

Employers and Manufacturers Association (EMA)

Submission to

Auckland's Long Term Plan 2024-2034

March 21, 2024

Introduction

The EMA believes that local government, in general, and Auckland City, in particular, is coming to a crunch point in deciding what the City wants to maintain and grow in its provision of services and infrastructure and how much it is prepared to pay to provide those services and infrastructure.

Is Auckland to remain a big city in New Zealand or is it a boutique international city in the Pacific region?

Auckland's Central City area contributes 7% of the country's GDP while the contribution from the wider city and region is 38%. On a pro rata basis, it contributes more to New Zealand's economy than other similarly population dominant cities contribute to their country's economies.

As the final destination of choice for most immigrants (up to 70% at times) and the employment destination of choice for many New Zealanders the city – after a brief covid hiatus – continues to grow at a pace that generally exceeds projections.

That puts well-known pressure on all the city's services and infrastructure, and that includes social – schools, hospitals etc - as well as "heavy" infrastructure rail, ports, roads, airports and networks (water, electricity, gas and communications).

The City continues to grow out as well as up and that puts additional pressure on providing new services and infrastructure further out of the city centre while central city population density remains low – comparable city centres have densities as high as 40% of total city population compared to Auckland's 4%.

While the City's issues are well-known, as is the current pressure on finances, there are also changes at national level that provide opportunities for Auckland if it is willing to break out of past thinking and look further ahead.

The new government has widely signaled it wants to have a focus on localism, giving local councils more input into decisions that affect the region. That has yet to significantly translate into action this early in the term but there is also a national level willingness to get on with major infrastructure.

Fast-track consenting and another extension to the MDRS commitment will be helpful for Auckland as is a willingness to encourage alternate funding such as City Deals, easing of access to international investment, tolling and congestion (time of use) charging and a willingness to encourage private sector investment.

The EMA is supportive of pursuing a city deal for Auckland and other cities/regions within our network and there is growing support among Auckland's business community to assist council in making a deal work for the city.

The EMA makes the following recommendations on the current LTP.

Supports the central funding plan

If economic circumstances had been better, we may have preferred the pay more option but with 30 phone calls a week from members seeking assistance on restructures and redundancies, it is not possible to support adding higher rates charges for an under pressure small to medium business sector.

There are a number of areas in the pay more plan that could be revisited sooner rather than later especially around funding Tatakai Auckland's events programme where the future pipeline of major events is basically zero. Funding the development of town centres around the city is another but that may occur anyway in some areas that will be better serviced by the CRL. Any steps to take full advantage of and create maximum efficiencies from the CRL should also be kept front-of-mind.

Support the long-term leasing option for POAL Operations

The EMA has long been a supporting of leasing the Port operations to a specialist port owner. While the Port is now producing a small dividend it is coming off a low base and still faces pressures to perform.

Locking in a longer-term, consistent revenue stream may give better use of the land.

There is a school of thought that this lease term, probably around 35 years, locks up the Port land for other uses. At this point numerous Port studies have failed to agree a viable alternative location and finding and consenting any new location will be a long and complex process likely to take up a significant chunk of the 35-year term of a lease.

Largely support the Transport Plan

Our view is that any traffic flow efficiencies measures that can be introduced should be introduced now. That includes green waves for traffic lights, left or right turns on red arrows when the road is clear and creating more clearways for longer periods at peak times to enhance movement of busways. There are some major arterials where on-street parking should be removed after careful consultation with local businesses and provision of alternate parking areas.

A \$50 Public Transport cap has its merits but needs to be considered against a scenario where public transport possibly needs to be lifting its share of the fare box to cover costs. It may be a lift in volume of public transport users – a goal of this move – does that, but it needs to make a business case.

Time of Use/Congestion charging should be introduced ASAP as there are numerous available systems that have been proven overseas.

Use existing options such as a Gold Card/Community card link to partially offset disadvantaged communities who may have to travel at peak times.

A congestion and better public transport need to be developed together, we can't wait for one to offset the other as the use of public transport will never keep up with demand for, or provide a complete alternative to, the use of private and freight vehicle use. The EMA supports the use of a hypothecated charge within the congestion charge to help fund development of PT.

Transport Plan priorities, both public and private and freight vehicle transport should be part of a strategic approach to a City Deal.

The Future Fund has its merits with cautious Support from the EMA

Using the Port dividends, Airport shares and potential Council land sales to create a future fund to offset major disaster costs is potentially a useful idea but the single biggest challenge to its success will be current and future councils.

Auckland City used to have its own investment fund but the temptation to spend it proved too much and that has now long gone. New Plymouth has such a fund and it comes under regular threat as successive councils question its investment policy, future and want to spend the funds.

Any such fund needs to be well locked away from temptation, just as the Entrust fund has been legislatively locked away.

Drop the campaign against the Business Differential

The EMA has kept up long-term opposition to the business differential with businesses currently providing about a 31% percent contribution to rates as opposed to a 26% contribution from residential rates.

Our reasons for opposing the differential remain valid but the shifts downwards in recent years have been zero to minimal (0.1 and 0.2%).

We can't support the pay more, spend more option this year but will drop our opposition to the current business differential provided the current margin does not increase in the future.

Support Alternative Funding for Infrastructure

Many Councils around the country, including Auckland, are grappling with the question of funding. Central Government has also recognized the issue and is willing to open up pathways to alternate funding tools such as city deals, congestion, charging, tolls, and overseas investment to help alleviate the funding and financing issues.

There is growing support among the business community to help Auckland City pursue a city deal. The last time this level of support was apparent was the push to get the CRL over the line when the business communities' backing convinced central government ministers to back the project.

Traditionally left leaning councils such as Christchurch and Dunedin are considering how to get the best value out of their assets and Auckland needs to do the same.

The City needs to welcome private sector/overseas investment and workforces and make greater use of user pays measures such as tolls, congestion charging, parking charges and fines etc.

For questions or clarifications on this submission, please contact:

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About the EMA

Established in 1886, the EMA is New Zealand's largest business association representing more than 7,000 businesses in the upper half of the North Island. Combined, our members are responsible for employing around 25% of the country's workforce.

We are the unapologetic voice of the business community, advocating strongly on behalf of our members and the wider business community to ensure their voices are heard by government and decision-makers. In collaboration with our nationwide network, including BusinessNZ, Business Central, Business Canterbury and Business South, we represent and support over 76,000 member companies.

As a not-for-profit association, we provide trusted, expert and affordable advice to our members. Delivering a wide range of services, including learning and training courses, health and safety advice, employment support, and HR and PX services, we support our members to upskill and build capability in their teams.

More broadly, we aim to create an ecosystem of support for all businesses in New Zealand, enabling them, their people and their communities to prosper.