

SUBMISSION BY THE AUCKLAND BUSINESS CHAMBER OF COMMERCE ON AUCKLAND COUNCIL'S:

- **DRAFT AUCKLAND PLAN 2050**
- **DRAFT 10-YEAR LONG-TERM PLAN 2018-2028**
- **DRAFT AUCKLAND WASTE MANAGEMENT AND MINIMISATION PLAN 2018**

SUMMARY AND RECOMMENDATIONS

The Auckland Business Chamber of Commerce:

- *Notes* the refreshed Auckland Plan and 10-year Budget acknowledge that Auckland's big problems are long-standing, deep-seated and getting worse. The evidence of a broken system is dotted throughout the LTP documents, for example – some direct quotes:
 - The council's lack of debt headroom is constraining our ability to provide the necessary infrastructure to service land made available for housing;
 - \$30 billion is needed to meet the infrastructure investment demand for the 10-year Budget 2018-2028, but without new funding sources (such as a regional fuel tax or new targeted rates) our current infrastructure investment capacity over the next 10 years would be about \$20 billion.
 - The need to invest in infrastructure to support growth is becoming increasingly urgent, but if we were simply to increase general rates in 2018/2019 to enable \$10 billion of infrastructure, the average rates increase would need to be of the order of 40-50%. Clearly this would be neither affordable nor acceptable to Aucklanders.
- However, neither the draft Auckland Plan or 10-year LTP conveys a compelling 'story' that they provide the *fix* to our worsening problems over the next 10 years, or next 30 years, and therefore,
- *Recommends* Council – with central government and private sector partners – develop with speed and transparent honesty a focused 10-year plan of action to address Auckland's big problems, comprising:
 - A funding model that generates new revenue sources of a scale needed to start a rolling infrastructure investment programme – not to replace rates but complement them;
 - A coordinated planning and regulatory system that ensures large property consent applications *include* an aligned and funded infrastructure investment programme (water, transport including public transport, health, education and other utilities etc); and,
 - A new model in the way we tackle our shortage of affordable houses especially; e.g. Sweden offers a solution through a factory process that manufacturers prefabricated houses that can be built in two days.
 - Around 84% of houses built in Sweden use this process, they can be tailored to size and affordability, and are capable of standing up to extreme weather – it is their new norm, and is saving millions of dollars and lots of time.

- *Believes* the funding we need to make a dramatic difference to our infrastructure problems is available; Aucklanders are ready for a bold solution to be unveiled, and the Crown Infrastructure Partner (CIP) mechanism Government has established for coordinating revenue generation provides a platform for moving ahead immediately (this year) with speed and urgency.
- *Recommends* that before the Auckland Plan is finalised a makeover is undertaken which includes establishing a set of key performance indicators (KPI) to put into the plan with a directive that these be established as key objectives to be delivered in the LTP 2018-2028. We suggest:
 - Measurable outcome targets for housing, transport, and progress to reduce environmental degradation – Doable milestones should be in the Plan;
 - Measurable targets set by the Governing Body will help politicians and officers focus on achieving results; and, highlight that Auckland Council accepts that, first, Auckland's big problems are long-standing, deep-seated and getting worse and, second, everyone with a role is determined to be accountable to solve them - there are solutions, here's our plan of action.
- *Asserts* that it is a gross insult to Aucklanders that instead of outlining new thinking and permanent alternative solutions to fix our major problems and broken funding model, the LTP goes out of its way to hide behind political promises to not increase rates above an average 2.5% a year. We are fooling ourselves:
 - The Regional Fuel Tax (RFT) will raise around \$150 million a year, when we need billions.
 - The targeted rates for water quality and the environment, which together make up a 3.7% increase in rates, will bring the effective headline annual increase in rates to around 6.2%.
- Our submission identifies a number of difficulties with these micro measures, including:
 - There is no certainty on what the RFT money will be used for; and
 - There is no evidence of a business case testing alternative sources, especially whether the RFT money and the targeted rates revenue could be generated by finding efficiencies from within the council's large non-core tier of activities.

Notes the proposal to disestablish the Auckland Council Investments CCO (ACIL), and *strongly recommends* that Council:

- *Ensures* any reconfigured governance arrangements of POAL provides the company with an exclusive commercial mandate – to operate as a successful business under Section 5 of the Port Companies Act – without the possibility of interference or override by shareholder directives from the Council.

Strongly Recommends the proposed overhaul of Auckland's waste management system be withdrawn and reworked from first principles, including following advice to:

- Test what assets and services, if any, Council should own/provide, and which are best left to the commercial market; and,
- Target a solution that reduces costs to rate payers – not add around \$427 a year to the average household as this proposal does.

INTRODUCTION

1. The Auckland Business Chamber of Commerce ('Chamber') appreciates the opportunity to make this submission.
2. We wish to speak to this submission.

Address for service:

- Ms Shelley Nicholson, EA to Chamber Chief Executive, Michael Barnett;
Email: snicholson@chamber.co.nz; Phone: 3029916

3. The Chamber:
 - Has a significant corporate membership, including many businesses that expect their views to be forcefully represented in this Submission;
 - Is dedicated to the strengthening of Auckland's status as New Zealand's pre-eminent commercial, industrial and communications region and to assisting its development as a desirable environment for its 1.7 million citizens; and,
 - Has sought to establish a partnership relationship with central and local government organisations to help achieve shared delivery of these objectives for Auckland.

OVERVIEW

4. The Auckland Plan, Long-term Plan (LTP) and Waste Management and Minimisation Plan (WMMP) are part of a set of interdependent plans setting out the blueprint and actions needed to deliver the vision as required in legislation governing Auckland Council declared by Auckland Mayor Hon Phil Goff:
 - For Auckland to be a world-class city where talent wants to be.
5. The 30-year spatial Auckland Plan is a high-level look ahead to 2050. The document identifies six *outcome* areas (or challenges) that Auckland must make significant progress to address if we are to continue to be a place where people want to live, work and visit.
6. Three key challenges are mentioned:
 - High population growth and its implications;
 - Sharing prosperity with all Aucklanders, and in particular addressing a growing disparity between those with homes, work and reasonable incomes and those without; and,
 - Reducing environmental degradation.
7. The Auckland Plan sets out a broad assessment of challenges and opportunities for moving Auckland forward over the next 30 years, while the implementation and work programmes to convert these challenges and opportunities are set out through next level plans, including the Auckland Unitary Plan and especially the 10-year Long-term Plan (LTP).
8. The LTP sets out a Budget 2018-28 designed to address Auckland's big issues and deliver basic services on a transparent platform of fiscal responsibility and limiting the rates burden imposed on Auckland 560,000 rate payers to an average increase of 2.5% for the first two years and then 3.5% for years three to 10. Priority areas selected for action in the draft LTP are to "fix standing issues of congestion and poor water quality in our harbours and beaches, as well as increasing protection of our environment."

9. The draft WMMP proposes to standardise Auckland waste management services, as part of a long-term effort to reduce waste in the region.
10. Following consultation, the three plans will be adopted separately by Auckland Council's Governing Body in June, with implementation commencing 1 July 2018.

Chamber's approach

11. The Chamber has reviewed the documents selectively – they total more than 1200 pages. Our focus has been to identify the big issues of concern to the business community and to assess *how* they will be addressed and by *when* – with what pace, urgency and certainty of a timely result.
12. Auckland's big problems are long-standing, deep-seated and getting worse. Our starting point was to look back at the inaugural Auckland Plan agreed in 2012 and its supporting LTP to identify Auckland's big issues and what targets were set to address them.
13. Our purpose in adopting this approach was to assess what progress we have made in the past six years to address our big problems and what *refreshed* goals and targets are needed to ensure we achieve real progress going forward – it is clear from this review that we are falling behind in getting on top of our big issues:
14. When the inaugural 30-year Auckland Plan was adopted in 2012, it was agreed:
 - ***Auckland needed to build about 13,000 new houses per year for the next 30.*** We are currently just managing 7000 new houses per year, the current shortage is around 45,000, and meanwhile the demand has increased to 14,000 new houses per year for the foreseeable future. To catch-up we need to build around 60,000 new houses this year alone.
 - ***A Unitary Plan was required to clearly identify where intensified urban development could occur and what the regulations for the activity would be.*** Finalised in 2017, three areas have been identified for large-scale residential and some business developments. Some large property developments are underway (e.g. Silverdale, Drury, West Auckland) but without an aligned timetable and funding to provide the supporting infrastructure, including new public transport services.
 - ***The cost of traffic congestion was around \$1 billion and normal morning peak hours were mainly between 7-9 am.*** Morning congestion now starts around 6am on many key roads (not just motorways) and lasts through the working day, costing well above \$2 billion a year and acting as a huge drag on productivity.
 - ***A major programme to fix old 'three waters' infrastructure and cope with growth was mooted.*** But delivery is well behind meeting demand, and waste water and sewerage events on Auckland's beaches this year are at record levels.
 - ***A lack of funding was identified as a major constraint to making timely catch-up progress on long-standing issues and get in front of fast emerging new challenges arising from higher than forecast population***

growth and its implications. There has been no progress to address this constraint, and instead the problem has become much worse.

15. Our problems in 2018 are now of a scale that it is widely agreed increasing rates to pay for Auckland's infrastructure catch-up and to meet future demand is no longer an option; and Council has a debt ceiling constraint meaning that borrowing is no longer an option – our traditional funding model is broken.
16. Neither the draft Auckland Plan nor draft LTP conveys a compelling 'story' that they provide the *fix* to our worsening problems over the next 10 years, or next 30 years.
17. Clearly, Auckland has reached a point that if we are serious about wanting to make significant progress to *fix* Auckland's big issues a 'business as usual approach' won't do it.
18. Three big challenges that need our honest and focused attention with speed and urgency are:
 - To introduce a funding model that generates new revenue sources of a scale needed to start a rolling infrastructure investment programme – not to replace rates but complement them;
 - To put in place a coordinated planning and regulatory system that ensures large property consent applications *include* an aligned and funded infrastructure investment programme (water, transport including public transport, health, education and other utilities etc); and,
 - To make a paradigm shift in the way we tackle our shortage of affordable houses especially; e.g. Sweden offers a solution through a factory process that manufacturers prefabricated houses that can be built in two days.
19. As creators of the Auckland governance model, including funding and planning processes, concerted coordinated action to deliver these choices will require central government to play a leading role.
20. The balance of our submission makes further suggestions and recommendations to help strengthen the two plans focus on what actions are needed to address Auckland's big challenges and bring about critically needed change.

AUCKLAND PLAN 2050

21. The Auckland Plan needs a makeover. While the Chamber supports the outcome-led approach identifying six key areas Auckland must make progress on over the next 30 years, the document lacks rigour and a clear measurable assessment of Auckland's key problems and the solution.
22. There are no benchmarks, targets (KPI), guidance and consequently expectations of what should be delivered in the long-term plan and by when. Officials and politicians are let off the hook – there is nothing against which their performance and results can be measured against.
23. Instead, the draft's key outcome statements and monitoring framework for measuring progress are broad and generalised which for the most part fail to capture either the *scale* of our problems or *how* they ought to be solved.

24. The Chamber **strongly recommends** that before the plan is finalised a makeover is undertaken to include a set of key performance indicators (KPI) with a directive that that these be established as goals to be delivered in the LTP 2018-2028.
25. For example, we suggest **measurable housing targets** be inserted into the Auckland Plan. Targets would help focus agencies responsible for implementing the Long-term Plan over the 10 years, with milestones to be reported annually; e.g.:
- Note that fewer than 100 "affordable" houses destined for the free market were built under the Auckland Housing Accord, which ran for three-and-a-half years from 2013, in conjunction with central government – agree that is nowhere near good enough, and
 - Set a target of XXX 'affordable' houses to be built every year for the next 10, and design a strategy and plan to ensure it happens
 - Note we need 14,000 new houses (or apartments) built every year until at least 2030, and set a strategy to make it happen.
26. Clearly, against our recent performance we need a paradigm shift if these reasonable targets are to be achieved. Sweden offers a solution through a factory process that manufactures prefabricated houses that can be erected in two days, against the almost one year it typically takes in Auckland.
27. Around 84% of houses built in Sweden use this process; they can be tailored to size and affordability, and are capable of standing up to extreme weather – it is their new norm, and is saving millions of dollars and lots of time.
28. The Chamber has offered to lead a business delegation to Sweden to assess the suitability of establishing a house building factory in Auckland.
29. Similarly, **measurable transport targets** might be to:
- Note fewer than 10% of the around 250,000 sole passenger vehicle peak hour commuter trips per day in Auckland are on public transport – they include YYY thousand of sole-occupancy vehicles.
 - Set a target in the Auckland Plan that, say, by 2030 20% of commuter trips will be on public transport; that's the high level outcome to be broken down and funded to be achieved in steps through the LTP and Annual Plan;
 - Set a target to cut the time-cost of congestion to freight and commercial trade operators by 50% over the next 10 years. The 'how' and funding would be set out in the 10-year LTP.
 - Road safety is another area deserving clear targets; e.g. zero deaths on Auckland's roads by 2030.
30. Clearly, we need a paradigm shift in the way we do things if these reasonable targets are to be achieved. There is a consensus that Auckland needs a vastly improved public transport network – one in which services are frequent and reliable.
31. Likewise, measurable targets to reduce **environmental degradation** could be to:
- Note that 16 Auckland beaches were technically closed this summer due to waste water and sewerage contamination flows in Auckland's harbours; include in the Auckland Plan a statement of outrage for this occurring in a city that prides itself for having a pristine natural environment.

- Set a target to do what it takes to eliminate this waste water-sewerage outflow within 10 years, or sooner.

32. **In summary**, the purpose of having measurable targets set in the Auckland Plan by the Governing Body is to help focus politicians, officers and agencies (e.g. Auckland Transport and other CCOs) to achieve results; to highlight that Auckland Council accepts that, first, Auckland's big problems are long-standing, deep-seated and getting worse and, second, everyone with a role is determined to be accountable to solve them - there are solutions, here's our plan of action.

Other suggestions to strengthen the draft Auckland Plan include:

33. *City centre focus* – The Chamber agrees the city centre is important to the success of both Auckland and New Zealand. It is the main location for business, tourism, educational, cultural and civic activity in Auckland, and is supported by three main nodes around Albany, Westgate and Manukau.
34. However, this is a too simplistic description of where Auckland's success is generated and glosses over important trends and facts. For example just 17% of Auckland's employment is in the city centre – there are large sub-employment sectors in Southdown and Auckland Airport centred on Auckland/ New Zealand's critical freight distribution, transport logistics and industry assembly (Southdown) and people transfer and business activity (Airport) roles.
35. New business and residential zones are growing rapidly in places like Drury, Hobsonville, Silverdale and East Tamaki and creating demand for a more efficient east-west (across the City) public transport system, rather than one just focused on a city centre destination.
36. The Plan under-cooks Auckland's rapidly changing urban growth profile and how infrastructure provision needs to adapt to meet demand over the next 30 years.
37. *Two speed Auckland* – The Chamber agrees with comments that disparity stubbornly remains, and in some ways is getting worse as a result of the housing shortage.
38. There is muted recognition of the large level of school leaver under-achievement and youth unemployment; some areas of Auckland have around 20% of school leavers doing so with no formal qualifications. We would like to see recognition given to business organisation efforts to address youth unemployment and other two speed Auckland issues. They are substantial.
39. The two speed Auckland section also needs strengthening to highlight the critical skill shortages in Auckland.
40. *Auckland's important (export-based) food and marine sectors versus increasing demand for urban property development (p.20 and p.162)* - We strongly endorse the high-level call for a focus on increasing exports, and agree that the seven key economic sectors where this growth could be increased have been identified. However, missing is a call for a strategy with measurable targets which the LTP could adopt for implementation in collaboration with the private sector.
41. Threats posed to the export aspirations of the marine industry and food sector by Auckland's fast-paced property development should be identified in this section of the plan; in particular:

- The reduction of world-recognised rural land with high quality soils (particularly South Auckland), and the implication this has for Auckland's quality food production; and
 - The critical need of the marine industry for shore-side locations with easy access to deep water (for launching super yachts) and which is close to concentrated marine and pleasure craft moorings and activity.
42. *Port Future Study (p.26)* – With reference to the Port Future Study recommendations, the Chamber notes the assessment that a definitive answer on the Ports of Auckland future location is unlikely for some years, and agrees that when a decision is made that the port needs to relocate it will continue operating in its current location for at least another 20 to 25 years.
43. *Auckland's infrastructure (p.196)* – The opening statement of the section that 'Auckland's infrastructure needs to keep up with the pace and scale of growth' misses the point. Since at least the mid-1960s when a *one-city* plan with integral components was first proposed Auckland's provision of infrastructure has failed to keep up with our pace of growth.
44. The Plan needs a strategy not only to keep up with the pace of projected growth, but to catch-up and provide the critical infrastructure identified in some cases decades ago – we are a long way behind where we should be for a city of our geographic size, business scale (NZ's economic powerhouse) and population size.
45. In our view, Auckland has a two-fold transport and housing problem:
- Half our transport problem is that we are (still) in catch-up mode from the decades of under investment to cope with projected growth; and, the other half of our problem is that Auckland is still growing at a fast rate;
 - Half our housing problem is that (as Housing and Transport Minister Phil Twyford has stressed) we are 45,000 houses short against current demand, and to cope with projected growth need to be building around 13,000 dwelling units every year for the next 30.
46. The Auckland Plan makeover needs to include clearly spelling out the full extent of our inter-related transport-housing problem and potential solution – (see below).

10-YEAR BUDGET 2018-2028

47. The draft LTP and supporting documents confirm that Auckland Council's Governing Body – the Mayor and Councillors – are persisting with a budgeting system that is not working.

Auckland's funding system is broken – the evidence

48. The system is broken, but neither the over-riding draft Auckland Plan (reviewed above) nor the LTP documents openly acknowledges this.
49. Instead of facing up to the fact that they are governing with a flawed model, the solutions put forward to what the document refers to as 'significant challenges in funding its critical infrastructure' are like persisting with putting patches on a constantly leaking car tyre when what's needed is a new tyre.

50. The promises of the Mayor and Councillors to limit annual rate increases to an average 2.5% for their own election purposes is a form of bribery that disguises the critical need for an open and honest appraisal of the full extent of Auckland's funding challenges and what the solutions might be.
51. The evidence of a broken system is dotted throughout the LTP documents, for example – some direct quotes:
- The Council's lack of debt headroom is constraining our ability to provide the necessary infrastructure to service land made available for housing;
 - \$30 billion is needed to meet the infrastructure investment demand for the 10-year Budget 2018-2028, but without new funding sources (such as a regional fuel tax or new targeted rates) our current infrastructure investment capacity over the next 10 years would be about \$20 billion.
 - The need to invest in infrastructure to support growth is becoming increasingly urgent, but if we were simply to increase general rates in 2018/2019 to enable \$10 billion of infrastructure, the average rates increase would need to be of the order of 40-50%. Clearly this would be neither affordable nor acceptable to Aucklanders.
52. But the measures the draft LTP proposes will do nothing to solve Council's core structural problems – a lack of debt headroom and urgent need to find \$10 billion immediately to enable a 2018-2019 start on the accelerated infrastructure investment programme that is ready to go. It is time to stop using these excuses for delay and inaction.
53. It is an insult to Aucklanders that instead of bringing new thinking and permanent alternative funding solutions to the Plan, the LTP proposes more short term-ism - a regional fuel tax (RFT) which will raise \$150 million a year (an amount that could be more easily generated by Council cutting costs in non-core areas) – discussed below – and a water quality targeted rate and a natural environment targeted rate.
54. General rate increases for the next two years were presented as 2.5% a year. However, that number excludes the targeted rates for water quality and the environment, which together make up a 3.7% increase in rates. The effective headline increase in rates for residential ratepayers will be 6.2% - more for businesses (discussed below).

Regional fuel tax (RFT) – a diversion when what's needed is a fresh, bold revenue raising tool that addresses the infrastructure investment short-fall head-on

55. Elsewhere the Chamber has proposed to Government and Auckland Council that Auckland's headline transport problem is to confirm a funding mechanism that will enable delivery of the 10-year aligned Auckland-Wellington programme (ATAP) as a package.
56. **That is a role that only central Government can lead.**
57. The Chamber supports a funding mechanism that enables all the agreed transport projects in the upcoming 10-year ATAP to be delivered – do them all – against agreed timelines.

58. Central Government has to step-up, step-in and deliver the funding mechanism needed to drive the delivery of an updated, integrated ATAP and urban development programme.
59. In our view the funding needed is available, Aucklanders are ready for a bold solution to be unveiled, and the Crown Infrastructure Partner (CIP) mechanism Government has established for coordinating revenue generation provides a platform for moving ahead immediately (this year) with speed and urgency.
60. Meanwhile we have difficulties with the proposed RFT. It reflects short-term thinking and we question whether it is value for money:
- The RFT is expected to raise \$130 - \$150 million a year; that equates to a 9.1% rate increase, it has been estimated; surely, \$150 million could be recovered through its waste-saving campaign and then prioritise spending from there;
 - There is as yet no certainty on what the RFT money will be used for. The draft indicates it could be safety, congestion relief, public transport or supporting housing. That is not a business-like approach;
 - There is no indication of a business case confirming the projected revenue will in fact be raised, given compliance, avoidance and projections of a growing shift to electric vehicles;
 - Fairness – larger families and those travelling long distances to-from work by car will pay more; commercial and freight costs and prices will increase.
61. A less costly option would be to continue the Interim Transport Levy (ITL) until a more permanent alternative road pricing mechanism is put in place. The ITL is \$114 per household, while the Automobile Association has estimated the average commuter will pay \$135 a year under a RFT.

New targeted rate proposals seek cleaner harbours & environment

62. The Chamber agrees action is long overdue to stop the spillage of waste water and sewerage into our harbours. A strong case also exists for up-scaled action to reverse the degradation occurring to our natural environment.
63. Using a targeted rate to fund these campaigns, however, is expedient and lacks transparency and testing against other funding options available at less cost to rate payers.
64. In particular, the draft LTP lacks evidence of any serious scrutiny of Council's cost structures, and, in respect of infrastructure requirements, there is no evidence that a robust search has been done or is being considered to identify new innovative sources of revenue.
65. In last year's submission the Chamber requested council undertake an exercise to set out clearly the magnitude of the issues needing to be addressed against the limited resources available and the huge size of the organisation. We repeat our suggestion that a prudent move would be to adopt a zero-based Budget approach before finalising council's Budget.
66. If a zero-based budgeting approach had been adopted and submitters could see that Council had achieved the lowest cost point, it would be easier to have the conversation on whether targeted rates should be imposed.

67. Council is under a pre-election promise to find annual efficiencies of 3-6% across the whole council. There is no evidence indicating what progress has been made with this goal. Instead there is strong evidence in the LTP that the current council intends to continue with the “*cost-plus*” mentality and tradition for the next 10 years; that is, to continue to increase spending by using ratepayers (and RFT paying tax payers) as council’s main source of revenue.
68. This view is reinforced by the increased revenue the LTP wants to extract from businesses and the totally unjustified extension of control it appears to be seeking over the commercial operation of Auckland’s waste management sector – discussed below.

Business rate differential – “should be abolished”

69. Businesses make up less than 10% of rate payers but pay 32.4% of the rates. The business differential means that businesses pay around \$2.60 in rates per dollar of their property’s capital value, where residential ratepayers pay \$1 for every dollar of capital value.
70. The commitment by the previous council to reduce the differential was a small step forward but nonetheless was in breach of Council’s fundamental principled objective that properties of equal value pay equal rates. The policy objective should be to eliminate the differential entirely.
71. The Council is undermining this by holding the differential to the 2016/17 level and adding on other targeted rates - the accommodation provider targeted rate, the water quality targeted rate, the environmental degradation targeted rate.
72. The policy to maintain a system of business differentials is a form of discrimination based on a false belief that businesses somehow make a greater demand on Council services than other rate payer groups. There is no evidence for this view as the findings of the 2007 ‘*Funding Local Government – Report of the Local Government Rates Inquiry*’ clearly demonstrated (Shand Report: Sections 9.84 – 9.86) in recommending “*that business differentials should be abolished.*”

Targeted accommodation rate – adding yet more costs to business

73. The inequity and unfairness of council policies towards business rate payers is reinforced by the proposal to widen and entrench the targeted accommodation rate to pay for council’s tourism, major event and international student attraction and promotion activities.
74. At the heart of our opposition to this policy is evidence-based - the accommodation sector receives just 10% of the benefits of tourism promotion yet is being asked to pay 100% of the cost.
75. As well, adding to the selective unfairness, accommodation businesses are required to pay a differential on their general rate.
76. All this extra revenue from RFT and targeted rate measures might be justified if the Council had followed through on its promises to cut wasteful expenditure, make efficiency gains and undertake prudent asset optimisation, and directed the savings into infrastructure spending and the environmental cleanup. But the documents show that none of this is happening to the extent it could or should.

Proposal to disestablish Auckland Council Investments Limited (ACIL) and implications for Ports of Auckland's (POAL) principal objective to operate as a successful business

77. The major consideration for this proposal is the ownership of POAL, which has been owned by ACIL since council was formed in 2010.
78. The disestablishment of ACIL has the potential to achieve savings of approximately \$500,000 - \$800,000 a year, which the Chamber acknowledges.
79. However, the governance arrangements of POAL will need to be configured to ensure the company can continue to have a commercial mandate – to operate as a successful business under s5 of the Port Companies Act 1988 – that could not be overridden by shareholder directives from Auckland Council.
80. There are various governance models available to ensure a transparent and mutual separation between POAL's commercial mandate and Council's political decision making, including:
- A Memorandum of Understanding setting out a clear delineation of the roles of the respective entities and the nature of their relationship.
81. The Chamber's main concern is to ensure that POAL's business is perceived positively by customers by providing certainty through long term planning and strategic direction. POAL currently returns a dividend of about \$53 million a year; the estimated savings of \$500,000 - \$800,000 resulting from the disestablishment of ACIL would be insignificant if the change of ownership was to negatively impact POAL's financial performance.

NEW WASTE MANAGEMENT SYSTEM PROPOSAL – WILL COST RATEPAYERS BIG TIME

82. Council is set to embark on an enormous expansion of its domestic kerbside waste services, including a large associated cost to householders for little, or no, benefit to ratepayers.
83. The proposal will cut general rubbish collection to a fortnightly service, and has an objective to 'standardise' kerbside waste services across Auckland.
84. Currently Auckland waste services are fragmented, with Auckland Council, large commercial enterprises, and small-scale operators all involved and contributing to waste minimisation efforts.
85. Although Aucklanders generally receive quality services from waste services, the council wants to standardise services across Auckland including changing existing council services as part of a long-term effort to reduce Auckland's waste.
86. To this end, council plans to introduce a new weekly food waste collection. Households will be provided with a 23-litre bin to be placed on the kerbside for collection, and a 7 litre caddy to be placed in the kitchen.
87. Among a number of problems with the proposal, households will be unable to opt out of the service and have to pay, even if they compost food themselves.

88. Other reasons the Chamber is opposing the Council's proposal and recommends it be withdrawn include:
- It ignores a recommendation that council should take a more commercial approach to what assets and services it should own/ provide and which are best left to the commercial market; and,
 - Council's own report cautions that the bulk of the projected \$300 million increased cost will fall on Aucklanders; i.e. around \$236 million or a cost of \$427 to the average household.
89. Further, the required options assessment falls well short of what it should cover. There is no option to keep waste services as they are, or to do less, or let ratepayers decide and/or have more choice (with competing private sector services, for example) about their waste service provision.
90. Instead, the proposal seems designed to increase the Council's influence and control over the waste stream, without proper consideration of whether the private sector could do a better job than Council and/or concern to rate payers' pockets or service preferences.

CONCLUDING COMMENTS

91. Where is Council's leadership on solving Auckland's structural funding problem?
92. Surely it is obvious to every councillor by now that council must find a more innovative and fairer way to fund Auckland. Shaping the debate around a debt-revenue constraint and acceptance that a new funding model is beyond the scope of this LTP is a cope out? As some in central government approached to help bail Auckland out have agreed behind closed doors, it's time that Auckland looked to determine its own destiny and brought forward suggestions of how we can optimise the assets we have, deliver more jobs, attract more investment and deliver a better quality lifestyle for all who live and visit here.
93. For some time, the Chamber has been of the view that we need to do something dramatically different if Aucklanders now and future generations are to achieve and enjoy the high quality lifestyle we aspire to.
94. When finalising the 'refreshed' Auckland Plan and 10-year Budget LTP, the Chamber encourages the Mayor and Councillors to seize the opportunity to 'story tell' the full scope of issues and options over what's at stake – that Auckland is a progressive city on the move but facing some tough calls if it is to get on top of the pains of being the fastest growing city-region in Australasia.
95. The Chamber speaks for a wide constituency. In urging Council to reframe its role and focus to deliver the services it should, we urge you to partner with others to be more efficient and show greater willingness and responsiveness of what good customer service comprises as an enabler of a rapidly growing progressive city.

Michael Barnett
Chief Executive

28 March 2018