreed for the future of the port before we can lock in a decision on land use for 30years.

Repay debt?

However much money can be raised against the value of our assets, or how, if its used to repay debt, the mayor's thinking is that Councillors will just re-borrow to fund wasteful spending anyway. (Debt limits are a real constraint and incentive to cut spending).



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Slush fund?

But the final end use, and when, for money put in a Future Fund (and who can spend it) is not specified and we certainly can't trust future councillors to not rob it or treat it as a slush fund for whatever they want - whenever they want.

Remember that whatever the funding source of the money they can waste it. Putting money in a Fund is just deferring the wasteful spending forward! Look at how they've misused the Regional Fuel Tax (RFT) "reserve" money received to date! And the mayor admits they have spent depreciation provisions on other things.

Admission of poor investing

Another bit of propaganda is that talking about getting good returns from a fund is really just AC admitting it doesn't believe its own talk about investing now in needed infrastructure for future benefits - i.e. it thinks Councillors will just spend the money in ways that generate no cash returns.

It's also actually admitting that Councillors don't expect a fair return on their investment of our monies in infrastructure and services.

Radical thought – give it back?

SO - HEY - here's an idea! WHY NOT GIVE THE MONEY BACK TO RATEPAYERS! - or not take it from us in the first place by hiking rates. Simply put, if you need more rates in future, you can come and ask us for them then, with the justification.

Who wants an AC ratepayers Super Fund?

The reality is that rates have to be higher to put some of our money in a fund, so the Fund means ratepayers are just being asked to fund compulsory savings, like the NZ Superannuation Fund. And why would we want AC to create another overhead cost of paying fund managers guaranteed fees to look after our rates money for us?

Money is fungible

The Fund doesn't change anything. ACs money comes from selling or leasing assets, or borrowing, or charges, or Govt handouts, or rates. In the jargon, all money is "fungible". An equivalent outcome to selling or leasing our assets would be to borrow that money against those assets to put in the Fund. Do we want to borrow



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money to put in a savings Fund? Well, WE might, but that is not Council's job. Don't we already have Kiwisaver and the NZ Superannuation Fund?

We don't pay AC to be our financial advisers or our fund managers. Oh and they don't plan to give US the returns from the Fund - just spend it themselves.

Axe the GAFF idea

So Cut it out Wayne! - LITERALLY. Stop the waste, stick to the basics in your plan, fix the pipes and roads, cut back on subsidies and raise charges. Balance the books and minimise rates.

Plugging Wayne's Fiscal Hole

Little has changed from last year. There's been a bit of cost trimming at AC but inflation has had its impact on costs – the big changes are just that the City Rail Link costs a heap more, interest costs are up (no surprise there), RFT has gone and we don't know what's to replace it, and more PT use at below cost means more subsidy.

Something has to go to plug Wayne's fiscal hole and the big problem area is of course transport.

Our Starting premise is fiscal responsibility, sticking to basics, good governance with fairness and transparency, and more (actual) localism.

Here's what we said last year. Please read it, as it sets out our thinking on several key areas:

<https://nag.org.nz/NAG%20response%20to%20AC%20Budget%20proposal%202023.pdf>

I won't repeat it all here. If you have any questions please it and feel free to contact us.

For this response I'll just list the things we covered in that submission. They are all still relevant. Some of these are additional to what we covered here or in the feedback form from AC.



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Operating Spending reductions/revenue increases

- Make BIDs pay their own way; incentives not coercion please!
- Opt out of LGNZ; He did!!
- Sell non-performing assets; (Airport holding sale to be completed)
- Implement more user pays;
- Increase Public Transport charges; (need to reduce cost of subsidy)
- Refocus AT priorities; (he's trying)
- Storm response; (Work In Progress)
- Local Board priorities; – roads, fix roads, more sealed roads.
- Other fees and charges; – opportunities for more user pays
- Stop the WM landfill proposal; (use Manakau instead – see above!).
- Fund Infrastructure to keep pace with growth; (he's trying to do that).
- Transparency and fairness - community engagement. – lots of words but action is slow.

[AC and its CCO's are a closed shop. Outside ideas can't get through the skin. Its the homeostasis of the bureaucracy. Any ideas that get taken on board are shaped to become AC's ideas. All proposals for consultation are generated by and within AC.

Subsequent "consultation" is then just a sham because discussions are controlled and there is no genuine reciprocal engagement with a view to accept other than inconsequential change.

New or outside views are lost in the numbers game. AC considers feedback and makes decisions and communicates them. Ratepayers have no prior opportunity for original input to shape anything. Sigh...]

AC's Responses requested and what we say!

1) Pay less or more rates:

1a) Overall direction (more or less)

Tick the **Do less** option – it will force AC to review its costs more closely.

1b) Which functions/activities

Tick all the **Do less** options and add comments in 1c)1d



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1c)1d) Other options – more or less?

- More road improvement
- More stormwater management (remember Watercare is paid by users not ratepayers, and WB want developers to pay 100% of any future growth costs)
- A Fair level of funding for local boards – more localism
- More council support for local boards – they need their own staff to do staff, not be run around by AC staff.

- Less public transport subsidy (that may allow more PT if users pay more) and less wasted spending on narrowing roads and slowing traffic.
- Less urban regeneration – leave that to private development guided by AC plans
- Less community services by refocussing on community activities and reducing sponsorship of cultural activities (until finances are better).
- Less (cut) funding for major events and require (and allow) private funding and staging of events.

2) Transport proposal - support or not

Tick **support most** of the proposal

2a)2b) more or less

- More investment in resilient infrastructure. Less investment and spending on decarbonisation initiatives. This a time to be spending on roads and rail systems before buying more electric buses trains and ferries for services which lose money.
- More technology to manage traffic, systems for RUC and congestion and time of use pricing. Technology to allow subsidies to be targeted through HOP cards.
- More on smaller buses for less dense routes

- Less on PT subsidies, scrap the weekly capped and any other capped passes, charge more on premium routes at peak time (where did peak hour charging go?)



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- Less on big buses for rural and less dense routes.

3) North Harbour Stadium

Tick Change the **operational management**

Say AC have done a lousy job of running the stadium. Let the community decide how to redevelop for community use and needs before deciding on whether AC funding should support renewals or development.

4) Future Fund and AIA sale

4a) Future Fund and AIA sale

Tick **Don't proceed**

Say the Future Fund is a bad idea, but AC should sell its non-controlling holding in AIA shares anyway. The market value is a current estimate of future worth – no more or less can be gained by holding them if they have no strategic value and AC has no controlling say. Funds may be used for needed investments or (if AC can't find any investments whose financial returns will benefit Aucklanders as much) just give them back to ratepayers (in reduced rates increases).

4b) POA future

Tick **Other**

Say 1) Decide POA future first; 2) sell remaining AIA shares; 3) Use any money you have on what ratepayers want, not paying managers to invest it! Or GIVE IT BACK to us. A super fund with ratepayers money is well outside local government scope!
decide the future of the POA first before making binding commitments on the use of land or other assets.

4c) How to use Port proceeds

Tick **Continue**



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Say Dividends are a source of funds for AC like another other revenue generating asset. No need to target use of funds specifically.

4d) Other feedback

Say Nothing to add here. Just forget the future fund idea...

5) Port land Use

5a) Captain Cook and Marsden Terminals

This is an open choice. We (NAG) have no particular view on how to use of parts of the current port land. We just say these decisions are premature and pre-emptive before the POA future is decided.

You can express your own views as they may help guide decisions on the future of the port.

5b) Bledisloe terminal

The same is true for the use of the Bledisloe Terminal. The use of both these spaces is tied to decisions on the future of the POA and this should be resolved before decisions on allocating space the port could use.

Every decision made in relation to the area on or around the port compromises the decision on the future of the port, which must come first.

6) Rates Fees and Charges

6a) Various Proposals

Most of these proposals are just additional ways for AC to increase the rates it takes off ratepayers. For the proposals which are not targeted to particular ratepayer groups (like the Rodney Drainage Districts Targeted Rate is), they just add to funds available for things the council wants to spend money on and which should be part of its basic set of responsibilities anyway.



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So the first six items you can **Tick** do not support.

For the long term differential strategy, there is no particular argument in principle for having businesses pay more rates unless they get more services and it would be better to stop subsidising businesses from AC spending (e.g. through events promotion which attracts custom and the local BID programmes) and get businesses themselves to work collectively to pay directly for, and do their own, events promotion and advertising which helps their business.

For the Rates Funded Refuse collection, Pay as You Throw service it is more efficient, it encourages less waste and its cheaper if it's run by private sector operators on a competitive basis.

The last 3 proposals are particular to local board areas and decisions on these should be made by ratepayers and people affected in those areas.

6b) Other feedback

Here we will add reference to our submission last year (referred to above). In it we talked extensively about the need for more user pays and less general slush fund writing policies with in Auckland. We already have good examples such as in water care much lower water usage from the use of metres. We need to do more of the same particularly in public transport.

The key issue of dissatisfaction across local board areas is their lack of say in how their rates are spent. The rural areas of Franklin and Rodney are particularly frustrated saying their rates persistently spent on services and investments that benefit only inner-city urban ratepayers.

AC's Rating policies should be reviewed. The universal uniform rating policy has not produced the fairness that was intended.

Local boards need the opportunity to have differential local rates as part of AC-wide general rating, to address the needs in their areas. These locally set rates should be a greater share of the general rate. Land value versus capital value ratings should be reviewed again. And



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the empowering local boards strategy will be ineffective unless local boards are given responsibilities for balancing the revenue and expenditure and asset management for their areas

7) Local Board priorities

7a) which Local Board: Pick Yours.

7b) priority choices

This is over to local ratepayers.

If you are from Rodney, like NAG, Tick Support **most** priorities.

There will be something you don't like and you can add it here.

We say the Rodney Local Board also needs to advocate more for District wide planning (we don't have one) and plans that actually get followed and are not developed organically by successful plan change applications for individual projects . That means infrastructure plans are continually being reshaped, infrastructure is often under provided or less efficiently provided, and development delayed. It comes back to lack of integration and localised control of resource allocation and use under a structure of AC that does not work well for Rodney.

8) Other Comments

We talked about the need for more transparency and devolution in our submission on the budget last year. Particularly for rural areas like Rodney, we repeat our call for adoption of a decision making structure at local level which has authority for and integrates responsibility for AC activities in the area . It is needed to deal with problems of remoteness and lack of integration owing to different management control systems in different AC silos, CCOs and preferred contractors.

The move to a fairer funding allocation for local boards is a necessary change to improve fairness. Local boards have persistently suffered from the lack of transparency of AC activities at the local board level as AC does not provide any pro forma accounting covering all its activities in local board areas.



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The system also suffers from a process of allocation of available funds (decided by the governing body) rather than a ground up approach to the management of assets and services provided at the local board level. The structure of Auckland Council does not work the way envisaged by the Royal Commission and continues to fail to deliver fair outcomes.

The process for achieving equitable outcomes of service levels in all local board areas has been going on for years and corrections have been delayed by the unwillingness of some councillors to give up funds for their areas so that other councillors' areas might benefit. The result is that no redistribution of basic funding has been made and unfairness persists while AC keeps talking about making improvements.

Rather than working from the bottom up on a needs basis, Auckland Council has a top down funding model (80% population 15% deprivation and 5% land). This model disadvantages areas like Rodney which have a relatively small population (5% of Auckland and a large land area (40% of Auckland)

The current proposals are better than making no changes, but they are a bit like putting trainer wheels on the kiddies bicycle that local boards are being taught to ride. The governing body is still struggling to let go any control.

Yours sincerely

Bill Foster
Chairman
Northern Action Group Inc.