Date: Wednesday 27 April 2022
Time: 4.30pm
Meeting Room: Local Board Chambers
Venue: 35 Coles Crescent
Papakura

Papakura Local Board

OPEN MINUTE ITEM ATTACHMENTS

ITEM **TABLE OF CONTENTS** **PAGE**

Note: The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

Report to the Papakura Local Board by Cr Daniel Newman
27 April 2022

BUDGET PRESSURES

By way of context, the Road Controlling Authority Committee of Auckland Transport met on 31 March. That committee noted the following:

> *"… that funding and revenue shortfalls, along with unanticipated cost increases and project delays are putting significant pressure on delivery of the Auckland Regional Land Transport Plan 2021-2031 (RLTP)"*

and

> *"… that a variation to the RLTP may be required to address these challenges, but this possibility will be addressed in forthcoming advice; however a variation to the RLTP will be required for the Climate Action Targeted Rate (CATR)."*

In summary, what this means is the level of funding available to Auckland Transport to deliver its existing programme of activities and services has declined dramatically. This means less money for the maintenance of local roads; and less ability to maintain existing public transport services.

Auckland Transport would also need to reprioritise the existing programme of works and activities set out in the Regional Land Transport Programme in order to switch to the delivery of new priorities to be delivered as part of the Climate Change Target Rate.

This reality needs to be understood in the context of the following advice, which has been provided to Auckland Transport and which needs to be acknowledged and contemplated by Auckland Council:

a) A loss in public transport revenues, cost pressures and a lack of funding certainty to maintain a core level of services at a time when accelerated mode shift is required to reduce Auckland's transport related greenhouse gas emissions targets.

b) Inflationary pressures, market forces and prior budget pressures effectively delaying the improvements programme by a year and approximately $200m in cost escalation forecast for the deliverable programme in this three-year period.

c) Renewals and maintenance funding being capped below levels in Auckland Transport's approved Asset Management Plan, while climate change impacts become more frequent.

d) A $215m shortfall in requested funding from the National Land Transport Fund and lack of funding certainty around the regional fuel tax and Eastern Busway putting delivery of critical mode shift initiatives at risk.

e) Increased stakeholder expectations, particularly associated with proposals to rapidly reduce transport greenhouse gas emissions, without the change in funding and other mechanisms necessary to meet these expectations; and

f) Increasing pressure to alter the programme to prioritise new investment in climate change initiatives and align Auckland Transport's investment in growth initiatives with Kainga Ora and the New Zealand Upgrade Programme.

In my time as an Auckland councillor I have observed this game played over and over:

1. Start with making vision statements, which are based on lofty ambitions;

2. Set a 10-year budget, which involves deferrals in the first three years (when the budget is real) but with the expectation of an upside in outyears (when the budget is theoretical);

3. Require a renegotiation to the budget due to external factors such as Waka Kotahi not affording its share of the budget (through shortfalls in the Funding Assistance Rate) by way of example. This means deferrals get more significant and the upside is pushed further out;

4. Explore ways to reprioritise existing budget envelopes to fund new services; and

5. Propose a new targeted rate, which ties the capital value of your property to a range of activities to be funded, some of which may have nothing whatsoever to do with the capital value of your property.

I am being told and this board will be told that the Climate Change Targeted Rate is so fundamental, so non-negotiable, and to not back it would be to make the declaration of a Climate Emergency a lie. My view – which I express to this board – is that the proposed targeted rate struggles to articulate any meaningful pathway towards reducing emissions.

Reducing emissions occurs when businesses and consumers respond to market prices and invest in green technologies. That is what an emissions trading scheme seeks to do, and that is very different from a rate on the capital value of your property.

Further, who in our community is declaring that the potholes are acceptable and we should lower standards even more so as to exacerbate the decline in our transport infrastructure? When the Council and the government renegotiate the priorities for transport projects based on criteria such as decarbonisation and mode shift, who asked ratepayers if they support that reprioritisation?

For Papakura, the consequences of this change are profound. Already, commitments on Mill Road have been walked back. But other projects are also being either deferred or cancelled, for example, the loss of the Hingaia 2 road widening project (funding for capex lost as part of a reprioritisation based on recarbonisation and mode shift priorities elsewhere). How much more has to be given up before we call out the strategy whereby funding for growth and renewals is sacrificed as part-payment for new priorities under the guide of climate action?

I have voted for rate increases on my time on Council. However, I did not vote to introduce the Accommodation Provider Targeted Rate; nor the Environment Targeted Rate; and I remain deeply skeptical about the proposed Climate Change Targeted Rate.

Remember, we had a so-called one-off increase in the general rate last year by 5 per cent, but around 1.5 per cent of that was ring-fenced for climate action. That means in real terms we continue to vote for cuts year-by-year to the based level of rate funding for existing Council services and activities. I never stood for Council to manage the retreat in Council's ability to fund activities that are intrinsic to the convenience and well-being of residents (such as the maintenance of local roads) simply because the prevailing view is we should jump to new and unfunded mandates.

I am deeply uncomfortable with what appears to be an emerging political consensus around unfunded mandates because it reveals a propensity to channel scarce ratepayer dollars to activities for which the delivery is questionable at best. I am at peace with my view of this because I have always worked to figure out a way to deliver on my commitments to my constituents.

Finally, the views and values that I bring to this debate are shaped by the conversations I am having with residents and ratepayers on the doorstep. Ultimately, people are onto this Council and they are highly skeptical about the budget assumptions that underpin the Draft Annual Plan … and they are right to be.

Cr Daniel Newman
27 April 2022