

# 2023 ANNUAL BUDGET RESEARCH

Presentation of findings



## The task at hand

- > Survey research to supplement public consultation and engagement on Auckland Council's key proposals in the 2023/2024 annual budget.
- > An independent, robust and demographically representative survey of Aucklanders.

### THE TOPICS COVERED

The four proposals consulted on in this survey relate to:

- > Reducing operational costs
- > Selling council's shares in Auckland International Airport Limited
- > General rates and additional debt increases
- > A proposal to prepare for and respond to future storms

# Survey design and method



## **Independent questionnaire design**

- Developed by Kantar Public in collaboration with the reviewer from the University of Auckland, and input by Auckland Council. The mayor or mayor's office did not see or have any input into the design of the questions.



## **Questions cognitively tested to ensure:**

- Information and questions were clearly worded and easy to understand.
- Information was provided in an objective manner.
- Respondents were able to cope with the amount of contextual information provided.



## **Conventional pilots of online survey and phone survey**

- Interviewer feedback from pilot.
- Senior researcher listened to pilot recordings to check for issues.
- Minor changes were made to the questionnaire post pilot.



## **Industry best practice methods**

- ISO accredited.
- Extensive efforts to minimise non-response bias and ensure statistical robustness.



# Survey method

- > **3,989 interviews with Auckland residents aged 18+**
  - Maximum margin of error on total sample is +/-1.6%
- > **Mixed method approach used:**
  - Online survey of 3,391 respondents (recognising decreasing % of households with landline phones)
  - 598 booster phone interviews conducted where there are significant numbers of households without internet access (Māngere-Ōtāhuhu, Ōtara-Papatoetoe, Papakura, Puketapapa, Rodney), as well as Waiheke and GB
- > **Around 200 interviews per local board** (except for Great Barrier and Waiheke)
- > **Online interview time was 7-minutes and phone interview time was 11-minutes**
- > **Fieldwork conducted between 1 and 29 March, 2023**
- > **Survey data weighted to align with Statistics NZ population data:**
  - Age by gender, ethnicity, local board size, household income/size





# All respondents received key contextual information:

>

Auckland Council has faced ongoing budget challenges for some time. Following recent rapid increases in inflation and interest rates, they now need to address a \$295 million **shortfall** in the forecast budget for the 2023/2024 financial year.

>

To do this, Auckland Council is proposing that it:

- Reduces council operating costs by \$125 million
- Increases rates by 4.66%
- Sells council's shares in Auckland International Airport
- Borrows no more than \$75 million of additional debt.

>

All four of these proposals are needed for council to address the \$295 million shortfall. If any one of these doesn't go ahead, council will need to look at bigger rates increases or more debt.



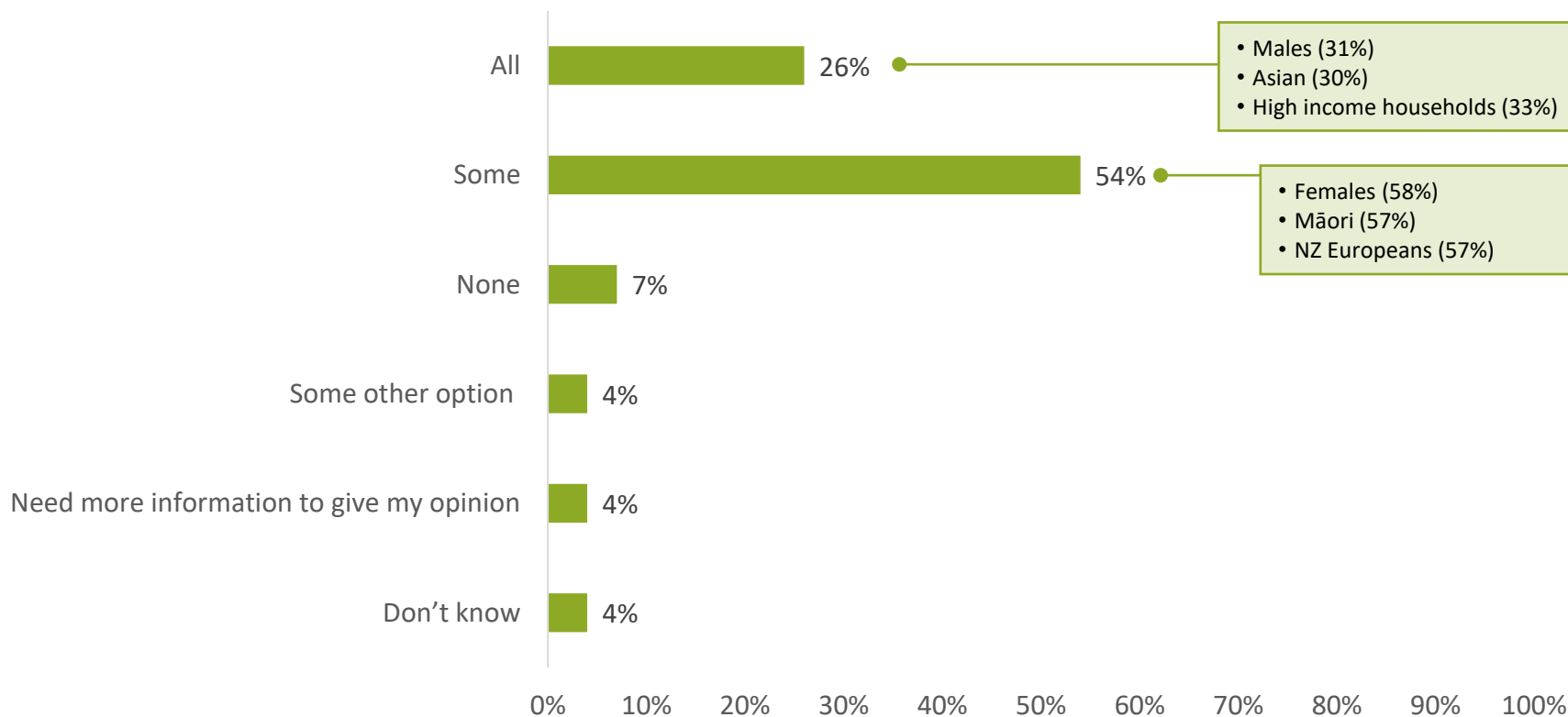
# Proposed reductions in operational spending – explanation covered:

- > Auckland Council is proposing to reduce operational spending by \$125 million.
- > Council is going to share resources across council organisations and reduce staff to save money, as well as six other ways it proposes to reduce spending including (list provided was based on the consultation form list and the order of items was rotated)
- > If it does not go ahead with some of the reductions it would need to increase rates by more than 4.66% and/or borrow more than \$75 million of additional debt.

*More detailed information was made available if the respondent wanted it*

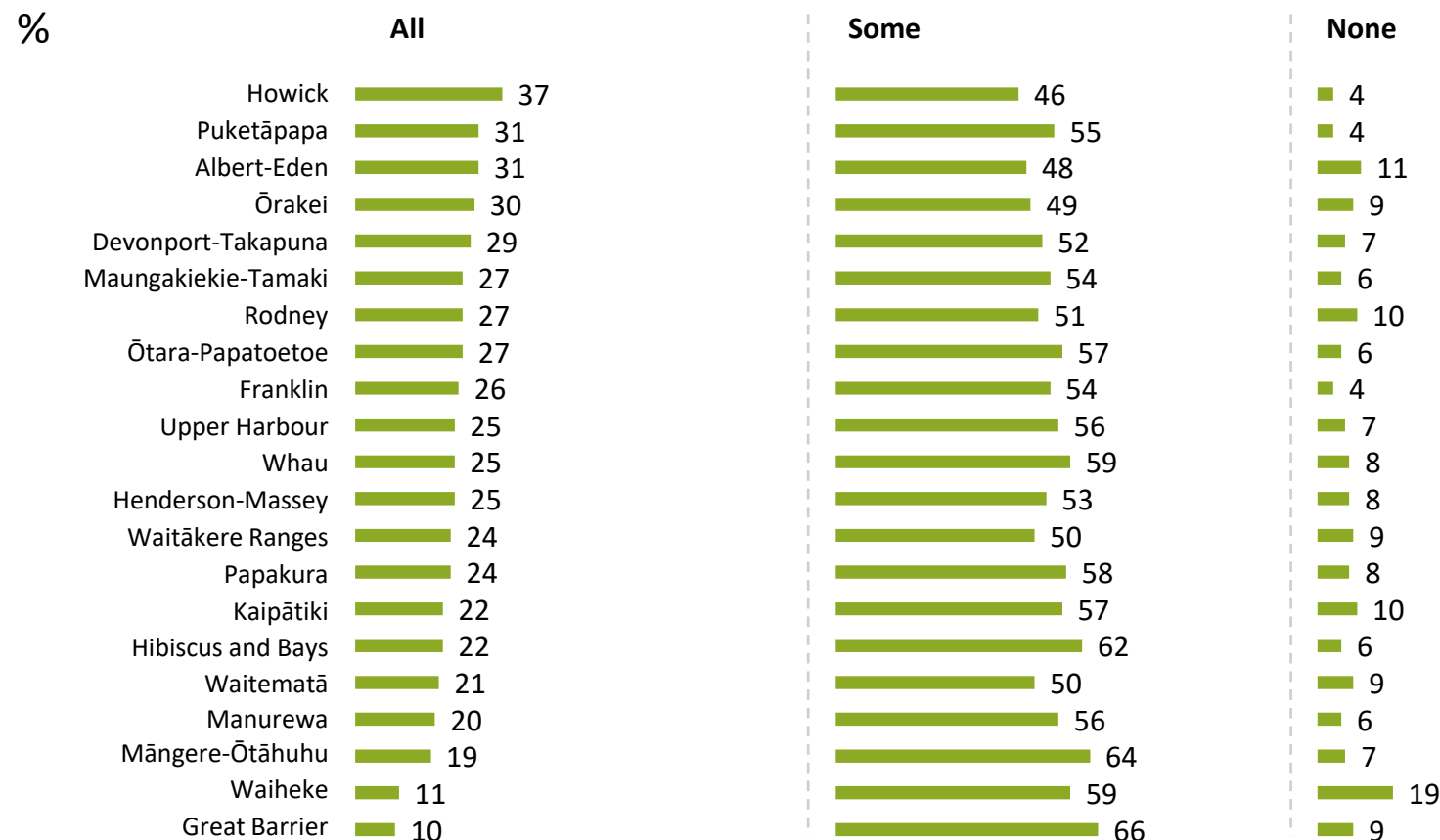
Most (80%) Aucklanders believe there needs to be spending cuts, with 26% supporting 'all' proposed spending reductions and 54% supporting 'some'.

#### SUPPORT FOR OPERATIONAL SPENDING CUTS



In every local board, most residents support spending reductions, with the emphasis on supporting 'some' rather than 'all' the proposed cuts.

## LOCAL BOARD SUPPORT FOR SPENDING REDUCTIONS

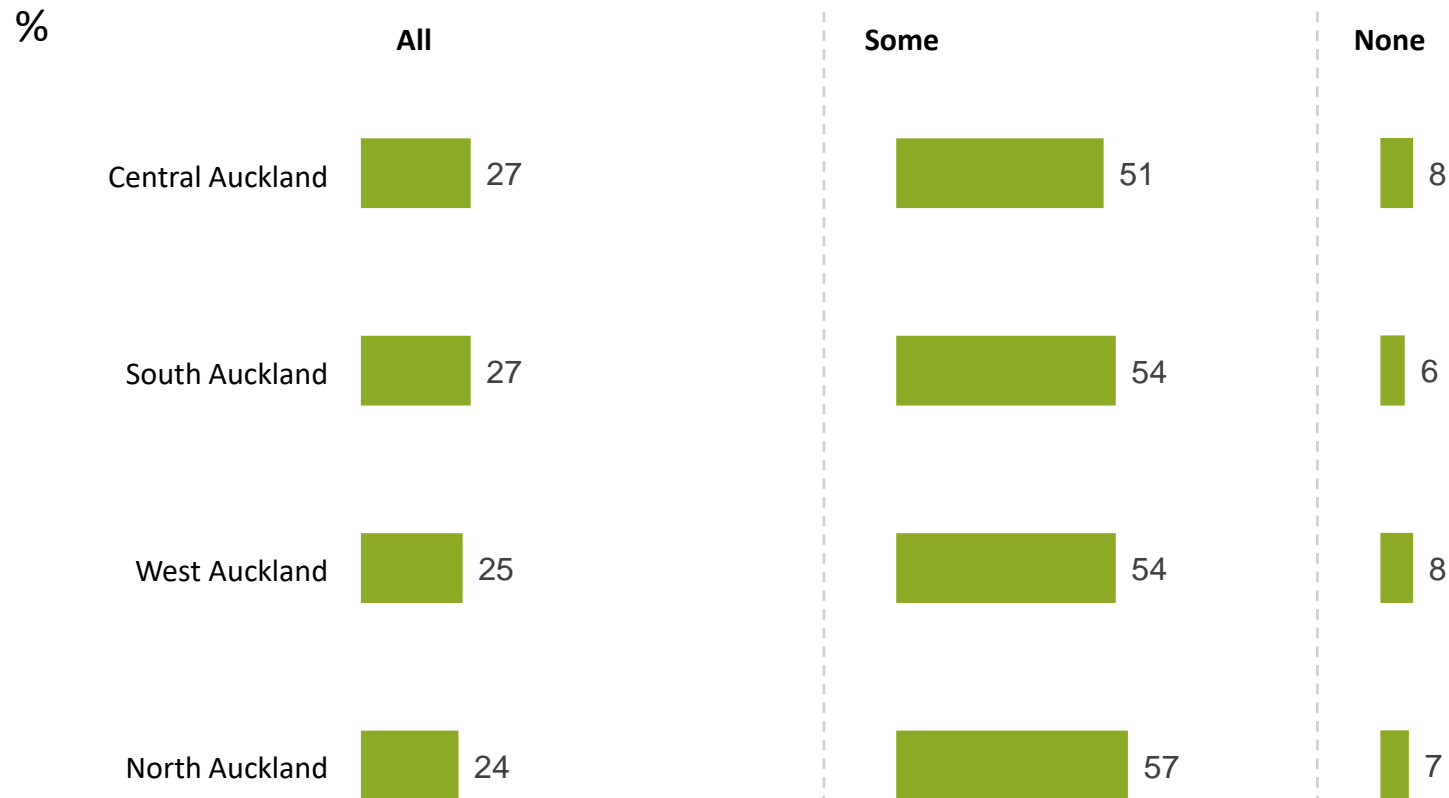


The following responses are not shown on the chart: 'Some other option' (ranging from 2% to 7%), 'Need more information' (0.4% to 11%), 'don't know' (2% to 8%).



# Support for the proposed spending reductions is a little less in North Auckland.

## REGIONAL SUPPORT FOR SPENDING REDUCTIONS



The following responses are not shown on the chart: 'Some other option' (ranging from 3% to 5%), 'Need more information' (4% for each area), 'don't know' (3% to 5%).



# Proposed sale of AIAL shares – explanation covered:

- > The options are to sell all, some, or none of Auckland Council's 18% shareholding in Auckland International Airport Limited (AIAL) shares.
- > If council sells all its shares, council debt and the interest on that debt would reduce the most.
- > If council sells some of its shares and keeps a 10% shareholding, council debt and interest would reduce but by less. A 10% shareholding would mean council would still own enough to stop other companies from buying or controlling the Airport company.
- > If council sells only some or none of its shares, it will need to increase rates more than 4.66% and/or borrow more than \$75 million additional debt.

**Refer to correction statement overleaf on highlighted sentence.**

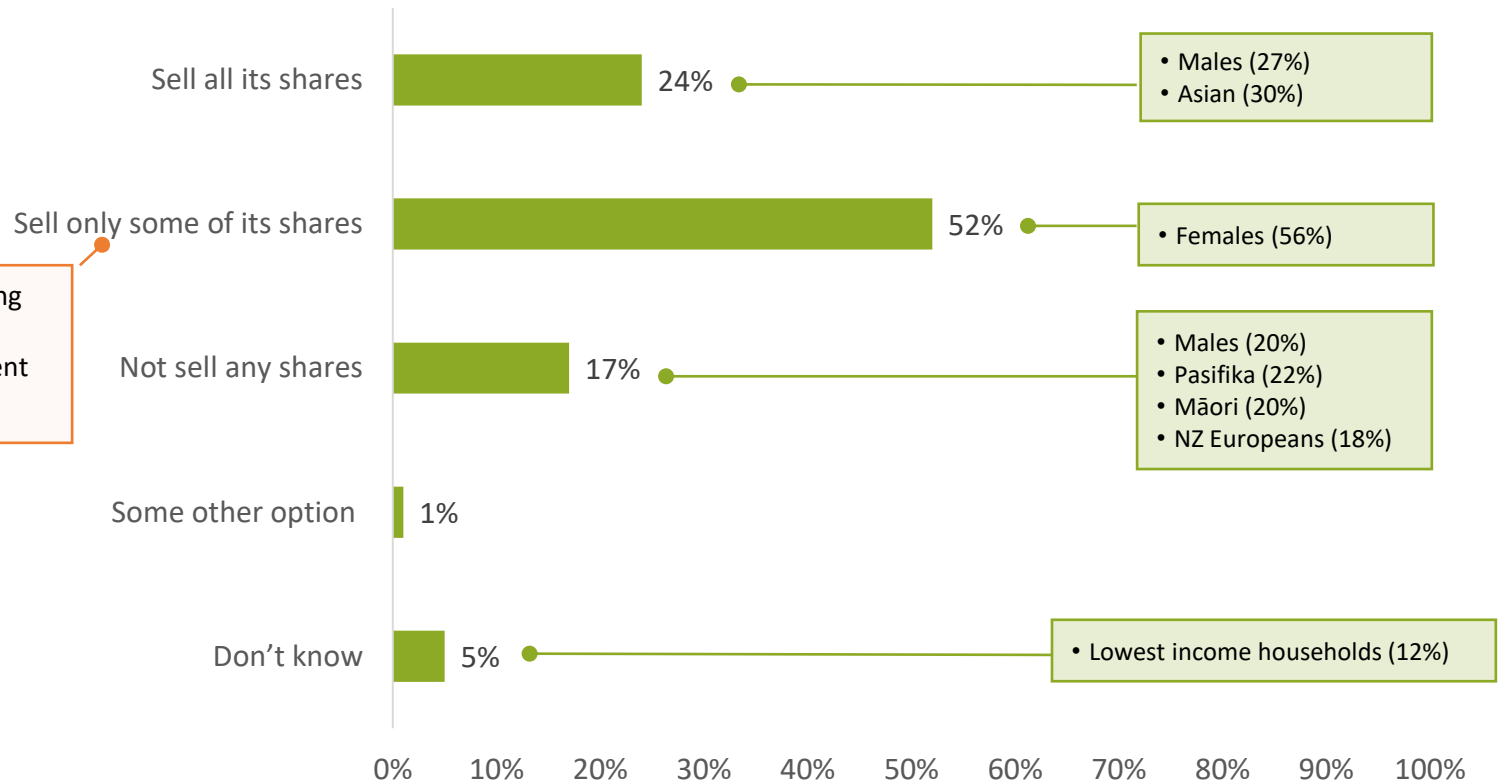
An aerial photograph of a city, likely Vancouver, showing a large bridge spanning a body of water, with a prominent tower (the CN Tower) in the background. The image is used as a background for the top section of the slide.

# Correction statement:

**Correction statement to consider in interpreting the survey results:** The statement highlighted on the previous page was incorrect. A 10% shareholding would not prevent someone from acquiring 51% or 75% of the shares, and therefore taking majority or total control of the company. Majority control (51%) gives certain abilities such as passing majority votes at shareholder meetings and appointing directors. A 10% shareholding could prevent a 100% takeover under the provisions of the takeovers code (as a 10% shareholder can't be forced to sell their shares under the code) but it could not necessarily block a 100% takeover by way of a "scheme of arrangement" which requires a court order, and approval of only 75% of the shareholding votes cast. Note, as AIAL's shares are currently widely held, in practice it may be difficult for anyone to achieve the requisite 90% or 75% shareholder approval for a takeover, and council could use any shares it retains to vote against a takeover even if it cannot block one alone. Additionally, a foreign entity could not obtain a 25% interest in AIAL without national interest approval under the Overseas Investment Act.

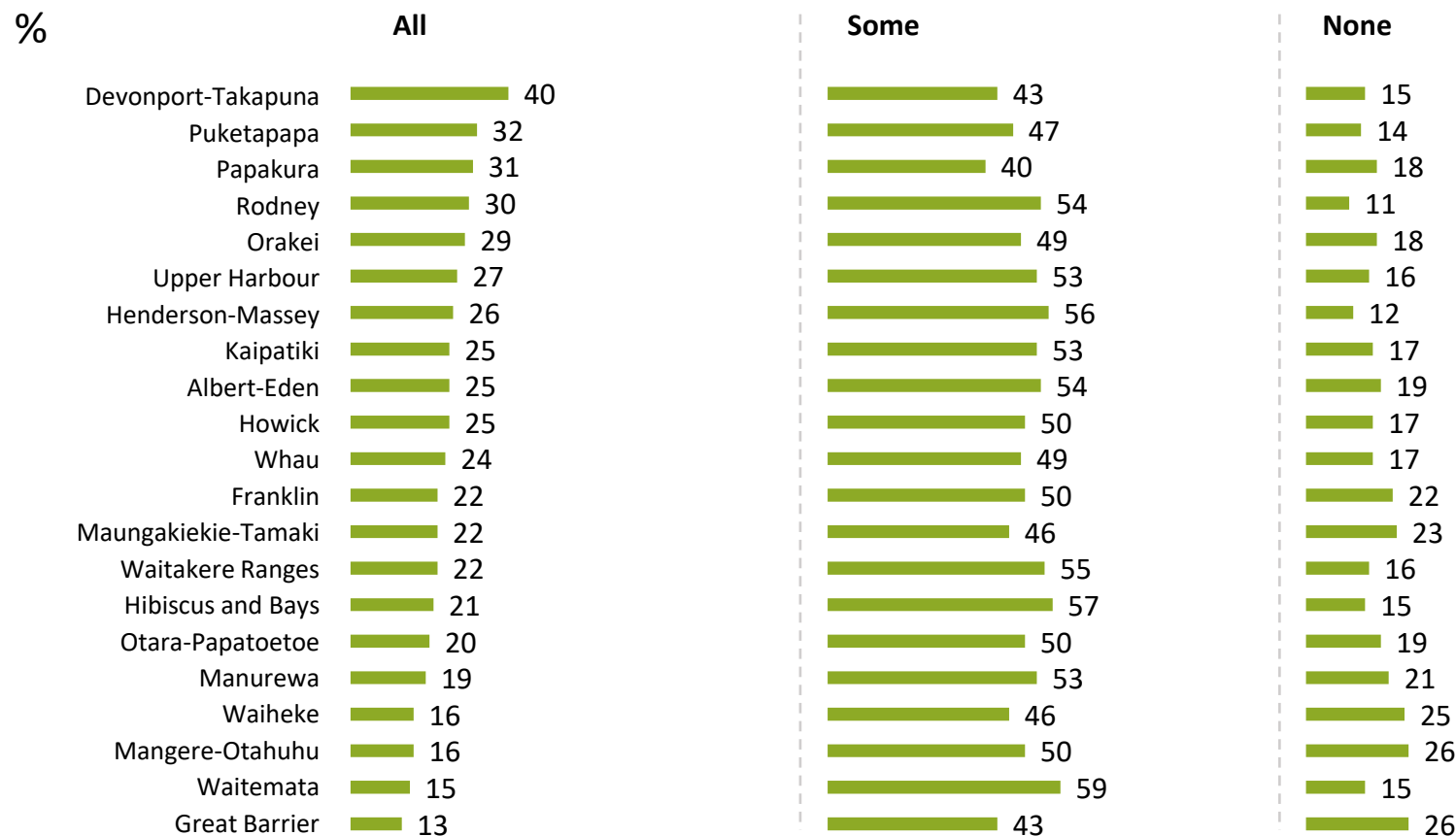
Around three quarters (76%) of Aucklanders support council selling at least some AIAL shares, with 24% supporting the sale of 'all' and 52% 'some' of its shares.

## SUPPORT FOR AUCKLAND COUNCIL SELLING SHARES IN AUCKLAND INTERNATIONAL AIRPORT LIMITED



With the exception of Devonport-Takapuna (where opinion is more polarised), in every local board there is greater support for selling 'some' rather than 'all' the shares.

## SUPPORT FOR AUCKLAND COUNCIL SELLING ITS SHARES IN AIAL BY LOCAL BOARD

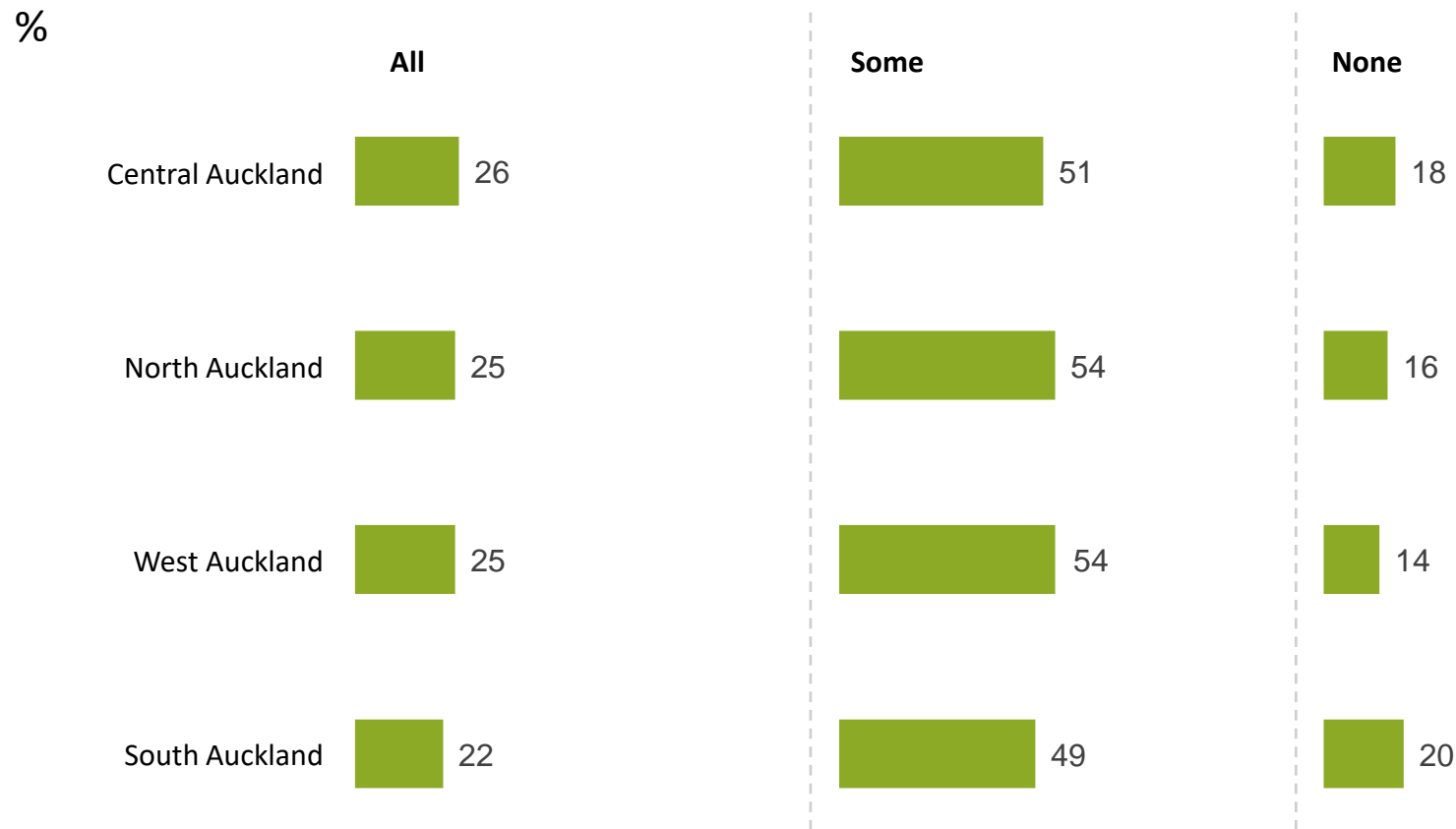


The following responses are not shown on the chart: 'Some other option' (ranging from <1% to 3%), 'don't know' (1% to 17%).



Around half of residents in each sub-region support selling 'some' of the AIAL shares, with support a little lower in South Auckland.

#### SUPPORT FOR AUCKLAND COUNCIL SELLING ITS SHARES IN AIAL BY SUB-REGION



The following responses are not shown on the chart: 'Some other option' (ranging from 1% to 2%), 'don't know' (4% to 7%).



# Proposed increases in general rates and additional debt – explanation covered:



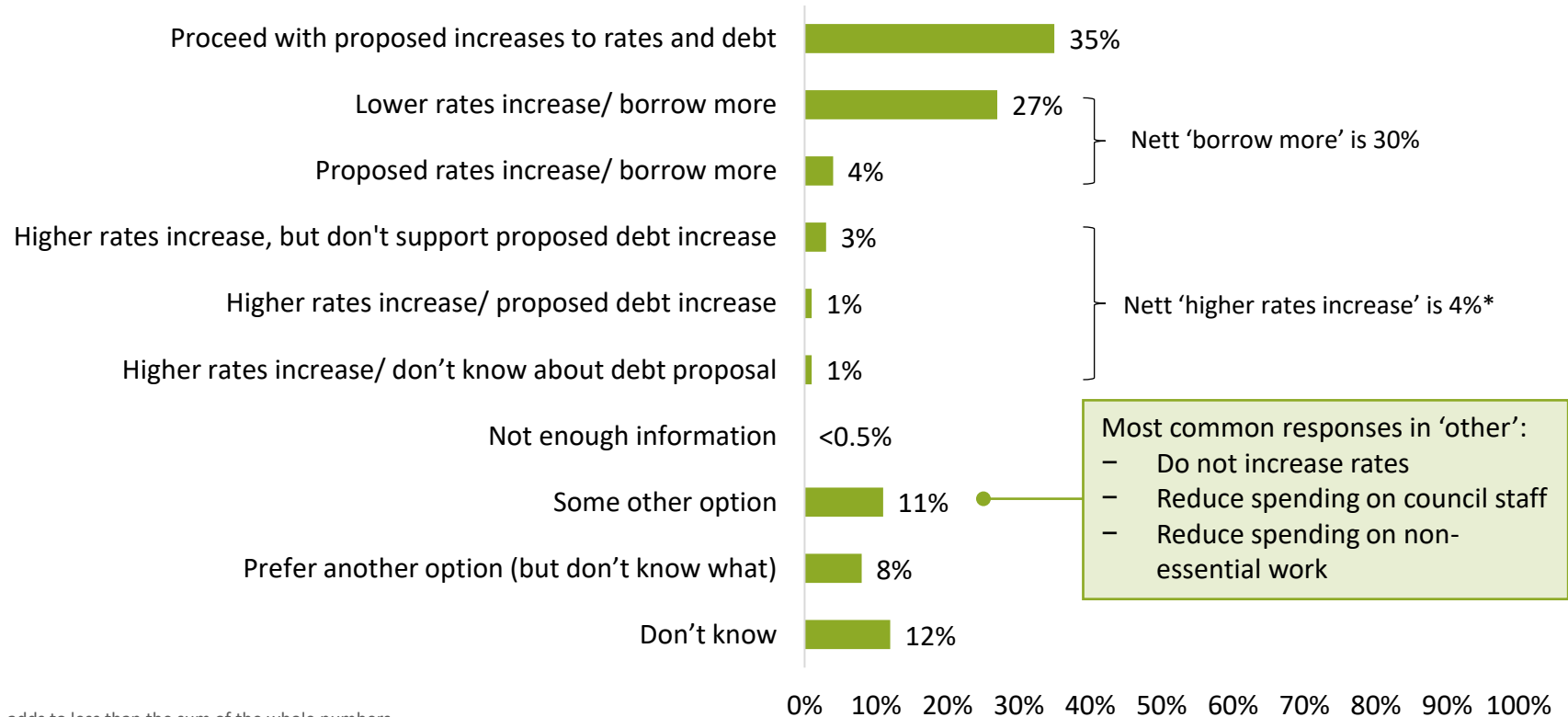
That Auckland Council is proposing a total rates increase of around 4.66% per year (or \$154 a year) for the average value residential property, and to increase how much debt council borrows by up to \$75 million.



Respondents were asked about the proposal using a series of questions. This was needed due to the complexity of the topic, the need to ask questions that were understood in both the online and phone survey settings, and the need to have a consistent set of options that broadly aligned with the consultation options.

# 35% of Aucklanders support council's proposal for increasing rates and debt. Borrowing more is the most preferred alternative.

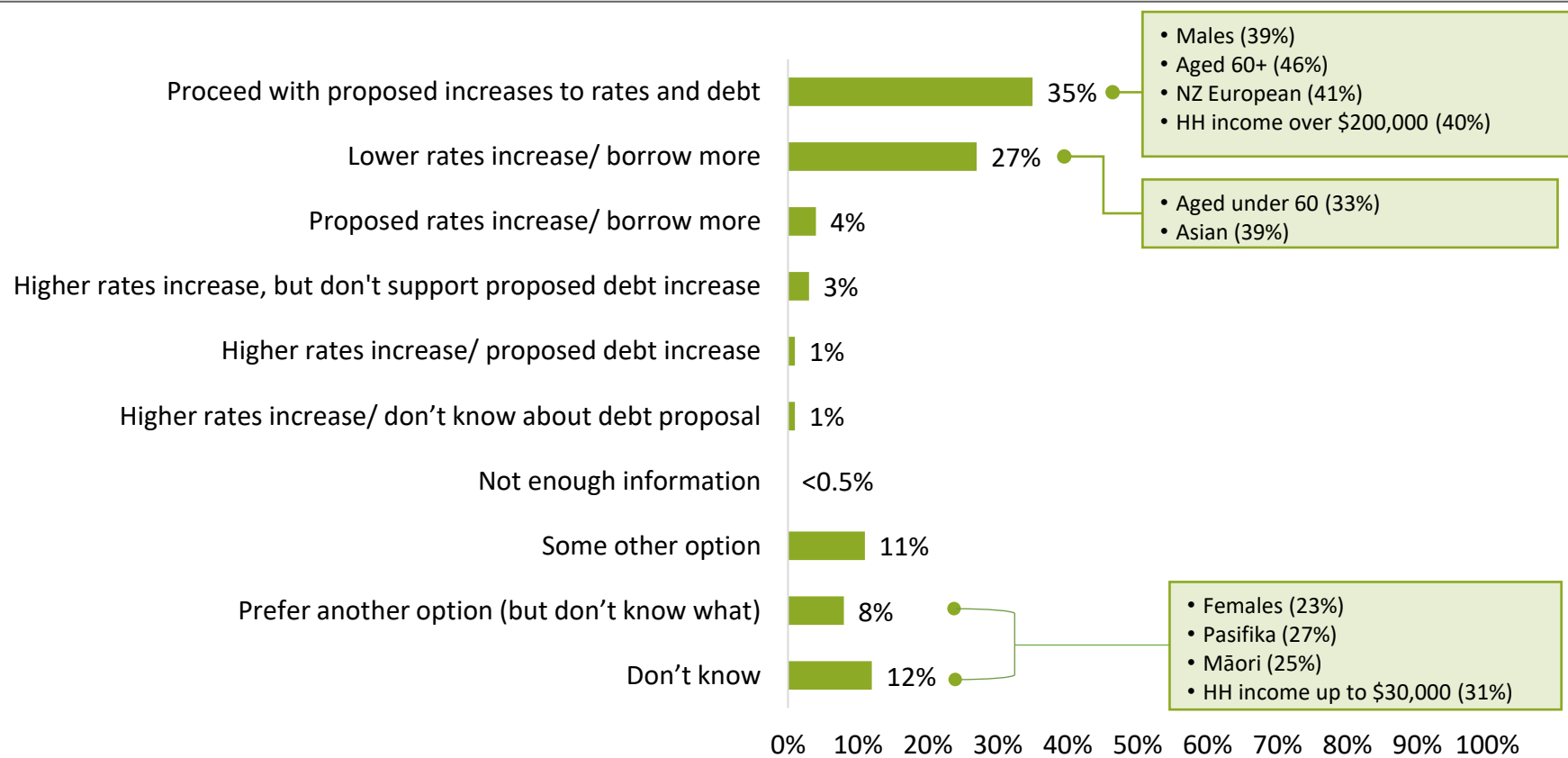
## SUPPORT FOR PROPOSED INCREASES IN RATES AND DEBT



\*This adds to less than the sum of the whole numbers shown for each category due to rounding.

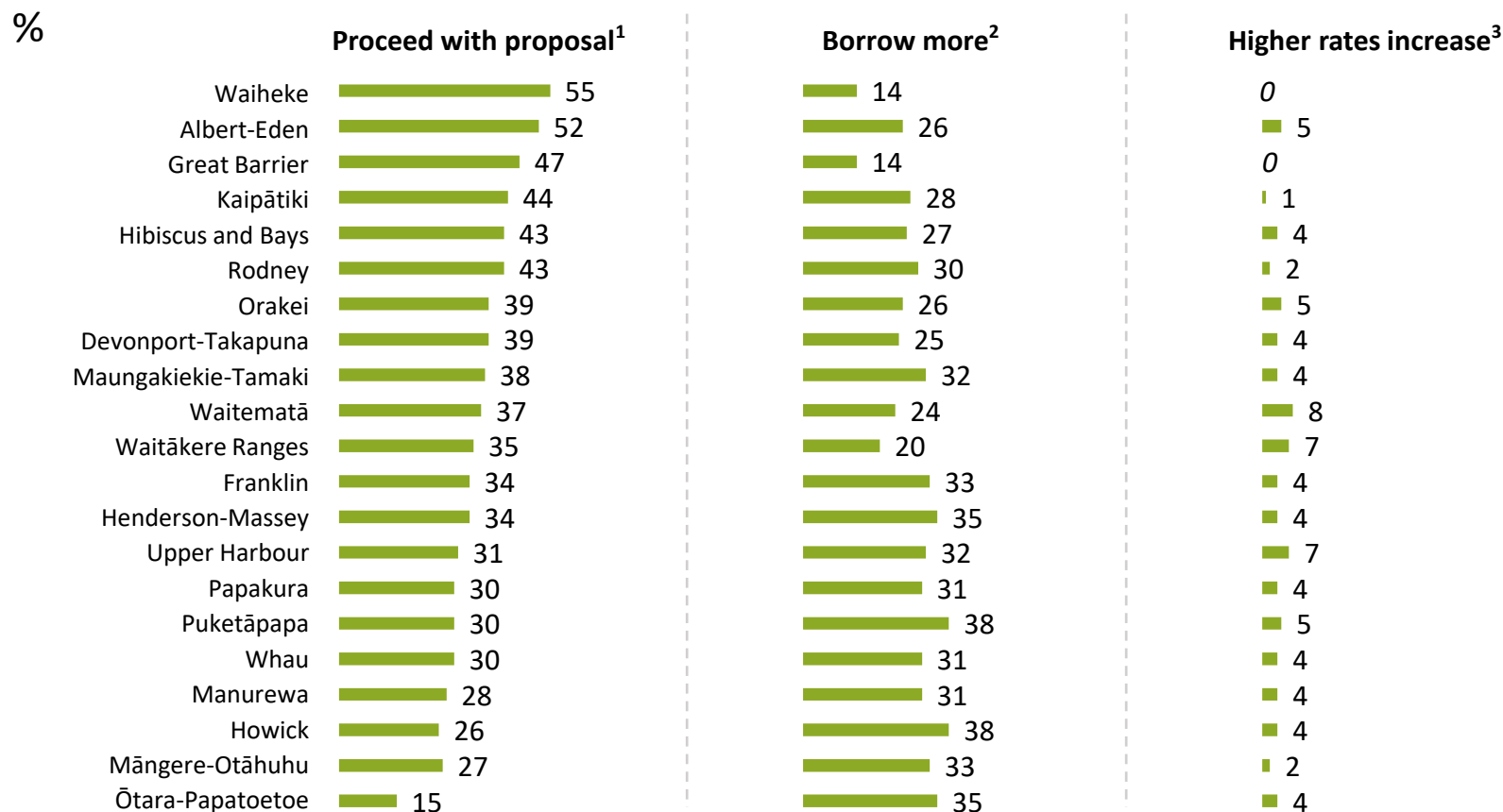
# 35% of Aucklanders support council's proposal for increasing rates and debt. Borrowing more is the most preferred alternative.

## SUPPORT FOR PROPOSED INCREASES IN RATES AND DEBT



# Support for council's proposal to increase rates and debt exceeds 40% in six local boards, and sits below 30% in four local boards.

## SUPPORT FOR PROPOSED INCREASES IN RATES AND DEBT BY LOCAL BOARD



<sup>1</sup>This is the % of respondents who support council's proposal to increase rates and additional debt.

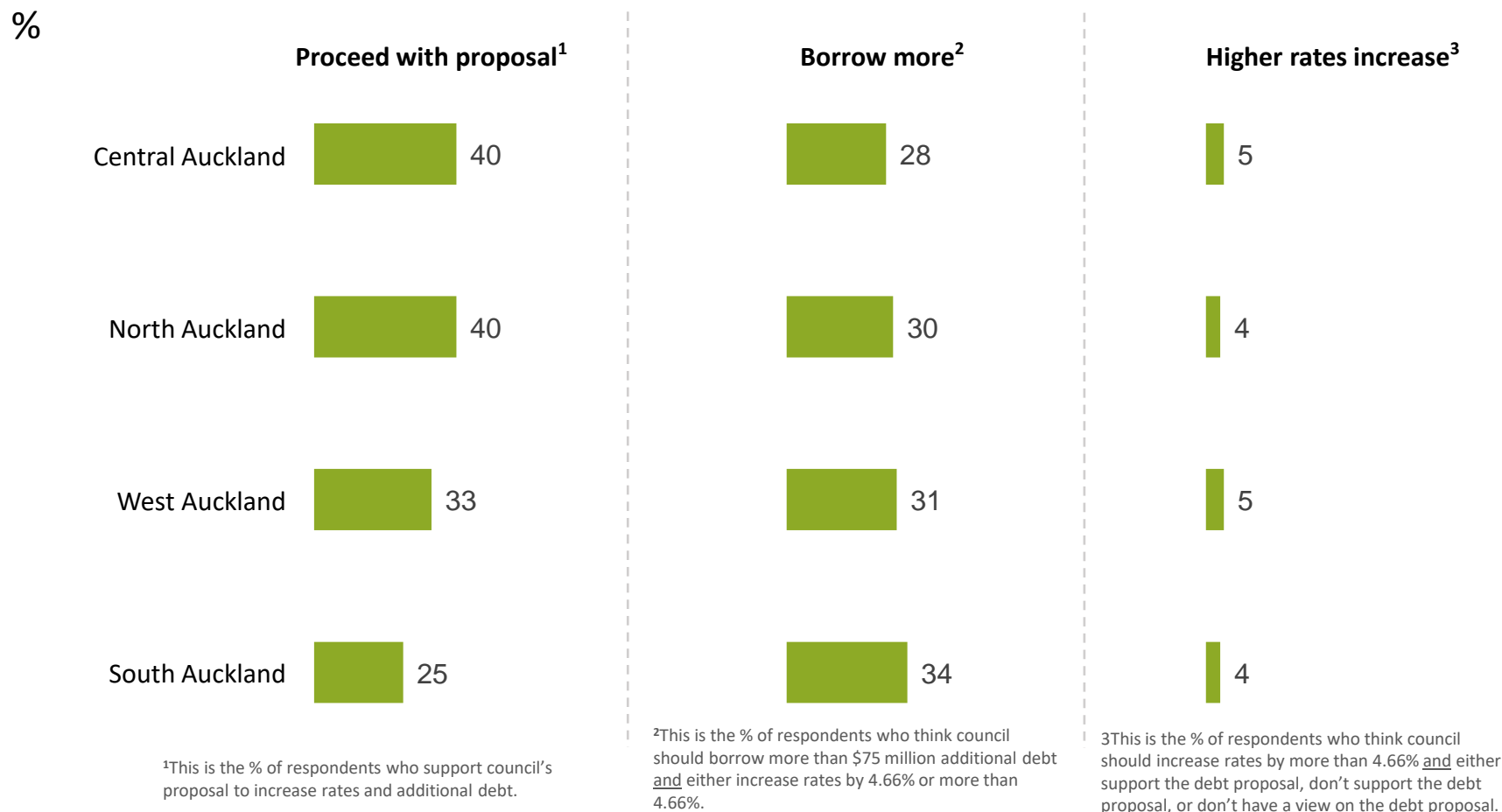
<sup>2</sup>This is the % of respondents who think council should borrow more than \$75 million additional debt and either increase rates by 4.66% or more than 4.66%.

<sup>3</sup>This is the % of respondents who think council should increase rates by more than 4.66% and either support the debt proposal, don't support the debt proposal, or don't have a view on the debt proposal.



# Support for council's rates and debt proposal is strongest in North and Central Auckland and weakest in South Auckland.

## SUPPORT FOR PROPOSED INCREASES IN RATES AND DEBT BY SUB-REGION



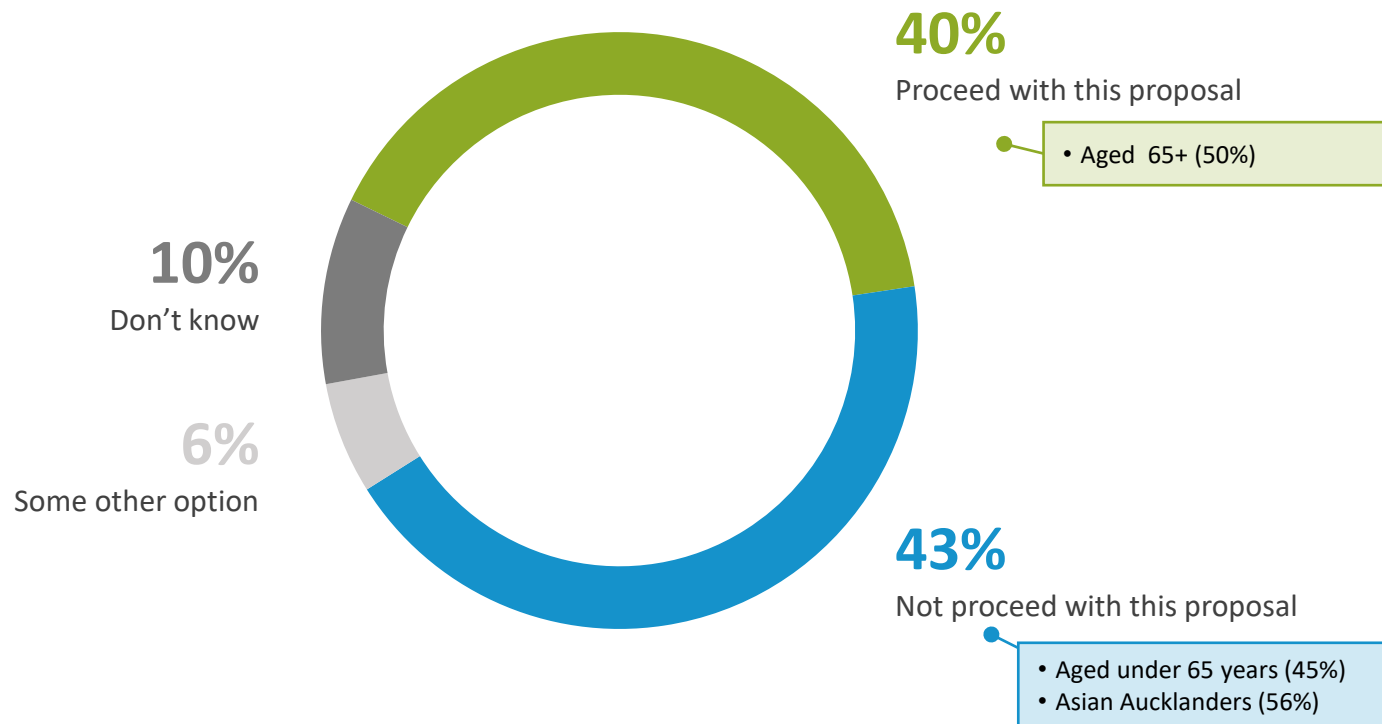


# Future storms proposal – explanation covered:

- > Auckland Council is proposing to increase its operating budgets by around \$20 million each year to improve its ability to prepare for and respond to future storms.
- > This would likely mean an additional 1% rates increase (on top of the 4.66% rates increase).

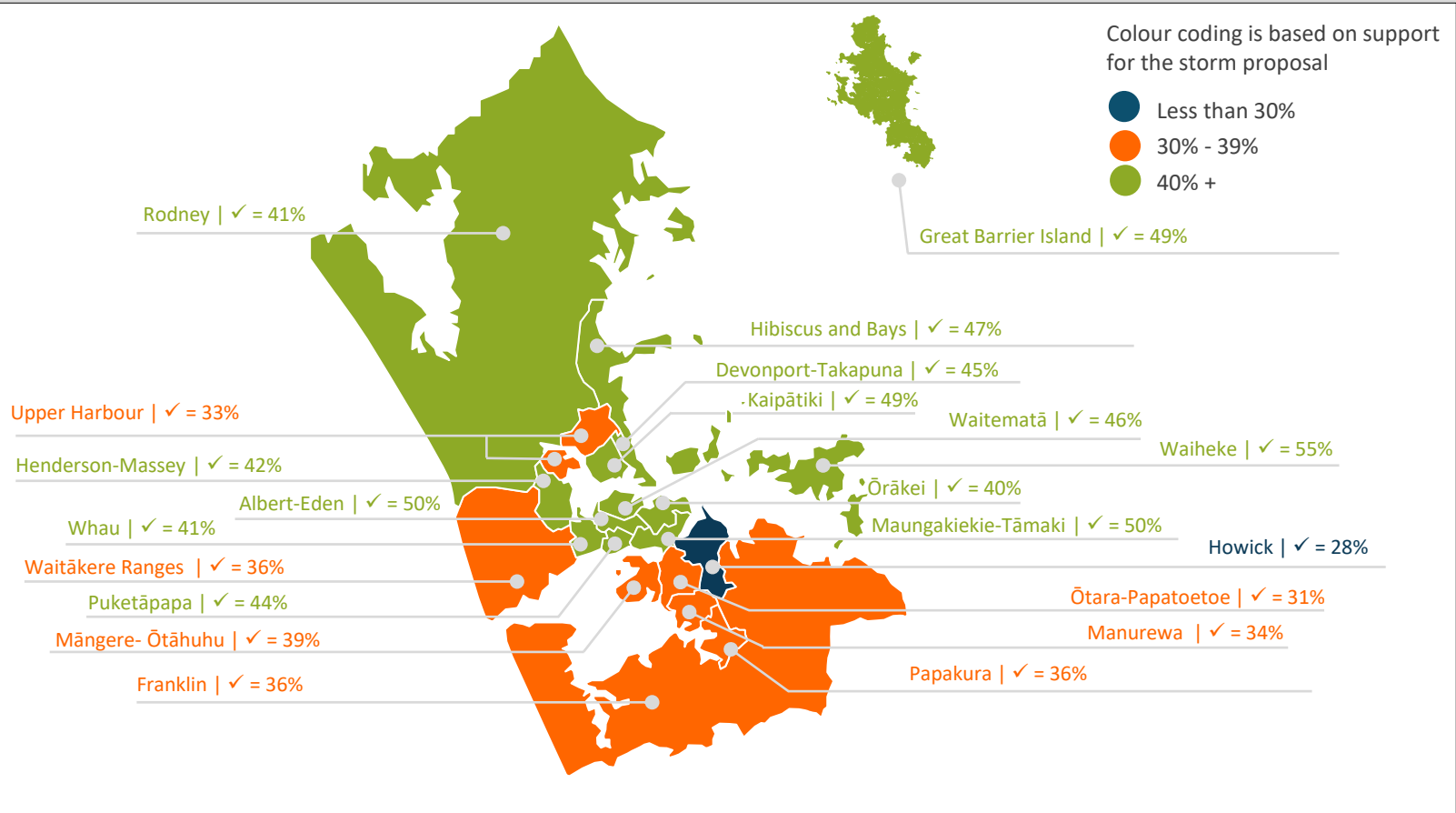
40% of Aucklanders support the future storms proposal.

## SUPPORT FOR FUTURE STORMS PROPOSAL



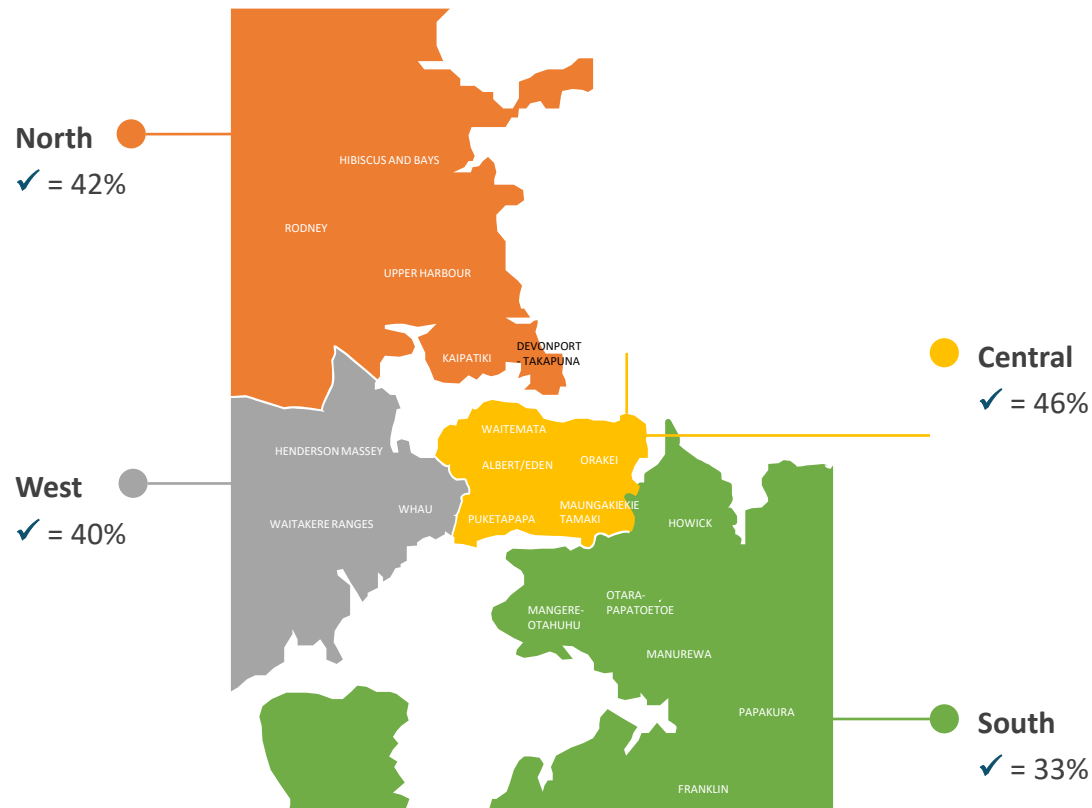
Half or more of residents in Waiheke, Albert-Eden and Maungakiekie-Tāmaki support the future storms proposal. In contrast, less than three in ten Howick residents support it.

## SUPPORT FOR FUTURE STORMS PROPOSAL BY LOCAL BOARD



# Support for the storms proposal is weakest in South Auckland.

## SUPPORT FOR FUTURE STORMS PROPOSAL BY SUB-REGION





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