The Northern Action Group Incorporated

Response to Auckland council budget proposal 2023/2024

Our Starting Premise:

Auckland Council (AC) has sought to provide budget proposals that are:

- credible
- sustainable
- affordable and
- implementable

and asked that responses to its budget proposals be the same.

Rates are a tax on property. They were originally instituted to pay for common and shared property related infrastructure and associated services, such as roads and drainage, and for common or shared community facilities (footpaths, libraries, halls and sports facilities) that all communities wanted, but could not be fully supported by only user charges. At the time, the implementation and administration of direct user charging was either difficult or complex to use with the technology of the time.

Subsequently, utility and reticulated services generally have largely shifted to a user pays model with the demand for the service, and its provision, regulated and paid for by those using it. Electricity and communications services have become typically provided separately (and in part privately) from council services, as in some areas are solid waste collection and disposal services. Reticulated water services (Watercare in AC) have the infrastructure, maintenance and service provision paid for by the users.

There is no particular social mandate for extending the application of rates as a form of tax to pay for social, equity, or redistribution services that have traditionally in New Zealand been provided by the central government to provide. The fact the central Government pays for a provides such services from taxation itself (e.g. education, health, social welfare) is reflected in the low proportion (by international standards) of funding of local government service provision by central government.

In an age of increasing mobility, many local services and facilities are used by visitors (tourists and non-residents). This is for all of a variety of recreation, work, shopping and other personal reasons) This also applies across local board areas, where some are more popular visitor destinations than others.

The essence of our proposal is therefore that in order to restrain growth in the demand for funding through rates, and to ensure fair, efficient and supported allocation of resources across the Auckland region, the focus of Auckland Council should be on providing basic infrastructure and services well, (safely reliably and efficiently), and applying a user pays approach to services provided as much as practicable.

The Governing Body (GB) and Councillors should commit to the principle that new services should not be provided, nor investments made, without identification of the expected future cash flows which will be necessary to support their continued provision, or in the case of investments, their operation maintenance and replacement.

For too long investment choices have been a matter of prioritising amongst desirable outcomes, and a resort to borrowing (shifting liabilities to future ratepayers who don't have any voice to disagree yet) rather than rational allocation and maintaining an essential ability to live within our means.

Borrowing at times of low interest rates to fund aspirations has a consequence when rates and interest costs rise and additional costs must be met by ratepayers (as the lenders of last resort to AC).

[To note: There is nothing wrong with borrowing to fund investments in future capacity if the cash flows to repay and continue to support the investment can be identified in advance and the investment has ratepayer support].

NAG has frequently expressed concerns about the way in which the structure of Auckland Council governance and management is not appropriate to meet the needs of heavily rural local board areas like Rodney in a fair, efficient and effective way, but this submission does not address those concerns - even though they are very real and have an impact on Auckland Council's budget.

The Budget Proposal

In general terms NAG supports the budget proposal and its balanced approach. We also support the Mayor's five aims to improve AC performance:

- Fix infrastructure:
- Stop wasting money;
- Take back control of CCOs;
- Get Auckland moving; and
- Make the most of the harbour and environment.

Our comments are intended to help Auckland Council go further in terms of:

- reducing operating costs;

- increasing revenue under the councils control [except rates]; and
- shifting to a more fair and balanced allocation of resources across its diverse local board areas.

1. Operating Spending Reductions

1. Combine more CCO's into AC to save costs and improve performance – only two are needed

The result of the 2020 CCO review was that Regional Facilities and ATEED were combined in 2020 into Tataki Unlimited. Apart from POAL and AIA there are now four AC CCO's.

NAG made submissions to the CCO review at the time: (http://nag.org.nz/Comments%20to%20CCO%20Review%20Panel.pdf)

Our view now continues to be that for further efficiencies, both Tataki Unlimited (AC's Zoo, Museum, Art Gallery and "experiences" manager) and Eke Panuku (AC's property and waterfront manager) should be consolidated into AC for further overhead cost savings.

The facilities managed by Tataki (e.g. zoo, museums, and art galleries) should continue to be funded to be well run and supported by ratepayers as they are important regional facilities that all ratepayers value, like our regional parks and swimming pools and sports facilities. However the onus should be placed on managers to ensure that visitors pay charges that maximise income received to support, operate, maintain and develop each of these facilities and minimise any shortfall required to be funded by Auckland ratepayers . (The same approach should apply to libraries, regional parks and swimming pools or other sports facilities). [Reducing hours at libraries to save pennies is inconsequential relative to big gains to be made elsewhere. Cut costs at the fat end not the sharp end.]

"Experiences" which provide value to Auckland businesses through the attraction of visitors may be financially supported by those businesses that benefit from hosting such experiences and not paid for by ratepayers. AC's property and waterfront activities should be managed more closely by Auckland Council under the Governing Body to align with the councils investment and service strategies.

Proper recognition should be given to the needs and interests of ratepayers in local board areas when it comes to asset acquisition or divestment decisions. These should not be made without the support of the relevant local board - which in turn should have responsibility for the efficient management of those local assets to see that they meet local needs within the level of funding local ratepayers agree is appropriate to maintain and operate them.

Recognition must be given to the historical provision of community assets and facilities in each local board area in deciding the level of ABS and LDI funding from general rates to local boards for this purpose. Past anomalies were not addressed as they should have been in the Service Level Review as local board areas which have benefited from the funding allocations in the past we're not prepared to give up any funding to address those anomalies.

Targeted rates may be appropriate for varying local rates in an equitable way for this purpose.

Reducing hours at libraries to save pennies is inconsequential relative to big gains to be made elsewhere. Cut costs at the fat end not the sharp end.

2. Cut costs of BID administration (paid for by Business associations) – remove compulsion.

We have previously argued for reform of the BID programme.

- Business Associations should have voluntary membership and pay what members agree towards the promotion of their businesses.
- Collecting a compulsory rate from Business in a BID area and giving it to their Business Association to spend involves coercion and dead-weight costs that can be avoided by making the activities voluntary.
- If businesses see value from the activity they will contribute.
- Free-rider concerns can be dealt with by selective spending and local branding.
- AC can provide guidance and stewardship but only to the extent Business Associations want it and are prepared to pay for it.
- There is no value to general ratepayers from subsidising Business Associations' activities.

3. Resign AC's membership of LGNZ[1]

[1] At time of sending NAG noted the GB has approved this! Well done!

This decision will save money and is a win-win for AC.

- It's a "quick win" - saves money, has no cost, high publicity value.
- LGNZ has become a front for Government policy and programmes. It gets and depends on a lot of money from Govt agencies.
- AC is big enough (⅓ of the country) to relate to Government on its own, and doesn't need to deal with Government filtered through LGNZ.
- It would save annual membership fees. (We don't know exactly but low 6 figures?)
- Costs and wasted time of official participation in LGNZ activities would be saved.
- The Annual conference is an expensive junket for Local body officials and a platform for Government speakers.
- LGNZ has taken money from the Government to promote 3 waters so it represents the Govt now, not the Local Authorities who are its members.
- Its Localism programme has gone nowhere.
- LGNZ membership is a diversion for AC which needs to focus on its own problems.
- AC leaving might be the shake-up LGNZ needs to return to what its membership wants and needs.

> We pay people to exercise professional judgement and do the work, not to write policies and rules for others to follow and them to hide behind.

2. Amending Auckland International Airport limited shareholding policy

1. Sell non-performing strategic assets

Auckland Port and Auckland Airport are strategic "gateway" land-based assets for the Auckland region, but so are the national roads that Aucklanders use and NZTA owns those. NZTA does not own transport companies and AC does not need to own the Ports or Airport businesses.

Local Authorities can control asset allocation and use regionally through regulation, by-laws and policies (in cooperation with Government). While property rights are more certain and direct in ensuring control of resources, they are not necessary.

Money raised from the sale of investment businesses (not land) can allow AC to strengthen its currently woeful enforcement and penalties regime in the event of breaches of its consents and rules.

The weakness of increasing reliance on dividends from shareholding investments has been exposed during the Covid epidemic and lock downs, with ratepayers being the “owners of last resort” and asked to make up the shortfall.

If the investments were made in AC’s infrastructure assets instead (3 waters, transport and waste management), ratepayers would benefit from better services and reduced borrowing.

AC is largely a passive investor in the Ports and Airport companies and has enough governance worries properly guiding its CCO’s.

It is past time to have a managed sale of AC’s Ports and Airport shareholdings and repay debt or finance needed for infrastructure renewal and development.

3. Managing rates and debt

We clearly agree that:

- All extra cost savings and extra revenue raising improves AC’s ability to fund essential services well or reduce debt levels; so
- reducing costs and selling assets helps repay debts;
- reducing or deferring non-essential or unprofitable investments reduces borrowing needs;
- increasing certain fees and charges or introducing new ones increases revenue without raising rates;
- shifting to user pays for services (where individual use can be quantified and services are not otherwise shared or common) is fair and reduces the burden on ratepayers to fund services generally.

User pays for transport corridor provision, maintenance, use and services

As technology is driving changes to modes of transport (electric vehicles buses cycles, scooters) and alternatives to transport use (remote working, home schooling, home delivery) and fuel taxes become a smaller, less fair and less efficient way of funding transport infrastructure and services, the policy road map for funding the provision, maintenance and replacement of transport corridors is clear- shift to user charges.

Whatever the technology used to apply and recover them, charges for the use of our road corridors become the most fair and efficient way of paying for that roading infrastructure. Transport services which use the road corridor (e.g. buses) must pay their own user charges and recover these from their transport service customers.

Any non-discriminatory (amongst road users and uses) regime to raise and allocate sufficient funding efficiently will apply charges by category of road use to reasonably and fairly reflect: the space used[2]; the damage done to the infrastructure from the use; and the general overhead need for routine maintenance and replacement.

This means setting public transport charges so that those services pay their way, allowing private sector competition to drive efficient use and improved service.

It means motor vehicles, and motorbikes would pay usage fees in addition to their annual registration.

It means cyclists and powered scooter users would pay an annual licence or registration fee to use the roads and cycleways [whether on mixed use roads or corridors provided specifically for their use (and funded by them)].

Charges must be set sufficient to fund (as a minimum) the operation, maintenance, and renewal or replacement of the Transport infrastructure. Investment in additions (more roads, cycleways, railways, ports) would need to demonstrate that expected future cash flows from the investment would justify making it.

Most likely Government would want to retain some fuel tax on petrol, diesel and LPG (except on fuels like green hydrogen) to discourage carbon use.

A separate, but important, discussion is whether national or local Government implements and manages and collects payments under the charging regimes. National (inter local) roads, railways would traditionally be a national responsibility and local councils typically would be responsible for local roads and their usage. Responsibility for Ports and port usage (as both national and local infrastructure) would as always likely be up for discussion on a case by case basis.

Public Transport users should pay their way

AT's Annual report last year's says 29.5% of public transport costs is recovered from fares.

[2] Typically this would be distance related (km) by type (size and weight) of vehicle.

Asset management – Sound management of transport assets				
The percentage of the total public transport cost recovered through fares*7	30% - 34% LTP target: 47% - 50%	**29.5%**	33.71%	**NOT MET**
Reduced patronage due to the impacts of COVID-19 on travel behaviour, compounded by KiwiRail track works, have significantly impacted the performance of this indicator.				
Proportion of road assets in acceptable condition*8	94% LTP target: 95%	**94.3%**	94.2%	**MET**
Target met and consistent with the 2019/20 result (94.2%).				

The budget proposal shows AT as expecting $309m from Fees and user charges.

That means some $600m is being paid by ratepayers to subsidise public transport services. Surely that can be reduced by raising fares to full recovery.

Basically it would mean at least doubling fares to reduce the subsidy. But I'm not aware of anyone who uses public transport who would not do so just because the fares are say double the current rates - since the cost of the alternative (parking in AC) is prohibitive ($50 a day).

Also, the Mayor's initiatives to improve the speed and reliability of the services, (e.g. phased lights in bus lanes) will make the service more attractive to use relative to cars in the way they should be without having to resort to subsidies (i.e. safe, reliable, cheaper and quicker).

If a fare increase drops usage, then AT can cut the costs of provision also. Remember if they are 420 drivers short, some 100-150? Buses must be sitting idle - why not stop leasing those and replace buses that run nearly empty with 11-seater buses more suitable (and cheaper) for those routes?

And doubling the current fares would be nearly sufficient to plug the budget hole and ensure basic needs can be meet without rate increases.

If services are not required to pay their way, by raising fares to cover costs, we support keeping the service at a reduced level anyway.

AT should also refocus its priorities:

- Eliminate its slower speeds spending programme
- Focus on Better roads, Better drivers, and Better road use conduct.
- Eliminate raised pedestrian crossings

- Spend on roads not signage.
- Review Cap ex priorities
- Allocate some saved capex to fixing roads

4. Storm response

The main problems are roading damage, apparent poor drainage and stormwater management, flood plain use and natural waterways restrictions.

AC will take some time to revise its planning for land use and infrastructure resilience to accommodate climate changes, potentially higher rainfall, and greater climate variability.

In the meantime, our view is we have to accept that some damage remediation work will take priority over other scheduled investments in using available resources. We see this as an opportunity to re-evaluate what really matters to Auckland ratepayers in terms of the reliable functioning of basic services, how that can be assured and what must be given up in the meantime in terms of aspirational demands that are nice to have but less essential.

Accordingly, we do not favour any special budget provision through rates, to fund storm damage remediation, and increased infrastructure resilience. We see this as a basic part of Auckland's duty to its ratepayers.

We also consider that the cost savings and revenue increases we propose will be more than sufficient to provide an enhanced ability for AC to provide essential services at a quality and level that does not rely on continual real rate increases to pay for them.

5. Local board priorities

Rodney Local Board Priorities

We strongly support the Rodney Local Board's advocacy for more roading funding for our local board area and increased investment in local community assets to improve the service quality of asset-based services (ABS) in Rodney.

At the very least, AC's commitment to $121m of roading funding over 10 years should be restored. At a time when AC is increasing its spending overall, the proposed reduction to $40m is a hurtful political decision to further penalise Rodney ratepayers for complaining about, and not supporting, your wasteful spending, and poor treatment of Rodney communities relative to other AC Local Board areas.

It is unfair to expect todays ratepayers to help pay for the costs of services provided to new ratepayers, especially when they are not currently receiving the quality of service from AC that should be standard.

AC has struggled with that since inception in 2010 and only recently completed studies on service levels and quality. These show that many legacy inequalities remain across Local Board areas in terms of core assets and community services. Little, if anything, is proposed to be done about that in this long-term plan.

We have no particular comments about board priorities, and leave that to our Local Board whom we elected. The amount of LDI and ABS spending is already extremely limited and should not be cut. As we identify for roading, other wasteful AC spending should be cut first before Rodney suffers both a higher rate burden and reduced budgets.

Our view is that through devolution and enhanced localism the Board should be given more authority over the spending by Auckland Council in our area, helping to coordinate activities across AC's functional silos that don't talk to each other and having input into poor AC planning decisions that don't fully recognize local factors and result in wasteful and uncoordinated ac tivity. This would encourage community engagement and provide some accountability for local board members.

Consistent with our view that subsidizing public transport distorts transport mode incentives, we do not support the Local Board's continued subsidy of busses and Park-n-Rides though a local targeted transport rate. On some routes there are so few passengers it would be cheaper to provide taxis.

How to pay for more road improvement spending in Rodney through savings elsewhere

The project to improve the Hill Street intersection has progressed significantly recently with more extensive liaison contributing to an agreed revised design.

While the intersection is congested and the upgrade is needed, the improvements don't qualify as essential or critical relative to the need to fix and upgrade Rodney's roads. The scheduled improvements should be deferred for another year and the $15 million budgeted reallocated to the most urgent roading works needed in Rodney.

Apparently Watercare wishes to proceed with the project this year in order to provide service to north Warkworth customers (developers) who have proceeded early in anticipation of Watercare services being available. Leaving aside the lack of planning and coordination this implies, if Watercare or the developers wish the work to be advanced into the current year we suggest a financial solution is for either of them to finance bringing forward $15 million into the current budget year so that Auckland Transport (AC) does not have to bear the cost of financing from bringing the project forward one year.

AT's capex budget also shows further opportunities for savings or reallocation to meet Rodney's roading needs of $10-15m urgently for repairs and $10-15m annual for road improvement. The unspecified allocation for "network renewals" will likely be at least $10m underspent or easily reallocated, as would the unspecified "Other Projects and programmes" [the $267m Other Projects and Programmes" entry is a mistaken line - it represents the sum of the rest of the items below – showing the list has been put together quickly and items are not yet fully committed and thus have flexibility in allocation and timing].

Capital investment list

PROGRAMME/PROJECT ($MILLION)	Draft budget 2023/2024
Asset Management (Renewals)	288
Network renewals	**288**
Eastern Busway	216
Climate Action Targeted Rate Programme (including Ferries and Cycling)	47
Ferry Investment not funded by Climate Action Targeted Rate	8
CRL Day one – Level Crossing Removal	13
Public Transport Safety, Security and Amenity	10
Rapid transit and ferry	**294**
Lincoln Road Corridor Improvements	6
Lake road/Esmonde Road Improvements	6
Connected Communities Programme	20
Midtown Bus Improvements	17
Urban Cycleways Programme	29
On-going Cycling Programme	4
Corridors and places	**81**
Hill Street Intersection Improvement	15
Safety Programme	60
Minor Improvements	6
Local board Initiatives	11
Local safety and amenity	**92**
Supporting Growth Alliance (including property acquisition)	14
Customer and Business Technology	22
Other projects and programmes	267
EMU Rolling Stock and Stabling Tranche for CRL	89
Northwest Bus Improvements	36
Rosedale and Constellation Bus Stations	24
Meadowbank Kohimarama Connectivity Project	14
Decarbonisation of the Ferry Fleet Stage 1	9
Airport to Botany Rapid Transit Route Protection	9
Wynyard Quarter Integrated Road Programme	9
Wainui Improvements	8
Minor Cycling and Micromobility (Pop-Up Cycleways)	7
Network Performance	7
Other projects and programmes[1]	55
Other	**303**
Auckland Transport	**1,058**

[1] Includes projects funded by Rodney Transport Targeted Rate, Medallion Drive Link, Supporting Electric Vehicles, Technology, Seismic Strengthening, and a number of smaller programmes.

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6. Changes to other rates and fees and charges

Get developers to fully pay for infrastructure.

AC does not provide any numbers on developers contributions by local board area since these are all collected by project, so we can't assess the extent to which these cover the costs of investment in infrastructure that future (new) ratepayers will be expected to pay for through their rates. (Watercare is able to recover the cost of their investment in future capacity through water charges).

Since AC has an infrastructure deficit, it is possible to speculate that developers are being undercharged. Clearly if current ratepayers are expected to meet any infrastructure shortfall, which is unfair anyway, they should not also have to fund investment in future infrastructure that will not use.

Increasing Developer levies can only at worst have the effect of reducing development activity, which will reduce the burden on current ratepayers to fund development infrastructure.

The current budget proposal shows expected Development Contributions of $269m. This is less than 10% of capital investment planned. Doubling the current fees would plug nearly all of the budget gap, slow down development and investment demands in AC and ensure that AC can focus on quality of infrastructure as well as its extent.

Restore pay as you throw rubbish collection to Rodney.

AC should stop the proposal to proceed to weekly bin collection for domestic rubbish in Rodney and charging for the service through an additional rate. There was:

- no general support for the change in Rodney;
- the change involves extra costs (new bins);
- the current service (provided by a private contractor) is reasonably priced and efficient (only waste put out gets collected);
- having bins minimises the incentive to generate more waste (if we have bins people will want to fill them);
- there was no analysis to say the net cost would be less; and
- it increase the rates bill for Rodney ratepayers.

Introduce fees or licences to attend regional parks

AC should require "passes" for access to all its Regional Parks. Implementation can begin with the Rodney Regional parks.

In its Local board input into preparation of the draft 2021 Regional Parks Management Plan [Resolution number RD/2021/206] the Rodney Local Board, inter alia, recognized the importance of providing adequate funding for the maintenance and development of regional parks, including facilities provision to provide the best visitor experience.

iv) support charging fees to private tourism companies operating in regional parks
v) request that commercial income generated from regional parks, such as filming, be ring-fenced to use to enhance regional parks facilities.

Increasing numbers of visitors and tourists travel to enjoy AC's regional (and local) parks, yet the burden of maintaining the parks (gardening,, mowing, planting, trimming), providing facilities (toilets, tracks, signs, car parks, access roads) and developing and protecting flora and fauna, is left to the local ratepayers.

If not properly managed, parks can quickly become overused, neglected, facilities run down or trashed, and environmentally degraded.

Managing parks properly is costly. AC is already highly in debt and has other priorities. Providing additional funding for Regional Parks will allow more to be spent on maintaining and developing the other local parks in Rodney (and the rest of AC).

So, AC should go further and require regional park visitors to pay an annual licence fee or acquire a "pass" to help fund park maintenance, development and facilities provision and ensure visitors appreciate the value of the benefit they are receiving and not just take for granted their exploitation of natural and physical resources.

Ratepayers in the local board area of a regional park should have a family right of access, since they pay for the upkeep of their parks in their area from their rates, visit the parks as "locals" and have a greater sense of responsibility for the care of parks in "their" community area. This would also incentivise them to respect "their" parks, monitor the behaviour of their community and visitors and take pride in their presentation and enjoyment. This means they should be allowed to apply for an annual licence to visit parks in their area for free. All other visitors should have to pay for a licence or pass to visit. Daily or annual, individual or car, passes should be options. The Uluru-Kata-Tjuta National park in Australia has passes and is an example that could be followed. https://parksaustralia.gov.au/uluru/

Most AC regional parks have only a few or one main access road and stations to check and issue passes (especially on holidays) could be readily established to ensure compliance. People could register a car on obtaining a pass and number plate recognition technology could be used to identify and fine non-payers.

Increase Landfill levy

The 2017 waste management assessment identified the option of increasing the levy up to $140 a tonne in order to divert refuse from landfills.

If AC cannot implement its own levy it should press the government to increase the current Waste Levy by $100 a tonne. This money goes back to local councils to support waste minimization initiatives and Auckland Council will receive some of any increase. So supporting or pressing for an increase in the landfill levy will both contribute to sustainable resource management and a healthier environment, as well as providing additional necessary funding for Auckland.

Stop the proposed new regional landfill.

Currently AC is spending money supporting an application for consent to construct and operate a new regional landfill in Wayby Valley. The consent application was approved by a majority of Commissioners at a hearing and is being appealed in the Environment Court.

Nothing in any of AC's formal planning documents indicates public support or AC policy support for a new regional landfill being established in the region.

Significant AC costs can be saved by the GB immediately:

- **declaring** a policy of prohibiting new landfills as a land use in the Auckland Region;
- **directing** AC officials to commence necessary proceedings to modify all AC's planning instruments and documents to reflect and implement such a policy; and
- **directing** AC officials to immediately cease supporting the application in the Environment Court.

If a new additional landfill is approved, AC will have to meet substantial initial and ongoing administrative costs and specialist costs in finalising, monitoring and enforcing the consent conditions (to the extent these are not met by the applicant). Additional staffing may be required. The proposed conditions are not finalised and are extensive [currently 126 pages].

The long term cost to AC (monitoring and after care may be required for well over 70 years) may well run into millions (no estimate is available). Administrative costs alone are likely hundreds of thousands.

Practicable alternatives have been shown to be available that do not require a new regional landfill to be established.

Construction and operation of a new regional landfill is inconsistent with AC's actions to reduce waste to landfill (zero by 2040).

Providing additional landfill capacity will keep costs of sending waste to landfill down (and thus act contrary to the intent and effect of landfill levies as Government policy)

The proposal is made by a commercial (i.e not AC) waste management company.

Providing additional landfill capacity at competitive rates will directly work against AC's Waste Management and Minimisation Plan 2018 policies and actions to reduce those waste volumes.

That plan must be revised again next year (2024) and consent to a new landfill will pre-empt consideration of alternatives in that process.

The proposal was consulted on, but the range of alternatives to having a new landfill (which would be required to be considered in a WMMP review) were not, and the Court is restricted in the extent to which it may consider the merits of alternatives to the activity proposed.

The Auckland Council Plan 2050 makes no provision for the critical infrastructure that is a regional landfill. Though it can be revised at any time no such provision has ever been made.

AC's formal planning is thus consistent with the implied policy that new landfills should be prohibited but, because this policy has never been expressly stated, the applicant is seeking to interpret current wording of the provisions in the AUP to permit and thus gain consent.

Acting now can save AC the substantial expected costs which will be placed on AC associated with further hearings, the finalisation of conditions, and construction and operation of the proposed facility.

7. What else is important to you

Fund infrastructure to keep pace with growth.

Auckland has been one of the country's fastest growing areas. Population has grown 18% from 2011 to 2020. Few would argue that basic infrastructure (for water, waste management and transport) has not kept up with the development.

Successive Government have also failed to pre-provide the social infrastructures they are responsible for (schools, hospitals, civil defence, fire, police, justice.. etc.)

Worse, the cost of borrowing to support local authority infrastructure renewal and upgrades falls across the bulk of existing ratepayers - who have neither been responsible for, nor benefitted from, the population (and dwelling) growth.

AC needs to ensure that any property development that adds to current infrastructures (and thus burdens their capacity) must, before approval, ensure that the full (average, not just marginal) costs of operation, maintenance and replacement, over the life of the infrastructure used, will be met by cash flows generated by or from rates paid by the owners of those properties – not ratepayers at large.

This mostly means a targeted (permanent) infrastructure rate on new properties, to cover the extent by which current developer contributions do not cover the full average costs over time of capacity upgrades to the systems their developments connect to.

It is simply unfair to expect todays ratepayers to help pay for the costs of services provided to new ratepayers, especially when they are not currently receiving the quality of service from AC that should be standard.

AC has struggled with that since inception in 2010 and only recently completed studies on service levels and quality. These show that many legacy inequalities remain across Local Board areas in terms of core assets and community services. Little, if anything, is proposed to be done about that in this long-term plan.

In addition to developer contributions and requirements, which assist with initial asset provision, a targeted rate for all new properties is essential to help AC get on top of its asset maintenance and renewal backlog.

For too long, AC's iconic city investment development projects have not been ranked for ratepayer consideration in terms of cost/benefit and assurance of future cash flows to meet ongoing operation and maintenance and replacement needs.

The result is a system of investment prioritization selected by political decision and the creation of assets that have no future cash flows foreseen to pay for their operation, upkeep and replacement – perpetuating a cycle of wasteful spending, never-ending real rate increases, and a growing collection of deteriorating community assets. Selling assets to get finance is not addressing the fundamental weakness in AC's project evaluation methods.

Worse there is not a unified community or ratepayer level focused evaluation approach across the different prioritization criteria used by AC's different CCO's. Only the big projects go to the GB and then the decision made is political and not based on profitability or cash flow considerations. The system is further distorted by a mesh of service cross-subsidisation.

Transparency and fairness: community engagement and accountability

Persistent refusal to provide a pro forma accounting of the financial performance and financial position for each local board area - consistent with but supplementary to the AC annual financial accounts - gives the lie to any assertion of transparency and fairness.

Since amalgamation and the conscious decision to unify rating across the then constituent Council, and now Local Board, areas, citizens and ratepayers of each Local Board area have been denied a transparent annual assessment of the financial performance of their local board area as part of AC - either as a segment breakdown of the accounts or (better still) as if Local Board areas were subsidiaries and accounted for accordingly.

The idea that all Aucklanders are the same, or part of one homogenous group is a promotional and PR chimera. There is a very wide disparity of cultures and lifestyles and activities and local government service needs across the different Auckland areas. Also as the Service Level Review has shown there are significant legacy disparities in community asset provision (which AC has done nothing to address in its 10 years of consolidation).

Ratepayers and citizens have loyalty first to their local community and district, and want (and have a right) to know where their rates are going - not just on what AC activities (since mixing the different revenue streams and accounting for expenditure on cross-area activities (intentionally?) confuses and muddles the picture), but people want to know where (the places) the money is being spent and for whose benefit.

The principle of subsidiarity demands that level of information transparency, even if the management structure persistently avoids any devolution which would make the accounting easier.

Governance and management (control and data collection) of AC on a centralized functional silo and CCO model makes this a non-trivial exercise, but some limited efforts have been made to indicate this (e.g. estimates in the Governance Framework Review and work for the LGC for the NR application for a separate Unitary Council.

Councillors like Rodney's Greg Sayers have consistently asked for this level of transparency, but the Council, led by the previous mayor, refused to move, presumably fearing that local board ratepayers would see the disparities in who pays for what across Auckland and want to know why?

This does not necessarily mean that people would object, since a case can be made for investment in some areas being paid for by ratepayers in others in return for future benefits. But people want to see the fairness in that, i.e when does their turn come for the investment that other ratepayers can help pay for. That case is not currently being made.

Auckland central is taking for granted that it knows how its ratepayers and services users want their money to be spent.

William Foster
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