

Date: Tuesday 10 May 2022
Time: 1.00pm
Meeting Room: This meeting was held via MS Teams. Either a recording or written summary will be uploaded on the Auckland Council website.
Venue:

Ōtara-Papatoetoe Local Board

OPEN MINUTE ITEM ATTACHMENTS

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Feedback on Annual Budget 2022/23

1. Context

Auckland Council is continuing to face significant financial challenges that will require difficult choices to manage. Although these challenges have been exacerbated by the COVID -19 Pandemic and global uncertainties, they have been building over a number of years due to historic underinvestment, population growth and resulting service demand.

Council is now facing a situation of continually deteriorating financial projections, and having to make, or at least signal, starker choices than what was consulted upon as part of the Annual budget development process. All choices have consequences to all of our communities and there is very little ability now to keep postponing the inevitable reckoning between what we must deliver, what we can deliver, what we are willing to live without and most importantly what the community is willing to pay for.

The local board acknowledges that the council has successfully kept rates rises relatively low, relative to the rate of growth, demand, and investment needs, through prudent financial planning and efficiency savings of \$2 billion over 11 years. While ongoing efficiency savings and non-strategic asset sales continue to be an important part of council's financial management, it is becoming apparent that those levers cannot by themselves meet the financial challenges facing council. An honest conversation with Aucklanders is overdue on costs of providing services they value, and the income needed to cover them, or the trade-offs they are willing to support to reduce those services. This will need detailed information on what specific services can be reduced or stopped. We face stark choices and need bold leadership. The board urges that a focus on equity and investing in our most vulnerable communities should be the cornerstone of our budget considerations, so communities who are trying hard to catch-up aren't left further behind.

2. Principles

The local board believes key principles and priorities, already agreed by the Governing Body and the public, needs to guide council decisions on the Annual Budget 2022/23 and future budgets. These include:

a. Supporting our vulnerable communities

A number of council's core documents including the Auckland Plan 2050 and the Ngā Hapori Momoho | Thriving Communities 2022-2032 Strategy that the Governing Body has adopted directs council to address historical and structural inequities of investment, opportunities, and outcomes in some of our communities. This will require bold decision-making and targeted investment.

It is beyond dispute that economic hardships and shocks affect communities disproportionately and have lasting impacts on some communities more than others. At this inflection point of rising costs and prices, the inevitable reduction of services, and to avoid further entrenching inequity, council leadership has to do more to support vulnerable communities through more targeted distribution of investment and development in some of lower income communities and away from others. This cannot be left for the outer years of our Long-term Plan but need action now.

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b. Action on climate change including reduction of emissions and adaptation

The effects of climate change and the need to drastically reduce emissions and support communities to adapt to it requires another focus on what is a fair approach to investment. Lower income communities on the one hand can't afford to fund the significant levels of investment to address and adapt to climate change. On the other hand, these are the communities least resilient to manage its effects and will be most affected.

The case to meet the challenge of climate change has been well made with significant support for council action. The challenge of reducing emissions by 50% by 2030 and reach zero net emissions by 2050, while adapting to a changing climate is daunting. The nature and the equity of our actions towards those goals is yet to be decided and again requires bold leadership.

c. Working with our Māori communities to address inequity and ensure Māori thrive

Māori are an important subset of vulnerable communities and continue to suffer poorer health, housing, economic and social outcomes on average. The local board takes council's legal obligations and policy directions to promote Māori wellbeing and involvement in council decisions seriously.

The board believes council can do much more to involve Māori in decision-making across Auckland and invest in Māori outcomes. Auckland Council's Thriving Communities Strategy also promises to promote "for Māori, by Māori" initiatives which needs further attention.

d. Provide clean and sustainable transport choices to accelerate and incentivise mode shift away from private fossil fuel dependent options

Transport budgets are under significant strain with a collapse in farebox income and uncertainty on when patronage will recover due to the ongoing pandemic and an entrenched change in ways of working. So, transport infrastructure and planning needs to plan for the future of consumer behaviour rather than the past.

The board is aware of additional challenges facing funding partners such as Waka Kotahi and the impact of the consumers reducing private fossil fuel dependent travel with its inevitable reduction of income from sources such as the Auckland Fuel Tax. New sources of revenue and subsidies is needed that incentivises the use of public transport. The board

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believes significant and urgent policy work is needed to investigate and develop options for fare free public transport and charges to manage congestion.

e. Affordable housing

Housing inequity and affordability is a key issue facing Aucklanders. Council's regulatory and infrastructure provision roles that speed up development and contribute to managing existing and future housing need is crucial for community wellbeing.

The board believes more work is needed with Kainga Ora, iwi and NGOs to bring more affordable housing into all of our communities rather than simply concentrating affordable housing in certain predominantly low-income communities, unless significant investment is made to address under provision of community infrastructure. Our lower income communities can absorb growth but not without accompanying investment and equity of service provision.

3. Levers and Priorities

The local board understands the challenges ahead and offers the following thoughts to the Governing Body on the levers available to meet them.

| Lever | Considerations |
|---|---|
| Increasing income in the future through rates and other charges | <ul style="list-style-type: none"> While current rates settings remain well within affordability measures (below 5% of median household income), the impact is felt differently across households. Nevertheless, rates are a progressive taxation system where those who own more pay more, which is fairer than flat charges. The local board is willing to support the Governing Body in considering higher rates options in the short to medium term to deal with the current and somewhat unprecedented situation, subject to consultation with the community and making a compelling case that details the trade-offs of continued lower rates rises. The board also requests detailed work on other measures such as congestion charges or increasing other transport related income to fund fare free public transport and manage any future reduction in income from the Auckland Fuel Tax. |
| Service reductions | <ul style="list-style-type: none"> The board understands that the proposed service reduction targets in the Annual Budget may have to be revised further due to the deterioration in the council's finances since consultation. The board will not support significant changes to libraries, parks and recreation services. Former councils, the Auckland Council, local boards and our communities have fought for, established, worked in and delivered a number of discretionary services |

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| Lever | Considerations |
|-------------|--|
| | <p>to meet a demand and a gap in the market. These should not be done away with before careful analysis on impact and consultation.</p> <ul style="list-style-type: none"> It is inappropriate to use crude regional one-size-fits-all analysis to determine the relative priority of services to the public. This assessment is best made (and explained by) those working closest to the communities such as local boards. The principle of subsidiarity (where decisions on public functions are made by those closest to the customer) should apply. The board understands that a review of what we deliver and how we deliver it provides exciting opportunities to innovate and work closely with our communities on partnership and empowerment opportunities. The board is willing to work with the Governing Body and staff to identify, consult upon and manage service reduction targets within local board areas as long as local boards are an integral part of the design approach and remain the decisionmaker on locally delivered services. |
| Debt | <ul style="list-style-type: none"> The board does not believe further debt above the agreed ceiling and/or significantly different from undertakings in the proposed Annual Budget and Long-term Plan is appropriate given the likely impact (and cost) on public and investor confidence in council's ability to manage its finances. Deferring or revising capital projects seems an inevitable consequence but should be temporary and not permanent. A number of local projects including One Local Initiatives (OLIs) and LBTCF funded projects have been deferred already, despite significant analysis and community consultation having proved they were necessary investments. While revising fixed asset delivery is reasonable in times of crisis, the board would prefer other levers such as focus on income is pursued rather than a continual or permanent deferral of much needed projects that entrench inequity and unequal access to council services. |
| Asset Sales | <ul style="list-style-type: none"> The board does not support the sale of strategic assets such as shares in Auckland International Airport and Ports of Auckland. The board is also concerned about the sale of other assets such as reserves that are too easily classified a "non-service" without appropriate analysis of future needs in a growing and intensifying city to meet sales targets. Council still has a significant asset base that needs to be maintained and renewed until there is a significant shift away from asset-based service delivery. The board supports more work on how council's corporate and community service asset base can be revised to reduce holding costs such as through long-term leases. The board believes that the hybrid flexible model of working is likely to continue into the future and significant corporate office space can be freed up in the short term to reduce corporate costs. |

4. Ōtara-Papatoetoe Local Board key advocacy initiatives

| Initiative | Description |
|--|---|
| Address the impact of climate change by investing in least | The board needs support in advancing our tree planting programme to increase climate resilience, carbon absorption and biodiversity. We will do this in partnership with mana whenua as kaitiaki of our rohe. |

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| Initiative | Description |
|---|---|
| resilient communities first | |
| Waste Management | The board continues to advocate for local waste management solutions such as recycling/upcycling services to move towards a circular economy. |
| Address provision inequities and under-investment in community facilities | The Governing Body needs to do much more and sooner to address the growing inequity in access to quality facilities, parks and open spaces for tamariki and whanau. The Ōtara-Papatoetoe Local Board board request and advocate that: <ul style="list-style-type: none"> • Ōtara is taken up as a "Transform" area for planning and investment and • investment in "Unlock Papatoetoe" for new civic and community hub |
| Building confidence in our local economy | Improving the well-being of our locals by supporting our local economy to become more efficient, resilient, and sustainable through working with the council Group to identify procurement, quality employment and social enterprise opportunities. |
| Local budgets are maintained | Council group to maintain the Local Board Capital Fund and Local Driven Initiative budgets to deliver the Auckland Plan's objectives through the local board plan |
| Consultation needs are met | Improve council's communication and engagement methods to meet local needs through meaningful engagement as many of our communities are continuing to be left out in consultation on important council decisions that affect them. |
| Local Boards are involved in designing the approach to reviewing locally delivered services and are the primary decision-maker | This is a key discussion with our communities and cannot be planned and executed regionally. Local boards are best placed to decide on impacts and trade-offs. |

5. Ōtara-Papatoetoe Local Board feedback on regional topics

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| Topic | Proposal | Support / Do not support | Local Board Input |
|-----------------------------------|---|--------------------------|---|
| Climate Action | To introduce a climate action targeted rate | Support | <ul style="list-style-type: none"> It is heartening for the local board to note that the community feedback, from an area of high deprivation, is largely favourable, with 60 per cent responses in support. It demonstrates that our communities are up for the challenge. A key issue is whose needs will this targeted rate serve? How will it be allocated and for what purpose. The board are in support of the rate in principle as the need to address climate change is urgent and the need to adapt to it is just as important. The board supports this additional burden on households, especially lower income households, on the expectation that the funding is used to support and prioritise our least resilient communities such as Ōtara-Papatoetoe. The climate action package must support the outcomes and priorities of the Ōtara-Papatoetoe local board due to the public transport poverty in the board area and the some of the least tree canopy coverage in the region. |
| Budget Pressures | To manage on-going budget pressures | Support | <ul style="list-style-type: none"> We support an inclusive conversation about how to manage budget pressures and have provided some indication of early thinking. |
| Operating Spending Prioritisation | On how council will choose which services to reduce, stop or change | Support | <ul style="list-style-type: none"> Design and decisions on this must be led locally. The board believes there will be many opportunities to partner with communities to deliver services that are responsive and at a lower cost than council led services. |
| Waste | To move from a planned region-wide pay-as-you-throw system to a region-wide rates-funded refuse collection system | Support | <ul style="list-style-type: none"> Well supported by our community |
| | To standardise the opt-out rules for residential multi-unit developments (10 or more units) | Support | <ul style="list-style-type: none"> Well supported by our community |
| | To standardise the opt-out rules for residential and lifestyle properties with between two and nine units | Support | <ul style="list-style-type: none"> Well supported by our community |
| | To standardise the opt-out rules for non-residential properties | Support | <ul style="list-style-type: none"> Well supported by our community |

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| Topic | Proposal | Support / Do not support | Local Board Input |
|-------|---|--------------------------|---|
| | To apply a minimum base charge to every separately used or inhabited part of a property | Support | <ul style="list-style-type: none"> Well supported by our community |

Any other Feedback

| Topic | Local Board Input |
|----------------------------|---|
| Fare free Public Transport | Request urgent work be completed by staff to provide options, costs, partnerships and possible trade-offs to trial and implement fare free public transport in either the urban south or across Auckland to understand its long-term viability. |

6. Concluding Remarks

The local board is aware of the significant financial issues facing Auckland Council and the brave political decisions and conversations with our communities that is needed to navigate them. Council has an opportunity to either treat communities equally or treat them fairly. Higher charges, service cuts and poor investment decisions affect different communities disproportionately. We need a serious consideration of how we will address the growing and more entrenched inequality of access to opportunities, services and outcomes across Auckland, especially at a time of crisis.

The Ōtara-Papatoetoe Local Board wants to constructively work in partnership with the Governing Body to manage these difficult decisions as long as we are treated as true partners. After the Emergency Budget of 2020, The Recovery Budget of 2021 (and perhaps the current "In the doldrums" budget of 2022), we look forward to working with the Governing Body on the "Dealing with inequity" budgets in 2023/24 and beyond.