

## **AUCKLAND COUNCIL ANNUAL BUDGET 2023/24 - HEART OF THE CITY SUBMISSION**

March 2023

Heart of the City (HOTC) is the business association for Auckland's city centre, and we represent the interests of businesses and property owners. We are committed to the growth and success of the city centre as a vibrant, accessible, safe, and welcoming urban community.

The city centre is of regional importance. It contributes 20% of Auckland's GDP and 7.5% of New Zealand's GDP. One in 6.5 Auckland jobs are in the city centre, with more than 146,000 jobs and 36,000 residents.

We support a budget package that sharply reduces Auckland Council's group operating costs. However, we do not support a budget that cuts spending on marketing our city internationally and attracting business, investment and events; nor a budget that will adversely impact our publicly funded attractions and community facilities; the ability of community organisations to affordably hire publicly funded facilities; social services; and maintenance service levels.

These activities are what makes Auckland a 'vibrant' place in which to live. A harsh austerity budget will be detrimental to the city's recovery from three years of COVID-19 disruptions.

HOTC notes that there could be opportunities for the City Centre Targeted Rate (CCTR) to support appropriate initiatives in the city centre if funding is not secured from other sources. These will need to be reviewed and prioritised through the Auckland Centre City Centre Advisory Panel, which we believe is soon to be re-established.

**In summary, we want to see expenditure on growth and community initiatives retained at an appropriate level this year while a sustainable way to grow tourism-related and other funding is secured; and more extensive cuts in the cost of operating the Council group.**

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### **(1) Operating Costs Reductions**

**What is your preference on the proposed operation costs reductions?**

***Other – Do not proceed with some of the reductions and instead look at further efficiencies and more innovation within the Council group to reduce costs.***

Tell us why, and which reduction you would **not** proceed with, if any.

Along with some of our BID colleagues, we believe **greater savings can be made with a rate-payer mindset and culture of efficiency introduced across the council group.**

For example, we would like to see integrated planning across the group; stronger procurement practice with performance standards set and managed in contracts, with penalties for late delivery and poor performance; and we wholeheartedly support combining back-office services.

There are some areas we do not want to see cut and these are outlined below.

#### **Auckland Council:**

##### Regional Arts and Culture Grants/Regional Events Grants:

**We do not support the removal of these grants** as it will mean that certain activity such as the popular Readers and Writers festival and city centre venue the Basement Theatre will no longer receive funding that they have previously received, resulting in risk to our city centre's cultural experiences which contribute to our overall vibrancy and appeal.

##### Maintenance Service Levels:

We understand that there may be risks to general service levels including for public realm maintenance along with graffiti removal. The city centre has previously been allocated higher service levels, which in part recognises its regional importance. Through COVID-19, the city centre experienced reduced service levels and as a result there was considerable negative feedback about the city centre which impacted our perceptions and visitation. Through this budget process it is important **to maintain the standard of service levels that have been set for the city centre.**

##### Council coordination and funding of homelessness initiatives:

Without the benefit of full central government funding to coordinate and fund initiatives that support people in need, the proposal to remove these services from Auckland Council along with funding to support social agencies in Auckland would result in a rollback of progress made to date in addressing homelessness and other issues. For example, outreach performs an important function to connect people in need to social services and Council funding contributes to this service, particularly in the city centre. Given the concentration of such issues in the city centre, we are concerned this will mean fewer people will be connected with services and this could have negative impacts on the city centre. **We ask that these services continue while discussions take place with central government to increase funding.**

#### **Auckland Transport:**

HOTC would like Auckland Transport to **increase not maintain (as is proposed)** the current level of public transport (PT) services (as of December 2022). Despite positive uptake of PT usage into the city centre since COVID, we believe that the current service levels are not adequate, will not support PT growth, nor give Aucklanders confidence that PT is an efficient mode to travel. **Affordable, reliable public transport is critical** – this will encourage people back into their offices, enable mode shift as well as reduce emissions. Not enabling service levels to 'get back to even normal' is not a positive outcome for Auckland.

#### **Tātaki Auckland Unlimited:**

Work is underway to ensure a sustainable model is in place to support tourism investment and events in Auckland. This work is urgent.

**HOTC does not support the funding reductions proposed for Tātaki Auckland Unlimited.** Instead, we ask that sufficient budget is maintained while alternative sustainable funding is secured.

There would be wide ranging impacts if the budget as proposed was to be implemented – on visitation and spend, international profile and reputation, business attraction, investment and economic growth initiatives, and missed opportunities for the future.

The marketing of “Auckland Inc” sits within the scope of council’s core services - no other entity has the single-minded focus and ‘ownership’, to position our brand internationally.

We also do not support the proposed reduction of programming and/or opening hours for regional facilities including the Auckland Art Gallery and the Maritime Museum, both of which support the city centre visitor economy. Ensuring these facilities remain free of charge will mean they are accessible for all Aucklanders, regardless of income.

Furthermore, we already receive feedback from arts and community organisations that it can be challenging and expensive to utilise council owned city centre facilities. If it becomes more expensive, as proposed under this budget, we are concerned that some will not come here, which will be a tangible loss for the city centre and for those who value these activities.

#### **Eke Panuku:**

HOTC notes the proposed deferral of the capital investment programme which will impact the planned investment for the regeneration in the waterfront in the 2022/2023 and 2023/2024 year.

**HOTC does not want to see a reduction in planned investment in placemaking and activation for the Wynyard Quarter/Waterfront Area, nor the required levels of service for security in the area being compromised in the.**

Supporting a safe waterfront area and ensuring there are ongoing public activities that create reasons to visit the area, for a diverse audience, brings wider economic and social benefits to the area – including business, worker, and visitor attraction.

**HOTC notes there could be other opportunities to support some of this activity if general rates are reduced.**

#### **(2) Managing rates and debt**

##### **Rates:**

HOTC has similar position to other BID colleagues. It is difficult to provide a specific figure as our members have different views. However, there are some key principles we can submit on.

**Value for money and ensuring the needs of our members are met remains of paramount importance.** This has not been the case consistently and our views on improving the focus on ratepayer needs and improving efficiencies in the Council group will help to address this.

Alongside other BIDS, **we do not support pausing the long-term differential strategy.** The intention of the strategy is for the share of general rates paid by business properties to be made fairer. However, every time there is a budget challenge, Auckland Council pauses the long-term differential strategy.

In terms of rates, **we would not support general rates going higher than inflation and to help offset this we support Council's proposal to reduce the Natural Environment Targeted Rate and the Water Quality Targeted Rate by around two thirds in the 2023/24 year, and using the money Council has already collected from these targeted rates to continue delivering these work programmes.**

**We support Council's approach to be prudent with additional borrowing.**

### **(3) The Storm Response**

**We support the proposal to increase the operating budget by around \$20 million each year to support the repairs and replacements as well as prepare for and respond to future storms.**

It is imperative that investment into critical infrastructure to manage the impact of future storms is put in place. Many businesses were seriously impacted, and this must be mitigated for the future.

However, we think this funding should be 'ring fenced' for these purposes.

### **(4) Local Board Priorities: Waitemata Local Board (WLB)**

WLB has asked in their consultation documents if funding for local activities is reduced, which three services do you not want to reduce funding for. **HOTC would not like to see a reduction in services for the Ellen Melville Centre, the Central Library, nor loss of funding from local board grants.**

#### **Ellen Melville Centre (EMC):**

The consultation documentation sets out two options for the operations of Ellen Melville Centre (EMC) for a six-month period beginning January 2024, this includes Option 1 which sees a full reduction and access only for the centre and Option 2 a 20% or 50% reduction of investment available for activation and programming.

HOTC does not want to see a reduction in investment in the EMC. Since opening in 2017, the EMC has become an important place of social connection within the city centre. This function supports interactions with our city centre community, including workers and local businesses and supports an important safety function, bringing 'eyes and ears' to Freyberg Place. The EMC's programming also links into the wider city centre programme which HOTC leads or participates in. This contributes to bringing vibrancy to the city centre. These benefits would be removed if the centre was only a "hall for hire".

Going forward, it would be good to consider alternative models for operating the EMC, which may be possible with less funding from general rates.

#### **Central Library:**

HOTC would also not like to see a reduction in the days that the central library operates as it performs an important social function for the various city centre users.

**Local Board and Contestable grants:**

Local Boards offer grants that support artists and other community groups to provide for people in their communities. Among other things, we are aware that there are many independent artists funded by Local Board grants to put on their shows at the Basement Theatre, an independent city centre venue. Losing funding for these kinds of activities would be a loss to the creative spirit of our city centre.

**(5) What else is important to you? Or is there anything else you would like to give feedback on?**

Heart of the City has for many years funded the City Watch programme in partnership with Auckland Council. This programme performs an important role in enforcing the public nuisance and safety bylaw. It is also an important element within the overall city centre safety network, working alongside our own targeted security, as well as with NZ Police.

Concerns around safety is one of the barriers to visitation into the city centre and concerns are raised by residents, students, businesses and visitors. HOTC is committed to supporting a safe city centre, but we cannot do it alone. Given the level of public investment into the city centre, and its regional importance, we would like to see Auckland Council investment in this area continued.

Thank you for the opportunity to submit.

Viv Beck  
Chief Executive  
Heart of the City