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Submission by the NZ Automobile Association on the Emergency Budget 2020-2021

Overview

The NZ Automobile Association (AA) appreciates the opportunity to comment on Auckland Council's Emergency Budget 2020-2021.

As an advocacy organisation, the AA's focus is firmly on transport issues, and we do not see that it falls within our remit to comment on the policy of Auckland Council (or any other branch of local government) in relation to general rates. Where we can contribute, however, is to provide a window into public sentiment on the questions being addressed in the consultation and, more importantly, to offer commentary on the wider issues of transport planning and funding that have been brought into focus by the Emergency Budget.

This submission draws on a recent quick-fire survey of 443 Auckland AA Members, focused on the possibility of rates increases, potential mechanisms to help fill the funding gap, and the likelihood of cuts to Council services.

Survey results

Earlier this month, we carried out a three-question survey on the Emergency Budget with the AA's Auckland Panel. The Auckland Panel is a group of approximately 1000 Auckland AA Members that responds to regular, short-form surveys on a range of transport issues.

The survey began by asking respondents the key question posed in the consultation – whether a 2.5% or a 3.5% rates increase was preferable. In contrast to the Council's consultation form, the AA survey included an "other" option, and asked respondents to specify via a free-text box.

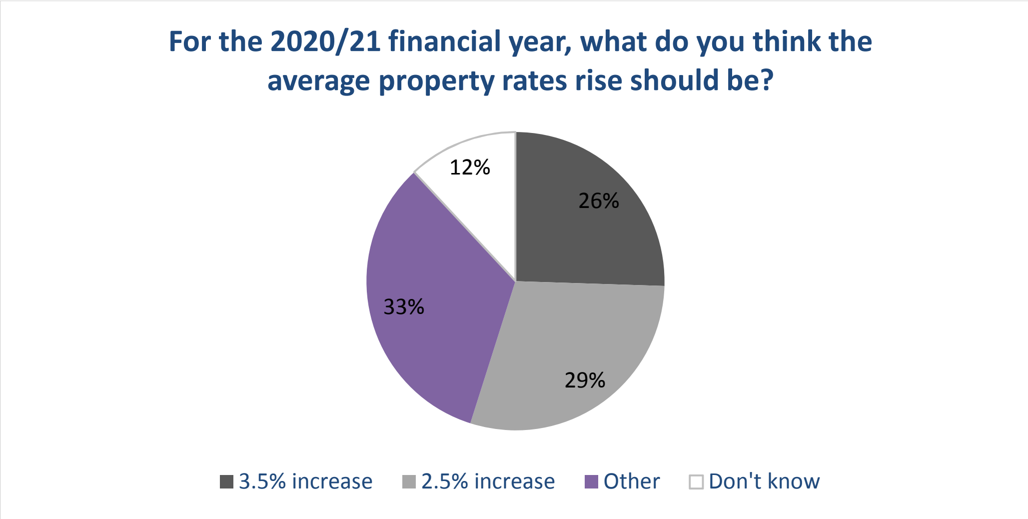

Figure 1 - Results from AA Auckland Panel survey, June 2020

Seen through a 'glass-half-full' lens, the results relating to public willingness to accept increased rates may give some heart to Auckland Council. If the question is framed in terms of willingness versus lack of willingness to pay more, and the options for rates increases are combined, a small majority of respondents (55%) indicated a willingness to pay more.

In the free text responses following this question, a number of respondents indicated that they were willing to stomach rates rises because they did not want to see Auckland slide back on the infrastructure front, and erase the progress that had been made in recent years.

However, the question put in front of Aucklanders was not whether or not they were willing to pay more, but rather ***how much more*** they were willing to pay. From this perspective, the outlook is less optimistic. The most popular single payment option was "other" (preferred by 33% of respondents). Of those who selected "other", the overwhelming preference was for zero increase, though there was also a small chunk that called for a reduction.

Respondents were then asked to indicate how they felt about a range of options to fill the funding 'hole' that the Council currently faces.

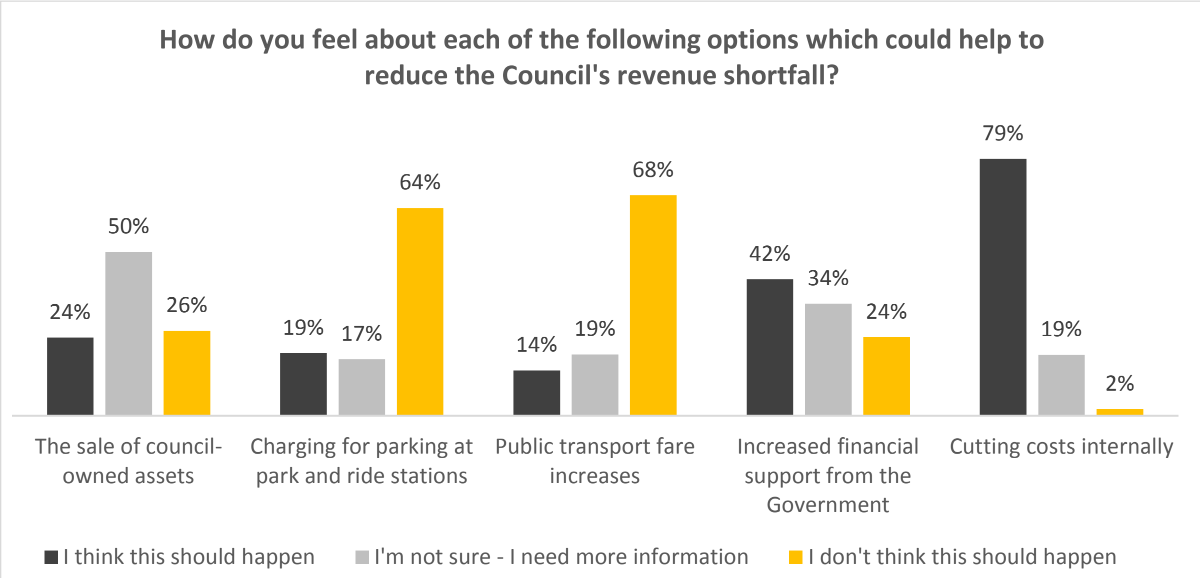

Figure 2 - Results from AA Auckland Panel survey, June 2020

By the far the most popular option was cutting costs internally (79% supportive, versus 19% unsure and only 2% opposed). In the free text responses, there was a very clear sense of frustration with perceived financial mismanagement on the part of Council, including lavish and wasteful spending (particularly on salaries). The resounding message was that people want to see Council tighten its own belt before asking Aucklanders to tighten theirs.

Meanwhile, respondents were equivocal (though still positive) about the idea of drawing on increased financial support from central government (42% supportive, 34% unsure, 24% opposed) and more equivocal still about the idea of selling Council-owned assets (24% in favour, 50% unsure, 26% opposed). When it comes to charging for the use of park and ride stations or increasing public transport fares – issues that are, arguably, better understood and more likely to be directly felt – respondents were deeply opposed (64% and 68% opposition, respectively).

Finally, respondents were asked to give their views on the prospect of cut-backs to different areas of Council expenditure (a brief description of each investment area was provided).

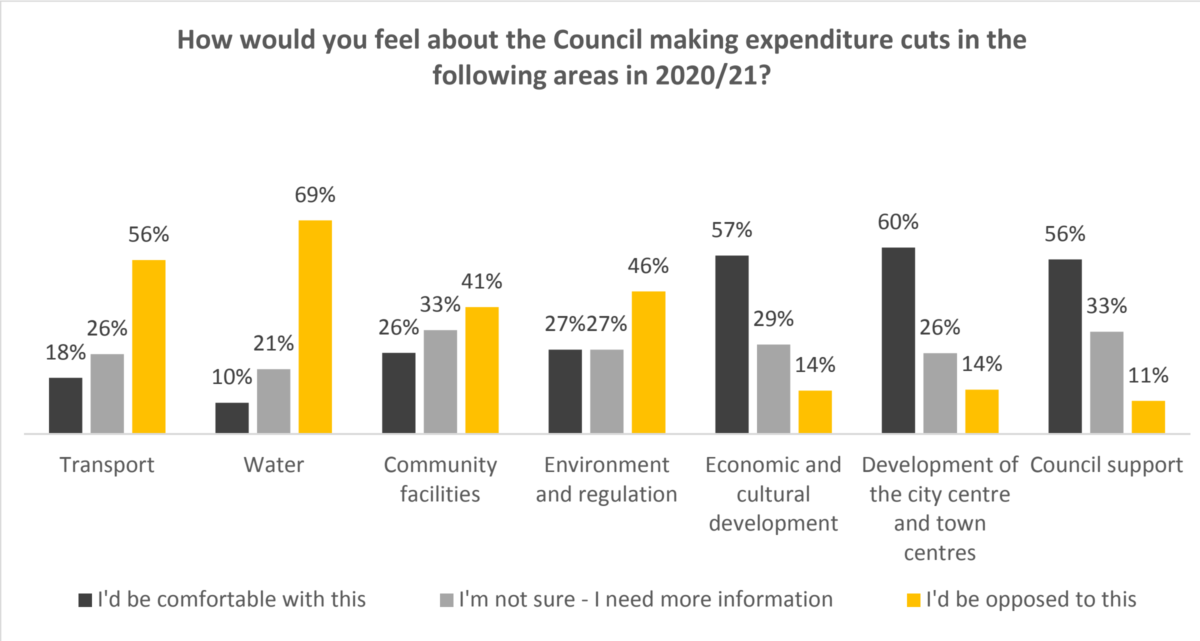

Figure 3 - Results from AA Auckland Panel survey, June 2020

Far and away the most opposition was reserved for cut-backs to water services (69% opposition) and the transport programme (56% opposition). Respondents were far more inclined to accept cut-backs in areas like economic and cultural development (57% ***support***); development of the city centre and town centres (60% support) and Council support (56% support). Both in the quantitative and qualitative responses, there is a clear desire to see Council focus on core services relating to physical infrastructure.

Commentary

Even with an increase in rates, the outlook for the Council's investment programme is grim. The AA is particularly concerned by the prospect of cut-backs to the transport programme and by the possibility of a situation where Auckland Transport is unable to deliver on the core elements of its management of the transport network: road safety, road maintenance, network operation, and public transport services. If adequate ongoing investment is not maintained in these areas, the transport network will degrade and the damage could well be lasting. Much of the effort and investment made over recent years will go to waste, and the cost of re-gaining lost ground in the future is sure to be very high.

Alongside the discussion about rates assistance, therefore, there is an urgent need for Auckland Council and Auckland Transport to re-assess and re-calibrate the transport programme, so as to be able to weather the storm (at least over the medium term).

This will entail re-evaluating all key projects in the light of Covid-19 and the impacts on travel demand. It may well be that, in an environment where demand has decreased or disappeared, at least some projects no longer make sense in their current form or with their current timing, and that there are opportunities to downsize or defer.

It will also mean taking a more pragmatic approach to the design of the programme, to reduce medium-term cost pressures – focusing transport investment on must-haves (the core areas of transport mentioned above) and away from nice-to-haves (such as place-making initiatives); opting for staged solutions where possible, and making sure that all possible efforts have been made to get the most out of existing infrastructure assets before constructing new ones (also known as ‘sweating the asset’).

The re-assessment would need to detail specifically how any additional assistance from central government – if forthcoming in the future – would be used to ease budget pressures (we note that it is still unclear to us how the money freed up in the Council’s budget by the NZ Upgrade Programme, which appears to be in excess of $850 million, was re-allocated). Indeed, the re-assessment should be a pre-requisite for any discussion about increased support from central government.

Finally, a reassessment of this kind would be critical from a public sentiment perspective. Aucklanders who are being asked to pay more in rates need to see that the Council has its own house in order, and a well-communicated effort to rationalise the transport programme would be an important step in this direction. For as long as the public feels the Council is failing to focus on the things that matter to the public, perceptions of wasteful, indulgent Council expenditure will remain strong, and will continue to detract attention from the more important facets of the debate.

Closing remarks

We are very happy to meet with the team handling this consultation at any point to discuss the content of this submission in more detail.

Yours sincerely,

Barney Irvine
Principal Advisor – Infrastructure