

# Auckland's Emergency Budget 2020/2021

## Online Community Webinars

### Transcript



#### Online Community Webinar - Central

Tuesday 9 June, 2020

6.30pm-8pm

**Eddie Tuiavii:** Good evening and welcome to our 5th emergency budget webinar. The emergency budget responds to the impact of the Covid-19 crisis on Auckland Council's finances. Given the projected 525 million dollars drop in non-rates revenue in the coming financial year, tonight's webinar is essentially a conversation about a crisis, a crisis that cannot be responded to in the business as usual kind of way. A conversation about the future of Tāmaki Makaurau and the essential services that Aucklanders need.

A conversation about what building for the future looks like, and an opportunity for you, our community, to ask questions to help inform your submission and assist the elected members in their deliberations. If you've not already done so, please ensure you make a submission at [akhaveyoursay.nz/emergency-budget](https://akhaveyoursay.nz/emergency-budget). I also encourage you to keep sharing the link with your family, colleagues and friends. We've had an amazing response so far and we want to ensure that we've heard from as many of you as possible.

On tonight's panel, we have Councillor Desley Simpson, Finance and Performance Committee Chair and Councillor for the Ōrākei Ward. Councillor Cathy Casey, Albert-Eden-Puketāpapa Ward. Councillor Josephine Bartley, Maungakiekie-Tāmaki Ward. Councillor Pippa Coom, Waitematā and Gulf Ward. Councillor Tracy Mulholland, Whau Ward, West Auckland represent Welcome to you Councillor Mulholland. Councillor and Deputy Mayor Bill Cashmore, Franklin Ward, a big hello to you councillor and welcome back.

We are also joined by Andrew Duncan and David Gurney from our finance department. I'm Eddie Tuiavii and it is my pleasure to be your facilitator, a.k.a. mover along of conversation this evening. Our session this evening will essentially take about 90 minutes. It will be recorded and be made available on the website alongside questions and responses. While I encourage you this evening to express your views in order to ensure that you have all the information that is necessary to make an informed submission, please bear in mind that this evening's webinar isn't about reaching consensus with our participants around the screen.

Before I hand over to our finance team, I've got two quickfire questions of Councillor Simpson and Cashmore. Councillor Simpson I scrolled through my social media feed and I saw this comment and it was that households have to tighten their belts. They have to do without, or they have to take on more debt. Auckland Council just passes everything onto the ratepayers. It's a total copout. Councillor Simpson, as this emergency budget a total copout?

**Councillor Desley Simpson:** Absolutely not. And the last thing we are doing is passing it on to Auckland ratepayers. One of the things that Auckland Council took on board is to help with the 500-million-dollar hole is to actually make some savings itself. And it's committed to 120 million dollars' worth of savings and just one year. Now, just to give you an idea of how big that figure actually is. It is the size of our operating budget for libraries for two years. So it's hugely significant.

On top of that, we're also looking at a bit of restructuring. So the size of our organisation will change. There'll be staff cuts and we absolutely are doing our bit to help with the problem because we realise that we are in a real emergency and we need to help to.

**Eddie Tuiavii:** Kia ora, thank you, Councillor Simpson. Councillor Cashmore, a comment I read this morning was scrolling through my social media feed said Auckland Council should have been better prepared.

You've wasted so much money in the past and now you want us to bail you out. May I have a comment from you Councillor Cashmore.

**Deputy Mayor Bill Cashmore:** Thanks, Eddie. Good evening, ladies and gentlemen, thank you for the comment that you've given to me about council has got its act together in the past. I would refute that 100 per cent and I do it with just one simple statistic. Since 2010, till now, Auckland Council has grown a population by over 300,000 people. Yet in that same period of time, we have delivered a record OPEX budget last year of 2.3 and we were planning on two point 2.6 billion dollars this year. COVID means that has had to come back to 2.3 or 2.2. But the really key point is our operational expenditure, our net operational expenditure over that period of 300,000 population growth has increased by only on average of 1.2 per cent a year. So we've done a heck of a lot more with an increased population, with the needs and demands.

But at the same time, we have also saved in excess of 270 million, not including what's gonna have to be saved this year. And that's real hard cash Eddie. So no we haven't been sitting on our hands. We'd be delivering record capex. We've been delivering cost effective OPEX is getting smarter, a cost per head of population dropping. And we have been catering for population growth that has been record high. So thank you really for question.

**Eddie Tuiavii:** Thank you so much, Councillor Cashmore. To our whanau that are tuning in this evening for your information - it's a conversation and we start with a presentation from our subject matter experts from our finance department. Buying you a bit of time to formulate your questions to help inform your submission. So at this time, I'd like to hand over to Andrew Duncan, the manager of financial policy, for a presentation on the emergency budget. Andrew, I've got a bell in front of me and an egg timer. Your time starts now.

**Andrew Duncan:** Thanks, Eddie. So earlier this year, we came to you with a business as usual budget. Things have changed substantially from then. COVID-19 set the world, New Zealand, Auckland and the council and the medium term, economic impacts are unprecedented. We are facing a 550-million-dollar reduction in our revenue.

More than 50 per cent of our revenue comes from non-rate sources, fees and charges for things like building consents, fares for public transport, dividends from the airport, contributions from developers. All these sources have been hit hard. It means that next year we'll be relying more on rates to get us through until things get back to normal.

But we striving to balance our operating expenditure with our revenue. Like every household or business, if we earn less then we need to spend less. These are some of the key themes that are coming up in the emergency budget. That we are wanting you to feed back to us on. But in developing that budget, we've got to be financially prudent and look into the future to have a sustainable financial position.

And doing that, we've got to recognize our responsibility to maintain the services of the foundations for modern urban living, transport the water and wastewater system. But recognise the impact it's having on ratepayers who may be struggling and supporting the recovery of the city's economy and the businesses and ratepayers that make it up. So we've got a number of levers that we can adjust to help us manage our budget, manage our emergency budget.

We've got rates which I'll come back to. But the other four key levers to cut the amount we spend on day to day activities, providing services, paying staff, maintaining our assets and funding community groups. We can cancel or defer some of our planned investment across the city and roads, pipes and community facilities. We can recycle assets. So that's to sell or lease assets that are not being fully used or use utilised by the community, that aren't delivering the outcomes that we've aimed for the investment we hold on them and use those proceeds to enable us to maintain our investment in the assets the city needs to manage as it grows and to deliver the services you're expecting and used to. And finally, we can look at the levels of our borrowing. Now, while central government's in a position to be able to make a major expansion and how much it borrows. we're not in such a fortunate position. Now, while the council's got a very sound financial position, we are limited in how much more we can borrow and like any household, when we go to borrow, the banks will look at our ability to make those repayments. And we've got debt to revenue ratios and revenue to income ratios that we have to look at.

We've invested very heavily in recent years to deal with decades of underinvestment and to invest in the sort of assets that are required to support a growing city and maintain the level of services that you have all expected and to be able to deliver those for our new residents.

That means we're very close to the limits of what we can borrow. We want to maintain our AA credit rating because that ensures we are getting the best interest rates we can. And that we maintain access to capital markets so that when we need to borrow, we're able to do that into the future.

We are proposing to go slightly over our limits in the short term. And that will enable us to manage some of the immediate impacts. So we're going to look to go over our two hundred and seventy percent debt for one year. But not as far as we might go, because we need to keep something in reserve in the event that there are further unexpected events over the horizon, and in particular, that could include a need to invest in more water supply if the drought continues.

So alongside these options. We're presenting you with two options to look at in terms of the level of rights increase the two and a half percent or a three and a half percent rates increase. Now, both of these increases in rates are going to require some substantial savings to be made within the organisation. We're going to have to pull back on our investments across the city. And we're going to have to sell some of our underutilised assets. As far as the savings goes, Councillor Simpson referred to 120 million dollars that we're looking to pull back on, but on top of that at three and a half per cent with another 54 million in savings and an additional 21 million at two and a half percent. And that will have impacts on the services that you see across the city. There'll be noticeable at three and a half per cent and more materially so if we go to two and a half per cent.

There will be some reductions in staff numbers and voluntary pay reductions to staff included in that. We're also looking at our capital budget and to put some numbers on those deferrals I referred to earlier, we are looking at a 2.3-billion-dollar capital budget for the three-point five percent increase. This is still a substantial investment in the city, but about 280 million less than we'd planned. And these projects will still take place but further out into the future that will come to that capital investment program will come down further in a two and a half percent increase, coming down another 60 odd million dollars. And I've already referred to the savings levels.

So those are impacts that you'll see in terms of the assets that we're investing in in the city to deliver services and in the actual service levels coming from our existing facilities, what it means for ratepayers, for the average residential average value residential property in the city, three and a half percent is about ninety five dollars a year or a dollar eighty two a week, and seventy dollars a year and a dollar thirty-five a week for a two and a half percent. So you've got a difference of about 47 cents between those two options, alongside the impacts on the services that you'll see us delivering to you.

There are also two other things we're asking you about in this consultation. One, is a rates postponement scheme targeted at people who've been affected by COVID-19 and the economic impacts of it.

So the scheme would be open to ratepayers who own their property at the twenty sixth of March. They'll be able to defer 20,000 up to 20,000 dollars of their 2021, 22 rates. Now, you'll know, that we've had, some of you will, that we've also allowed people to defer their fourth quarter rates invoice, which was due on the twenty eighth of May to the thirty first of August. Many people have taken advantage of this when they've been affected by the shutdown, particularly when we're at alert level four. We're also going to allow people who are still in financial difficulty because that deferral only provided a temporary respite. We recognise that many may still be struggling. So the new scheme that we're proposing would allow them to defer up to 20,000 of their rates for the next year and to bring forward 5,000 dollars of any deferral they'd made from the fourth quarter. They'll then have a year to pay that back. So the scheme's focused on residential rate payers and small to medium sized businesses.

The third consultation question we have for you is our proposal to suspend the accommodation provider targeted rate for the first nine months of next year. We've already remitted the payments required in the fourth quarter because of the impact of COVID-19 and our move through the various alert levels, the closing of borders. It's been a big impact on the tourism industry. We've cut back our spending on major events and visitor attractions. The accommodation provider rate funds half of that through a rate applied to hotels, motels Air B&B properties. Not spending the money, we don't need to charge the rate, but we believe this expenditure will be very important to revitalising the tourism sector as borders opened up again and indeed to encourage some domestic tourism. So we are planning to spend some money next year, but it will only be about a quarter of what our intentions originally were. Given that and the likely timing of the benefits flowing through to the tourism sector and indeed the accommodation providers, we're not going to charge that on the rates bills for those who pay the accommodation provider targeted rate until the fourth quarter of next year. Thank you

**Eddie Tuiavii:** Thank you Andrew. To our listeners and viewers this evening, I just want to draw your attention. There are some of the questions that have come through tonight that I've noticed are frequently asked questions. If you go to the web site that I mentioned at the top of this webinar, and that's [akhaveyoursay.nz/emergency-budget](http://akhaveyoursay.nz/emergency-budget), frequently asked questions are posted there alongside previous webinar recordings or the link to those as well. To kick off a Q&A and thank you for the questions that have come through so far. Councillor Cashmore, you mentioned that in a previous webinar, but I appreciate that some of our viewers, this is their first time tonight, an easy fix is to potentially to defer the CRL construction for a year. Pick it up when we can afford to do so, and all we'll be set back is the opening and using it by twelve months. Is that not a correct assumption?

**Deputy Mayor Bill Cashmore:** Sadly, Eddie that is totally incorrect, deferring any project that's already contracted and is started comes with contractual liabilities. So there would be money to be paid to the Link Alliance Team whether the work has been happening or not. So that's the first point. The second part and the even more expensive point is having been in the construction and building business and I know a little bit about this, is that is to stop a project halfway through the costs of adding to covering up exposed steel, protecting existing concrete, half structured roof places. And also one of the worst ones is uncovered spaces for water, egress, add huge bills to any half-completed construction side of it can't be enclosed. So for the central rail link, it's important that the work carries on for the cost reasons but more importantly, so it can be delivered by 24/25. And the advantage is that it gives us, with public transport, doubling of the capacity of our rail network, shortening the times of transport on the rail tracks, and delivering a quality, timely service for Aucklanders. So delaying the rail link. Sure, it might be easier to take this simple option to put forward, but when you delve into detail its expensive both in money, but also in lost opportunity. Thanks, Eddie.

**Eddie Tuiavii:** Thank you, Councillor Cashmore. Councillor Mulholland, you were a participant our inaugural or our first webinar that we hosted last week, Sunday, and the passing comment from a friend of mine over the weekend got me thinking about a reflection that you made during that initial webinar around genuinely wanting to hear from and genuinely taking the time to read all of the submissions that come through, because essentially we want to hear from them. Councillor. Any reflections or top of mind thoughts from you about the importance of making a submission? Because do we read them? Do they inform our deliberations?

**Councillor Tracy Mulholland:** Well, kia ora, good evening, everyone, and thank you for the opportunity to be here again. Team it really is a pleasure to be here and to hear what people had to have to say. So it's nice that you have an associate, a colleague or a friend who does follow these and listen to the things that we're sharing. So to answer that question, I think it's a really valid question, because on the weekend, actually, I did have a couple of people who I met with and they said, oh, they weren't sure about whether we do listen, well I want to just share with you I spent two hours with those people. And I also spent about an hour and a half of the gentleman who emailed me being unhappy with what he had seen in the press with regards to some of the wages. So, yes, we do. Listen, I would vouch for all the councillors that I see sitting here, and I know that I work alongside that we do listen, and we are influenced by those decisions. And the reason it is critical that we read this information as it informs decisions. And one of the things that I would say from the process that I say is that it means that we are speaking on behalf of those that elect and represent us for the betterment of Tāmaki Makaurau. So I am a firm believer and a firm supporter in undertaking that process of listening and taking note of what people say. I actually go online as well. It is now. Not that I'm short of information, of course, but I do like to go online and see what my community and other community are saying across Tāmaki Makaurau. One of the things I also did was I purchased my own advertising in our local beacon magazine to ask people to input and have their say. And so far, it's been really good to hear from people. And actually, I've been genuinely happy that we've had some really positive feedback about people understanding this situation, and that's given their own scenarios and some of those people that I've talked to have actually lost jobs, but they are still supportive of the good work that's done. So I say keep the questions flowing. We are reading. We do concentrate on them and it does help influence our decisions. So thank you so much for that, thank you.

**Eddie Tuiavii:** Thank you Councillor Mulholland, I now come back to a subject matter experts. You've signalled that there are some of these questions that have come up and they're great questions that you want to address. I wonder if you could start your contribution to this particular segment, Andrew, by speaking to this. There's one that's right at the top. This is given that New Zealand has moved to level one earlier than projected, will revenue projections be recalculated, and budget reductions adjusted accordingly before this budget is confirmed? That's potentially a Councillor Cashmore question as well. But I just wanted to bring that up front, because I know that you and colleagues have worked extremely hard on this document. But it's a valid question, is it not?

**Andrew Duncan:** It certainly is and very topical as I was just meeting with some of my colleagues to be reviewing our forecast economic projections. And they are possibly looking a little better. But we need to see how things will pan out. The councillors will get advice on this. And certainly there is the flexibility that if our revenue turns out during the year to be better, then the councillors will have the opportunity and the organisation to make appropriate adjustments if we're fortunate enough to be in that situation. But at the moment, both the projections and the budget and anything we might do leading up to the final decisions remain just that, forecasts. And we need to be conservative when we're responsible for managing so much of a vital infrastructure in the city.

A couple of other things here I can talk to briefly, if you like. There's a comment about whether the reductions and renewals and renewal investment in some of these facilities are temporary or permanent decisions. Most of the capital expenditure commentary and the budget documentation is about the timing of the expenditure, not whether it's going to proceed or not. So it's looking at the time frame at which the investments would be made and putting those out, reflecting out. The other thing with that, was a comment about the focus of our investment decision making. And we're going to put our capital investment. And one of the key things that the council has looked at is which kinds and of capital investment will make the most benefit to stimulating the economy and providing jobs and employment, both in the investment activity itself, but flowing through from that into the rest of the city's economy. And that's been one of the factors in the decisions about the timing of projects.

And a third question I've seen, it's been a question about the natural environment and water quality targeted rights. So some of that investment has been deferred. But all the money that's collected for those purposes will be spent over the ten years on improvements in water quality and in the natural environment. The money is targeted, rate. That can only be collected and spent over that timeframe on those activities. So it's just a change of when it's going to be spent.

The sum will be spent on those activities.

**Eddie Tuiavii:** Thank you, Andrew. I think this is a good segway into one of the questions that I see posed here, and this is a I guess, a quick fire rapid for the elected members that are in the room, really wants to make a comment on it. And the question asks, how do savings such as reductions and public transport concessions or closure of public toilets align with councils universally accessible aspirations, especially age, disability and family friendly strategies?

And I do appreciate that it's come up before and it be something that that you elected members will wrestle with. Because we've gone out, we've talked to our community. They've told us what their aspirations are. They told us what they want to see priorities. They told us what is essential to them. How do we navigate, how do we deliberate in that space? Councillor Cashmore, if I could start with you.

**Deputy Mayor Bill Cashmore:** Thanks, Eddie. Thank you for the question. It's is really tricky stuff simply because it is about usage, funding and availability. So we are seeing we've seen a big drop off on public transport because of COVID, we are now seeing it pick back up. The services that we provide need to equate to the demand. However, we're also lost the delivery of some of our new trains that are coming from Spain because of COVID. So it's going to take you a bit longer to flow through. So some service deliveries will have to be delayed and they will have to be some savings made in the PT area, especially in some of the specialist products on the weekends and so forth, just to come within the cost effectiveness of this current budget bought on us by COVID. So I wish it wasn't the case. I wish we could deliver frequent service every 10 minutes, 24 hours a day, seven days a week. Sadly, that is not the reality. I'd also emphasise the fact that PT is not available to all Aucklanders. There are many people in the north, the west and the south who do not have advantage of PT It is more complicated than a simple service cut. It is about equity and delivery of services across all of Auckland as far as is practical and as financially viable. I wish it was different, but there is a reality which we currently live.

**Eddie Tuiavii:** Thanks Councillor Cashmore, I've got a comment from Councillor Coom.

**Councillor Pippa Coom:** Good evening. Thank you for joining us on the webinar. In terms of the questions and the queries about where we're looking to invest, I think it's really important to give that feedback. There's a question that asked, question four that is what is important to you? And that's where we really need to hear what the priorities are and whether Aucklanders are willing to pay for that as well. So I absolutely agree that we should be prioritizing our strategies to make Auckland an age friendly city. We are across supporting public transport, improving road safety, and we just need to hear that feedback. So I just wanted to make a quick comment that there is an opportunity to complete that on the online form. That's really simple. And its question four that ask well, what are you what's important to you? Thank you.

**Eddie Tuiavii:** Thank you, Councillor Coom. A reflection or a comment here that I might ask either Andrew or Councillor Simpson to speak to it. It asks the question, why do so many savings initiatives impact most significantly on low income groups, especially when the need for low cost access to community and recreational services is growing? And I guess the question I would have reframed it again is, is this budget unfairly skewed against those in the low-income group? Councillor Simpson or Andrew, if you've got a comment.

**Andrew Duncan:** Some of the savings are about looking at the opening hours for some of our facilities. However, our teams in doing that, we'll be looking at the areas or the times when these are least used so that it has the least impact on the consumers of the services. And it'll be looking at the facilities that are the ones that aren't heavily utilised. And this will ensure that it has the least impact, but it will still have some impact, but it is having the least impact on users. David did everything you could add to that.

**David Gurney:** Sure Andrew, from my perspective, I think this is where local boards have a role too. Local boards have been involved with councillors and the local board chairs putting together this emergency budget. But they will also play an important role, thinking about the impacts that a lot of these savings and service level changes that will have on the ground in local communities. So to me, that's where the real kind of impact on communities will be thought through. And I'm sure those local boards will be thinking about the community needs when making decisions about what it looks like on the ground.

**Councillor Desley Simpson:** Look, I just want to make it really clear that absolutely that is not the intention of this emergency budget at all. And I'll say it again. That is not the intention of this budget at all. So just to be absolutely clear, the process. Look, staff have come up with a number of options that will help us make the numbers work. They're not necessarily options that the councillors and the mayor have suggested on our own. That's not the case these are these are independently assessed options. I think it's really, really important that you have your say on what is important to you and how you feel about that, because of the feedback overwhelmingly is more for this particular area. Well, absolutely. We will look at that.

So I just want to make it really, really clear that that was not the driver behind this budget. In fact, quite the opposite. Thank you.

**Eddie Tuiavii:** Thank you, Councillor Simpson, across back to you, Andrew and David. And there's a question here that asks, what are the new opportunities for earning? Have you explored those? And I think it's quite an important question off the back of a lot of these comments that rightly state. Well, you know, things have changed drastically to when we drew up this document. Have we explored any new opportunities for economic growth or for earning? David and Andrew, please.

**Andrew Duncan:** Most of the activities the councils involved in and undertakes public goods like our roads. Or services, we want to encourage people to use swimming pools, parks etc., so there's not a great deal of opportunity nor desire in these economic circumstances to be charging for these activities. However, every year the council is looking at the fees and charges, it sets and ensuring that we're recovering the costs for services we provide directly to people.

We're also working with central government on new ways of charging for development that are both more effective at raising finance to support development and taking the burden off council.

**Eddie Tuiavii:** Thank you, Andrew. There's a question here, Councillor Cashmore that asks, why did council continue to sign contracts after declaring a climate emergency that were clearly going to increase transport carbon emissions, such as for new and wider roads? Did council's resiliency planning not highlight this as a risk? Councillor Cashmore have you any comments on that?

**Deputy Mayor Bill Cashmore:** Thanks, Eddie and thanks Heidi, for the question. It's a very, very important one. So the Auckland economy functions on service industries and on mobility and mobility might be walking, it might be cycling, it might be someone in the car, it might be a train. It might be a bus. But it also, for the economy's sake, as heavy transport. And if you think of all the concrete that is in the CBD, that is in the suburbs, north, south, east and west 88% percent of that concrete comes out of my ward, Franklin in the south. That aggregate is currently going to be between 12 and 15 million tons this year, depending on COVID. And it's transported by trucks, can't be done by rail, can't be done by bus. It's done by trucks and some of those new roads such as Mill Road in the South. That's what it's for. All those four big quarries in the south connect the mill road with a maximum of 25 kilometres. So that is an alternative motorway strategy. The people who work in the South 90,000 in the Penrose area, 45,000 around the airport seem to double to nearly also 90,000. And new growth areas of Drury all require transport links for people on public transport, walking

and cycling. But they also need to move goods and services. So did we think about climate change? Did we think about resilience in the future? Most certainly. And economic resilience enables an ecological and environmental resilience. The two go hand-in-hand. They're not separate entities. You can't have an economy without an environment, and you can't have an environment without an economy. We need to strike that balance that delivers both.

**Eddie Tuiavii:** Thank you, Councillor Cashmore. There's a question here. Our SME's may appreciate this. I don't believe that the answer is up online yet. David and Andrew any comment around why is the America's Cup still on the books?

**Andrew Duncan:** I think we've got some contractual commitments to the America's Cup, which we made before COVID-19 hit, however, we have made some reductions in the spending we are committing into that area. And on some detail on that, in the supporting information, I think we've pulled back 10 million dollars out of our committed spending to the America's Cup. However, we're still committed to our contractual obligations as the host city for the Cup.

**Eddie Tuiavii:** Thank you, Andrew. I see a comment here, and it's made me think about you Josephine Bartley and the work that you do in the community. You know, you love your community. You're out there serving them. And I guess it's similar to the question that I asked Councilman Mulholland. How keen are you? How important is it for you personally to be hearing from your community by way of a submission?

**Councillor Josephine Bartley:** Thank you, Eddie, for the question. It's very important for all of us to hear from our communities, especially because there are groups that always come to council. They always put up their agendas and it's the squeaky wheels that get heard. But we have so many in our communities that don't normally engage in council processes and their issues are just as valid, only they don't know council process that I know about submissions. And so it is very important for more people to hear about this, for more people to see the social media, the newspaper ads and get involved. And especially in regard to the other question that was posed about, you know, why do so many savings initiatives impact most significantly low-income groups? Yes, it's you know, local boards will do a lot of thinking on the ground in terms of the impact on the libraries and rec centres and community centres. But in that regard, it is very important that we hear from our communities that use the libraries and the rec centres and community centres to say to us that this is the priority, and this is what we should prioritise, prioritise and keep going. Reduced hours or not, because there will be other groups really pushing their own agendas.

So it would be good for a lot of our community who don't normally engage to push this agenda through. Thank you for the question.

**Eddie Tuiavii:** Thank you, Councillor Bartley. I noticed a lot of questions here skewed in the direction of finance. So because we've got our Subject Matter Experts here, a carte blanche opportunity until the bell rings for both you, Andrew and David to give the question machine a really good will.

**Andrew Duncan:** I'll start out with looking at one of the questions that came through about whether we're seeking any support from the government. So we haven't included support from the government in our emergency budget, but the government has asked all of the councils across New Zealand for shovel ready projects, projects that the government can invest in. That would support the economic recovery. We've made an extensive list of proposals to the government, and if we're fortunate enough to have some of those accepted, that will ease some of the pressure on the deferrals we've got in our capital spending. We're certainly hoping that we'll be successful with some of those key projects. David's got a question to answer.

**Eddie Tuiavii:** Thanks, Andrew. Just before we cross over to David, I mean, I guess this gives you another opportunity, Andrew, to have a look for another great question that you'd like to answer. I've got a comment from Councillor Simpson before I come to you, David.

**Councillor Desley Simpson:** I just want to say that, you know, from the council's perspective, we welcome any help that the government can give us. I think the most frustrating thing is that they told us they wanted to hear about the projects that we wanted them to invest in. And they have known our timeframes around putting the emergency together. And yet we still don't know where we're going to hear that. So I suppose if anyone from the government is listening, could you please get yourself together and help come back with an answer as soon as possible, because it could potentially make a huge difference to this emergency budget.

We've having to go through that very, very painful process of, you know, cutting and dicing and trying to make things work. And yet, you know, some of the investment opportunities that are on the table are significant. And we may not we may not be in quite as bad position if they come to the party, as we have got all our fingers and toes crossed that they will. So I think, yes, the frustration thing for me is around not having any idea when that will occur, when they know what our time frames are and how limited we are to work within our own criteria

and things that we can do ourselves without their assistance. So that's been quite tough from my perspective. Thanks, Eddie.

**Eddie Tuiavii** Thank you. Councillor Simpson. Back to you David.

**David Gurney:** Thank you Eddie, I just noticed there's a few questions about staffing at Auckland Council and the questions asked specifically about whether this can be a recruitment freeze or a sinking lid. So as Councillor Simpson mentioned right at the start, we are going to come out of this budget as a smaller organisation. And fortunately, there will be some cuts across the board. Already we have let 1100 contractors. And that was in our initial response to COVID. And of course, as we look across different sections, we will be reviewing roles and having a look at who does every role provide the maximum value it can to the organisation. And there will be some reviews.

It really comes down to the rates increase scenario. So under 2.5 percent and under, for example, it could be up to, I think, the estimates around 900 job losses. So it all depends on the impact of rates, the impact on the budget and what happens in terms of services we deliver in the city. I also just want to mention that there have been voluntary pay cuts that have been signed on by staff so far. And the staff who earn over hundred thousand or more, 800 or more than 800 staff had actually taken on voluntary pay cuts and so far at the end of last week represented about 2.8 million dollars' worth of savings. So there is there is quite an impact on staff. And, you know, that's a hard pill that we have to swallow.

**Eddie Tuiavii:** Before I come back to Andrew, I just want to segway there and Councillor Simpson has touched on it, as has Councillor Cashmore. I just want to get. I just want to crystallise it further. And the question to you, Councillor Cashmore, is council doing its part? I understand it's a frequently asked question and I understand we've addressed it. But the more I scroll through social media, the more I see that it's potentially not getting out there. Councillor Cashmore.

**Deputy Mayor Bill Cashmore:** Thanks and that's a really important and relevant question, are we doing our part? I believe we are getting there. It's very, very hard when you look at council's activities. You think of all the things that we do. You turn the tap on, that water comes out. It's Auckland council. You walk your dog in the park. It's Auckland council. Take your grandkids to the playground. It's Auckland Council. Five hundred thousand people go to the library each week. That's Auckland Council. You go to our regional parks and our beautiful coastlines. That's Auckland council. You flush the loo. It goes away. That's Auckland council.

Just keep thinking about it. All those things that Auckland council touches you directly. What would you like cut? One of the people we were conversing with the other night said we should make everything user pays. I said I had a great degree of sympathy in user pays. But where do you draw the line? Do you charge those people using the library every time they take a book out? Do you have to put two dollars in a slot to go and walk in the park with your dog? Have to pay a dollar about your grandchild on the playground. And I suggest no, there are some things that council does. It has to continue doing. That is for the social good of the citizens of the city. And we all need to share in the cost of it through rates, through fees and charges. And quite frankly through rents. People who pay rents are paying rights indirectly.

It's important that we continue to provide services that the public wants, that the public need, but also that council can afford and in this time of COVID, we have to draw those strings a bit tighter around the want and need and say, you want to stretch that out, folks, for a year or two until we come out of this COVID, but one of the critical points we must have is when we come out of it, we have to have the ability to come out.

If we strangle councils' incomes, councils opex or capex, we won't come out. We will push the economy and Auckland's economy further into recession. We'll increase unemployment, poverty, inequity, devastation. We need to do our part to try and keep the finances of the city going. But be prudent and calculating around how we do that with equity is the highlight lens which would see things through. We need to deliver what's needed. Focus on the essential things like public transport. Focus on the things that people love and enjoy, like our parks and libraries. But maybe those parks won't be mowed quite as often. Or maybe those library books might just be a little bit older before they are replaced. That won't be the end of the service it is something we can we build back up on. But if we have a very, very low rates increase and a very, very low revenue base, those things will get shut for good. And that is not a desirable outcome for anybody. The two options that are put forward are the ones that the politicians around the tables at local board, and at council have deemed to be the most prudent and the most pragmatic for the city going forward. It's not a perfect world. It never will be. But we can here but do our best for the citizens of Auckland. Thanks, Eddie.

**Eddie Tuiavii:** Thank you very much, Councillor Cashmore. Back to you Andrew.

**Andrew Duncan:** We've had a question about the emphasis of our investment. Our chief economist is saying that it is, I repeat earlier that investing in pipes in roads to enable housing growth is an important stimulus for the economy in Auckland. And an important part of getting people working. Keeping them working. So very a lot of flow through benefits from these sorts of investments. But the question is concerned that that's got too much emphasis on supporting greenfields. So the council's unitary plan provides for both target for a compact city and it provides for growth within our current limits, but also in some of the greenfields areas. Our investments are to support growth in both areas and not universally greenfields. There's a big emphasis on upgrading and installing new pipes in roads, in public transport systems to facilitate intensification within the city's boundaries. And you can certainly see this happening in Mount Roskill, for example.

**Eddie Tuiavii:** Thank you Andrew, I've got a comment from Councillor Bartley.

**Councillor Josephine Bartley:** Thank you, Eddie. It's just in regard to a question regarding how much data do you have on the value-add that libraries and community facilities bring to people in the city? I think that question is kind of fraught because how you measure the value of our community's facilities isn't just through data and it isn't through surveys that we pick up. It's through, you know, the use that people have and what it means to that community. If I can give you an example, if we look at the Glenn Innes library, that's a community hub, but it doesn't get measured about being a community hub. It gets measured for being a library.

How many books are taken out? Wi-Fi usage? You know, people through the door. So that further emphasises the need for people to put those stories through to us through this submission process so that we get a full picture of the value of our facilities and not just numbers. Thank you.

**Eddie Tuiavii:** Thank you Councillor Bartley, again, I prompt my finance colleagues to have a look through the machine and pick a question. This question is to our elected members. And just a comment from anybody, really. And the question here, I think is a good one. It's a valid one. No doubt it's something that's top of mind for you when you're around the governing body table deliberating on these decisions. And the question is common in question. Many people feel they can give back towards improving systematic poverty and improve inclusive practice by voting on three point five. However, many people have lost a lot of trust with council's ability to deliver and show deliver. Councillors is there a comment, potentially a commitment? Is there a response or a reflection? And I'm looking to a Councillor Cashmore to kick-off this conversation.

**Deputy Mayor Bill Cashmore:** Thanks for the person who put their comment through that question through. It's quite a technical one and quite detailed. But the simple answer is we have delivered on a capital program at higher levels than ever before. So the public should have be having confidence that the council's delivery of capital programs, whether it's to community facilities, a pool, whether it's a road or a footpath or a park or a playground or an upgrade to a library. These things to be delivered at this current year, over 90 per cent of the budgeted capital amount in years gone by like ten years ago when we started it was down in the 60s

So huge improvements have been made in that delivery. The challenge has been the ongoing population increase has put pressure on a number of people using those services. So we've seen some roading levels of quality service fall away. We've seen PT being really highly patronised and we haven't had the new trains or buses be delivered quick enough to accompany that, the required extra growth. So there's real challenges, levers here that we can't control completely ourselves.

One thing COVID will deliver us is a lot slower population growth last year was probably 40,000 the year before that, 45, year before that 50. This year talked about being five. Now, we don't know whether that's going to be the reality or not, but if we had a couple of years of 5000 population growth instead of 40, we would have a good chance of starting to catch up not only at the level of delivery of social services and transport services, but also the delivery of housing, which is mostly funded by the crown for social people, social housing requirements. So there's a real challenge around the stuff. We will continue to monitor our capital program really strongly with longer term procurement, which gives you cheaper options per unit, per square metre of pavement per playground per hectare of mown grass, simply because a long term procurement project is bankable for the companies who are tendering for those projects and those contracts. Thanks, Eddie.

**Eddie Tuiavii:** Thank you. Councillor Cashmore, I'm looking around the room to the elected members if there's another comment on this, this question before moving on. I know that you guys have all sent me messages as questions you want to respond to. Is there another response before I move on?

**Councillor Desley Simpson:** Look, I think because we've got an emergency budget and are in an emergency time. I think there will be a lot more of a magnifying glass over exactly what we do deliver and how we deliver it and how good we are at our spend. So I suppose that the real key is to make sure that your priority projects are there. But you clearly see in the 2.5 and the three point five that cuts, you know, the things that we

potentially can't, you know, the less the rates income, sort of the least we're able to do. I suppose it just takes me back, Eddie, to the point that, you know, for a long time we've been very proud of the fact that we've only taken 40 percent of what we need to do from the ratepayer. And actually 60 percent have come from somebody else. But actually, when 60 percent dries up and you only left with the 40 percent, well, then, you know, there's a there's a very limited amount of money you have to spend.

And then of the 40 percent, you've got some people, you know, especially the most vulnerable who've been particularly hit as a result of COVID 19, that will not be able to pay their rates. And so, as Andrew Duncan has said, you know, our rates remission policy is then very clearly tied to helping those most vulnerable. So you take away the 40 percent and you take away some of that 40 percent that won't pay, and you get a smaller and smaller and smaller and smaller number to actually deliver what you have. So when this budget is finally landed and, in some form, it will be and I look around the room at my colleagues to say, you know, help because we need to do it. You know, we actually need to get this to a point that we will, and I'm sure they will. I think the delivery of all of those of the works associated with that will be absolutely key. Councillor Cashmore is right. Delivering capital projects will assist not just Auckland, but New Zealand and our economic recovery. So it's important that we keep that right up there and do as much as we can with the little that we do have. But look, you know, the concern I have Eddie is really some of that concern around the things that keep getting eroded away. So I sort of urge Aucklanders really just to focus on the things that are really important to us, to let us know. Because, you know, I'm sure I speak for, you know, most of my colleagues, no one wants to cut anything more than they have to,

You know, we don't. We know that there are a lot of what we do is incredibly valued by Aucklanders. And so we want to try as much as possible to, you know, to help our most vulnerable and to and to keep Auckland Council's essential and core services, you know, operating with as least impact as we can. And so we're asking you to help. And we're asking us all to work together to get us to a place that we can help Auckland get out of this crisis and recover and be better, brighter than it's ever been before. Thank you.

**Eddie Tuiavii:** Thank you, Councillor Simpson, for the benefit of our viewers and listeners this evening, but also potentially for me. I mean, I do understand it's a lot to take on as a lot of information here. Andrew, are you able to breakdown that 60 percent, that half a billion dollars again for me, please? And then I've got a comment from Councillor Bartley before I move on to Councillor Casey around the panel's question. Andrew, could you break it down for me again, please?

**Andrew Duncan:** Well, some of the highlights, that's not the right words, some of the lowlights. So border restrictions and restrictions on gatherings that we've had recently. We're carrying on border restrictions and people perhaps being hesitant to gather together in groups despite being alert level 1, 40 million less from revenue, from conventions, concerts, visits to Auckland Zoo, for example, could be 30 million for some of our community facilities, pools, holiday parks, leisure centres. Forty million less in public transport fares. Forty million less from parking enforcement. 20 million less from our regional fuel tax. Won't be getting 60 million from the airport dividend. Ports of Auckland revenue down another 60 million as well. Economic uncertainty means developers won't be building as many houses. Sixty fifty million on that one. Reduced water usage because of the drought. Seventy-five million. That's quite a few big numbers in our revenue spice.

Now, that leads into to a couple of other questions, I'll sneak it before he heads over to one of the councils. Someone's asked why we can't have higher rates increases. The council's gone with a balance between the rates increases and the spending, they're quite required for us to be prudently managed in the future. Do you think this should be a higher rate increase? It's certainly the sort of commentary that will help the council's balance, their decision making. Well, if you go five percent rates increase would take you a dollar eighty-five for three-point five percent, up to two dollars fifty a week.

There's also been a question about whether we should have a rate on empty houses. There are a few technical issues associated with that. It has been considered, but it's quite difficult to do in the New Zealand environment, because our laws are different than those that operate in countries overseas. Thanks.

**Eddie Tuiavii:** Thank you, Andrew. See, because you threw a bit of a curveball and I'm going to throw a curveball back before I hand over to Councillor Bartley, My apologies. I will come to you. And probably because I've forgotten the answer. How, Andrew, do we receive 40 million less from parking enforcement? Do we not enforce it? How does it come about? We know there was a response recently and I think Councillor Cashmore. But while we're with the SME's. Can you. Can you address that, please? And then I will come to you. Councillor Bartley I'll pass that to David.

**David Gurney:** Yes, so that assumption, I think, is driven off the fact that there are lots more people working from home. So you won't get the traffic coming in and parking in the city so that then affects in the amount of enforcement revenue that we get.

**Eddie Tuiavii:** Thank you, David. Councillor Bartley.

**Councillor Josephine Bartley:** It was just in relation to the question about mistrust of council to deliver. I'm just trying to understand that question. But if I could offer some comments in terms of delivery, it's pretty hard to argue that delivery isn't happening because we get so many complaints from people about congestion due to construction cones. And so you can see the money is being spent or was being spent because now we're kind of financially struggling and projects will be put on hold. But you can see the delivery is. I guess, in terms of mistrust. Fair enough. Because, you know, we're local politicians. It's council. But, you know, one way to counter that mistrust is through transparency and openness. And I do honestly believe this budget is a good step in that direction because it is all in there. It's the supporting information and you know it's kind of a little bit embarrassing to put out how bad the situation is. But it's being honest and it's being open, and it's being put out there for everybody to see that we're not hiding anything. And this is really an opportunity to try and get through this altogether because everybody will see this is how it is. And this is why it's important for people to submit because they know it would be good if we could all take ownership and get ourselves out of this together.

**Eddie Tuiavii:** Thank you Councillor Bartley, there's a question here around the demographic advisory panels. And it is a significant mechanism platform that Tamaki Mikoto Auckland Council has in ensuring that community voice is delivered authentically and genuinely to Auckland Council. I also suspect or propose or would posit that it's along the spectrum of greater civic participation. We've got the submissions process which we're currently having this conversation about. We've got voter turnout every third year. The question here is, will the demographic advisory panels still be funded? It is incredibly important to ensure the voices of these communities. For example, disability, Maori, Pacifica, Ethnic, Rainbow. All our communities are still consulted with. Councillor Casey have you a comment on that, please?

**Councillor Cathy Casey:** This is a pressing budget, as you've heard from everybody. You know, normally when we when we do our annual budgets, there's always some great things, some new things we're doing some excitement around it this time.

You know, we need to hear from you because it's a it's a sad, sad budget. Have we made the right decisions? We've tried as hard as we have spent hours on it. But the question about the demographic advisory panels lets me say something really special. Yes, yes, yes, yes, yes, yes. The six demographic advisory panels have embedded themselves at council. They are so important that all we've done is we just had to delay the process. So these six panels will be up and running. There would have been up and running by May. That might be extended, don't know till July and August because we had to do the applications online and all that kind of thing. But I just have to categorically say that the voices of our communities, such as the Rainbow communities, people with disabilities, the seniors, youth, ethnic people, Pacifica, these are really important. And as long as they are not represented on the governing body table, we need to hear directly from those communities. And the work that has been done in the past has been absolutely critical to the governing body. So they give us advice that shape our decisions and that is ongoing. So that's not part of any cut to this budget. And I'm delighted to be able to see that. Thank you for the question.

**Eddie Tuiavii:** Thank you very much, Councillor Casey. I have a comment from Councillor Coom and then I also have a comment from Councillor Cashmore.

**Councillor Pippa Coom:** Thank you, Eddie. I was just wanting to respond to this, quite a number of questions about how this budget is a climate resilient budget. And the questions are ranging from, you know, why aren't we investing in some ways? What are we doing in terms of climate action initiatives? And I would really like to see this budget as a not just responding to the huge revenue loss, but also the climate emergency. And where we're at is that the climate action plan is going to be finalized in July. And that will provide us with the foundation of actions that we need to look to get funded going into the 10-year budget next year. There are still initiatives within this emergency budget. And I absolutely want to would like to come out of this with more investment that we can find to invest in initiatives that will mean that we can have a much more low, low carbon future. But we need that feedback. We need to hear the feedback about what people want us to provide, prioritise so that there has been a whole range of questions on our climate initiatives. And I want to acknowledge those and to give that that brief comments.

**Eddie Tuiavii:** Thank you, Councillor Coom and I know that Andrew's gonna get ready now because he's identified a question, Councillor Cashmore.

**Deputy Mayor Bill Cashmore:** Thanks. And I'd like to answer the question around the operation expenditures for economic development of 230 million dollars for both three point five at 2.5 rates increase. So this is a very important factor actually is helping make Auckland, the place that it is so sure you're not getting the overseas tourists that we had coming into the city, but all is the destination for Kiwis, not just overseas people. So we have things like, well, wonderful events, but concerts, Pacific, Poly Fest, Diwali, the Lantern Festival, the art, the writers, the photography festivals. We're supporting community arts groups. All helping create more local economy and tourism from around New Zealand, Auckland is an exciting place to come to and we're seeing the hotel rates are such that people are coming from outside of Auckland into the city to experience the big smoke, to go to the restaurants, to walk the promenades, to enjoy the shopping, to see the sights of Waiheke, great barrier to go up north to the beautiful beaches or down to the east coast on my side on beautiful beaches to go out west to the black sand surf beaches on both the north and south. So the economic development package is about there. It's also about creating and fostering your entrepreneurialism in the city to create employment and economic endeavour. So should we cut that? I think not. That's like taking the wheels off your car or the tracks off the train tracks. It would derail and disincentivise economic growth and quite frankly, make the place a boring old place like it was when I was a kid. I like a vibrant, fun Auckland. And there's nothing like a Sunday afternoon Diwali. It's a real buzz.

**Eddie Tuiavii:** Thank you. Councillor Cashmore - we'll just go to our SME's. Is there anything from either of you Andrew and David before we move on?

**Andrew Duncan:** I'd just add to that that it also reflects the investment in Auckland tourism events and economic development. The investment they make in supporting the city's businesses and they have been quite active in working with many of our businesses in the last few months to try and support them and advise them. So there's also some value for the city and the economy from that spending, particularly at this time.

**Eddie Tuiavii:** Thank you, Andrew. There's a comment here and thank you, David, for sending that response through. I understand you have agonised over this. Can we see the principles you have made your decisions by? I can't see those in the documentation. The principles are on page six of the consultation document. But what this question has prompted in me. Is an opportunity to go around the table and I suppose ask the councillors. Have we agonized over this? Because we've said up front. It can't be responded to in a business as usual manner. It looks great on paper. For those that might have time to tune into all the meetings where you've wrestled you've deliberated, you've had endless countless dialogue over this. Have we agonized over this? And Councillor Mulholland, I might start with you.

**Councillor Tracy Mulholland:** Well, thank you, Eddie and thank you to the member of the public for posing this very, very good question, because it probably comes to the point that Councillor Bartley made earlier about trust and what I would like to share with you as a new councillor, which is absolutely fabulous. And I'm grateful for this opportunity to work with this outstanding team of elected members and staff now. I would say that for me, I absolutely spent many hours working on this over and above the meetings we had. I have been in dialogue with other councillors. I've been in dialogue with staff to ask questions about this budget. And I'm sure the subject matter expert, Andrew Duncan, could definitely confirm my questions around some of these issues that have been raised. It is done sincerely. And also, I've posted up information on social media and asked for say as we went through for the information we were allowed and able to release given the scenario. So I would say the principles that guide me are, whilst I have property, this is a representation of the people that I work for, and that is the community. And there is all community with whether you pay rates as mentioned by our deputy mayor, whether you are renting or whether you rent a room. You all have a say in this. So the principle is I have there is one that I owe it to the people of the community, whether they vote for us, or don't that we do the right thing by Tamaki Makaurau as a whole as we progress into the future and also the principles of how I've been raised. And that is that you do the right thing. So I won't take up a little more time, Eddie, because there's a lot of things I can say about, you know, the principles of how I want. And I'm very open to any public feedback with regards to there. And I stand by all the councillors that I work alongside and that we are all sincere and dedicated to the cause of making this a fabulous city. And this has been very, very challenging.

Especially, I believe, for it, for a new councillor. I thought I'd be able to put my hand up for a number of things and the budgets. But unfortunately, given the scenario we're in now, when we're not able to do that, but hopefully moving into the future, we can do that. So the principles are real based on trust, faith and working for you, the community. Thank you.

**Eddie Tuiavii:** Thank you Counsellor. Counsellor Bartley. Have you agonized over this budget?

**Councillor Josephine Bartley:** I've agonized to the point where I can't, and I can't remember your question. What was your what was it like? It's agonizing to try and answer that question that you get so lost in it. You forget what the question is. So, yeah, the agonising over the budget, how we put our principles over the budget. Oh, okay. I think at the end of the day, it's it comes down to what is best for Auckland looking at our budgets, looking at the things that we need to do to get our communities through this in a way that, you know, doesn't affect our future in a bad way. So, yeah, it's very, very, very difficult. But also bearing in mind those that are most vulnerable. And then also questioning ourselves, why am I sitting in this position? Why did people vote me to get in here? So you're never losing track of that. And you're just doing just looking at a budget that will reflect the need to address some of the inequities out there, but also get Auckland through this covid period. Thank you.

**Eddie Tuiavii:** Thank you Councillor Bartley, just for the benefit of our viewers and listeners, I noticed that we're coming up to the hour, so we're going to wrap up shortly or soon. But I just want to remind you, as mentioned throughout now, we've been on this evening. If you've asked a question and a response hasn't been given. We see them. We will respond to them. Keep checking our Web site. Councillor Casey.

**Councillor Cathy Casey:** We've done a lot with that. But I have never been prouder to be a New Zealander. We smashed a curve. We beat the virus. Now we're into recovery. And I've never been prouder to be an elected member, on Auckland council, because we have done this together. Your councillors, the mayor and 20 councils have spent hours trying to sort a recovery for the people of Auckland, and we may not get it right. Already people seem to be we don't want you to shut an animal shelter. Well, that's fine. Make your submissions, please. Read carefully what we've done, what guided me. People, people, are hurting. They've lost their jobs. They've lost income. They've worried about losing their homes. So we need to make sure we need to. I feel that we needed to make sure that we were supporting the people who've been worst affected by Covid 19. That's at the heart of this budget. And that's really, really important. Have we got it right? I'm not sure. Please read it, please. Add to the 15,000 submissions we've got already. And tell us we are listening. So this this proposal was made by all of us together. Now it's over to you, Aucklanders, to tell us if we got it right. And if we haven't, guess what? We'll change it.

**Eddie Tuiavii:** Thank you, Councillor Casey. I'm looking here at a question and it's a great question. Potentially. It's a chicken or the egg kind of a question. And I'm looking all around the room at our elected members. And the question is this how you balance this emergency budget being a response to the half a billion dollar non rates revenue loss and the need to future proof Tamaki Makaurau. Because we are striving to be the world's most liveable city, a world class city that attracts people. How do we balance that? Can this budget balance that? Is this the opportunity for that? Is there an opportunity for that? Responding to the non-rates revenue loss and the need to future proof, Councillor Cashmore.

**Deputy Mayor Bill Cashmore:** That's the half billion-dollar question, isn't it? And it's a really good one. So as Councillor Casey was saying, and as Tracy has said, Josephine and Pippa, this is all about balance and it's not easy. So we've looked at that revenue loss. So, you know, five hundred twenty-five million dollars. We are projecting to be lost out of non-rates revenue. So that's, as Andrew Duncan said, development contributions. Water charges, stuff to do with transport and public transport. Lost income to council. It's a big number to make up and we probably can't make it up. And they should put rates up in the 20 per cent and we're not going to do that. So we have to cut our cloth to meet.

The point is, I think the most important point is this is not forever. This may be for a year or two at the most. Hopefully not even that long. We don't know how long covid is going to last for. We don't know how long, how deep it's going to be and how much the pain is. But we have taken what we consider to be the most likely scenario. And we have accounted for that. Desley Simpson has done a magnificent job at chairing the finance and performance budget. Looking through all those options and we have gone through screeds and screeds of figures looking at the unintended consequences, you cut this contract. How does it affect a contract? Alongside it, can we squeeze the lawn mowing the town centre contracts just to get a little bit more out of them to save a few million dollars? We looked at the nice to have last year, and they've gone. Now look at the essential things and say, what can we do to make them delivered much to them as possible? But we can't do it all. We're looking at our staff and it's hard. We have spent a long time developing capable staff who give up a lot to the city. Some members of the ELT have come in from private sector jobs, have taken 50, 60, 70 percent pay cuts. People used to be the boss of ICOM engineering company, people who were who were the chief financial operating officer for the Commercial Bank of Australia. People who have had high paying and highly paid jobs in all parts of the private sector have come back to council to work. I want to give back to the community. To say to those people, we don't need you anymore. That's almost a crime, because when we do

need them two- or three-years' time, they won't be the. We need to keep as many people as we can. That is practical and reasonable as we can. We need to balance that budget with the pragmatism of attaining capability. So we can't deliver in the future. And that is that balancing that lever, Auckland Council does not borrow money to spend on day to day operating expenses. We only borrow money to pay for capital improvements and developments. And that's a critical factor. So is this simple, is this easy – no it's not and it hasn't been a lot of fun to do but it has to be done. And like Cathy, I'm very proud of the way the councillors have knuckled down and doubled back against this covid wheelbarrow pushed hard to say we can find a way out of this because we must, and we will. Together will emerge stronger, better because of it. Thanks, Eddie.

**Eddie Tuiavii:** Thank you Councillor Cashmore I really appreciate your contribution. Councillor Pippa Coom.

**Councillor Pippa Coom:** Thank you. I think this question really highlights that that's a big part of this conversation as around. Do we want to end up with a budget that's an austerity budget or do we want to have a budget that's focused on investments in the community and in jobs and in growing Auckland? And I don't mean just growing in terms of physically growing, but becoming a stronger, better Auckland. And so there has been some fantastic questions that have come through. And I'm glad that we're gonna be able to answer those afterwards so that none of them are going to be missed. But I just wanted to make a bit of a concluding comment about why it's so important to read the material and look at what the choices are. I mean, I think that we've gone into this budget and councillors have unanimously said that we have to approach this in a sustainable way. We have to try and balance the budget as much as possible and look at all the levers open to us. We've had to make some very difficult decisions, but it's been cuts right across the board. So this is where we really need to get the feedback about what are the priorities, what's important to Aucklanders, and where should we do our investment. And hopefully on the way through, we're also going to have an opportunity to relook at the council's income. And hopefully it won't be such a dire situation by the time we get to sign off on the budget in July. But this this really is the conversation that we need to have with Aucklanders and have a very robust conversation about what's important to you. What are the priorities that we need to focus on right now? And I think the COVID crisis has really shown that there's far more to council than just roads, rubbish and regulations that we actually support the community in in Auckland in support jobs and in many, many, many ways. And we support the vulnerable and provide a whole lot of services and facilities that are important to Auckland. So thank you. Thank you for the opportunity to take part. That's enough from me.

**Eddie Tuiavii:** Thank you, Councillor Coom. Here's an opportunity for Councillor Simpson.

**Councillor Desley Simpson:** Oh, thanks, Eddie Look, you know, I must have, but there has been more than one moment in the last three months where I haven't wondered why I accepted the role of chair of the Finance Committee let me tell you, it's probably going to be the toughest budget that certainly Auckland Council's ever done in its absolute history. It won't I won't rest happy if it's just a slash and burn budget. You know, I won't rest well, if that's just a slash and burn budget. I know that's got to happen. And I know we have to cut our coat to suit our very tiny cloth. But our cloth. Sorry. Cut out cloth to suit our coat or coat of whatever it is. We've got to save money and we are doing that. We absolutely are doing that. But also, look, you know, we're doing a big value for money exercise. And I noticed that I'm here with Councillor Mulholland. She's the deputy chair of that committee as well. And we've committed to find half a billion dollars' worth of efficiency's over the three-year term, just deliver it, delivering better value for money. But the most important thing is to balance the budget. And cost saving and keep us moving forward. If we just stand still, we'll actually put Auckland one step behind. COVID 19, has taken a big hole out of a lot of things, you know. And, you know, I'm with a number of councillors very proud of where we've come to as a city and a nation as to dealing with a health crisis. But we've got an economic crisis that we've got to deal with as well. So this budget for me has sort of three key three points, really. It is to make savings and to make cuts to try and fill that big half a billion-dollar hole, to actually keep moving us forward as far as delivering an infrastructure and building, building, building assets for the city to help take us forward.

And the third most important thing is to make sure we deliver for you the people of Auckland, because we are all in this together and together, we will get out of this stronger, I believe, if we all band together. So I think that is what I think people who've taken the time tonight to put their questions forward and to participate in this, it's going to be really tough. And we thank you for your input. We thank you for your feedback in advance. And we know that together we will make Auckland stronger.

**Eddie Tuiavii:** Thank you. Councillor Simpson. I want to come back to your words a few moments ago, Councillor Cashmore, informative emboldening, straight to the essence, it was a straight up response. But there's a there's a part of me in it that's come up and the questions and I see it time and time again and I invite your comments and I also want you to address the comment that Councillor Simpson made about the slash and burn because you get a fabulous response last night. But the question is, Councillor Cashmore, and no

doubt you would have seen it. You would have heard it from the community. Be that as it may, our emergency budget response when it's all said and done. Can't we just borrow more? Councillor Cashmore.

**Deputy Mayor Bill Cashmore:** Thanks Eddie, I don't think a day does go by. I don't get an email or text or a phone call from someone, just borrow more bills. That's simple. Interest rates are cheap. Well, interest rates are cheap, cheap. So obviously that money. However, when you buy a house or an asset, it has a value and you could borrow money against the value of that. Asset. Councils' assets are things like roads, bridges, pipes, footpaths, parks, playgrounds, libraries, community facilities. Very, very hard to sell those if time gets tough. So our borrowing capabilities based upon our revenue, not our assets. And that is a strategic difference between how councils operate and how private sector operate.

We are not borrowing each their assets. We are borrowing against our revenue. That's why this downturn in revenue 525 million hits us so badly. And that's why because of that, we have to drop our capital program back from the expectation. As I said earlier, two point six billion to two point three or two point two. It also means we have cuts in operating expenditure just to try and take up some of the slack as well. So just borrowing is not an option, cause simply if we borrow in excess of 270 per cent, the banks from whom we take those bond issuances would say to us, hey, you're breaking those. So even at three point five or 2.5, we will go from our maximum borrowing ratio debt to revenue of 270% will go to 290% per cent, but it'll just be for one year and then we will come back. And the banks have told us Standard and Poor's have told us, as long as you have a managed program to get back within you're prudent borrowing limits of 270% within 18 months. We will be okay. So we are focusing on doing that.

Not to do that, we have two major effects. One, our interest rates would go up and if interest rates went up 300 points, that will cost us five hundred fifty million dollars over ten years, 550 million. But also what's even more scary is that our ability to borrow money would be a lot harder and the money would be a lot more scarce. So the capital program would be severely impinged not only with higher constraints, but a scarcity of funds. And a term that those funds were issued would also be short instead of being five or seven years. It could go down two or three. So it's a triple whammy there. By breaking your prudent levels of debt handling for any length of time. So I think that's an absolutely critical point. And that's where the Desley and the team have done a superb job, saying we'll break those limits for a bit because not to would actually destroy the capital program and be a massive catch up build over the next two years. So we break them for a little bit, but we come back in. Still underneath the prudent levels and we have capacity and capability to carry on the rebuild. And that's a critical thing, you know. You know, there are a lot of things I do like sheep and cattle farm in the South of Auckland in the Huia Ranges. And I'm literally within half a day's walk of the dams and you can see how low they are. We've just been through the biggest drought in our record. One of things we've had to do, or my son has had to do is sell 25 percent of our breeding use and 50 potentially to save cities on 40 negatively, 50 percent of our breeding beef cows. That's not because we want the cash. That's because we've got to survive the winter. So just like councils cutting its cloth, us as businesspeople are cutting our cloth in a massive drought situation in rural New Zealand so that we can come back stronger in the years to come.

It's having a multi-year view. Not a single year. And its good sound business practice, hard it is at the time. But some things just have to be done the hard way to come out the other end. Thank you to all the people. It's been a great response. The highest number of people honestly, we have had tonight and a great set of questions. It wasn't actually the questions I was expecting. And for those, you haven't had answers, the staff will generate and give answers to you and I'm sure the councillors will take an email from you and we will answer them individually or collectively because we want to be able to participate in this process to ensure that you are really well-informed so that you can get the great answers back to what's required for this whole consultation process, which is really successful, best we have ever had. Thank you. Thank you to our staff and team, cheers Eddie.

**Eddie Tuiavii:** Thank you. Councillor Cashmore. I feel it would be remiss of me to ask this question because I think it's a good opportunity. And this is coming back to you. Councillor Cashmore. And I guess I wasn't thinking about it. It wasn't in my thinking. But when you mention the interest rates have been the lowest for as long as you can remember, it triggered something that I've seen the first week we went live. And it implies and respectfully, that there are different generations that our decision making will impact. And something that I saw on social media. And I just think that I don't want to lose the moment. As you've done your dash, you've paid your dues. Why not just come up with a budget where you guys cruise and pass it on to future generations? And I know it's a, it's a massive question, but I've seen it, councillor and I know your responses because I've seen them. But I just think it would be remiss of me off the back of it to not ask it this evening. And then I promise we will wrap up Councillor Cashmore, if you will.

**Deputy Mayor Bill Cashmore:** My dad fought in World War Two and his uncles in World War One, and I'm wearing this tie today because some of them lost their life this week in World War One. And this is the poppies of Flanders. And they came back from those wars and they start to rebuild a nation. My great grandfather rode into our valley on a horse, his son, my grandfather came out of that valley when he was dead. Sixty years later on a Tar sealed road. You imagine the changes that man saw his lifetime from horseback to a person landing on the moon. Think of the changes that I've seen. You know, I'm 63 years old next month. And when I went to school it was, pen and pencils and paper, whiteboards didn't exist. It was the end of my secondary school that computers landed – they were great big things the size of about three big crates. They were huge.

We've seen this country change so much and the pace of change has increased. And everyone's participating in that council borrows money. The government borrows money. It's not to serve as one generation to service things and to generationally. And that's why you have a debt ratio that's why you borrowed the money so you can deliver the better roads, better facilities, the better parks you could buy, they've been laid for a great coastal park for the future.

That's what it's about. It's not about us. It's our future. You know, nothing I enjoy more than I'm working the veggie garden with the grandkids on a Sunday afternoon, watching them laugh and chuckle, as they pick beans or capsicums. And they get so excited. Or seeing their schoolwork. Because that is the future. It's not us, you know. We've got a lifetime's experience of learning, making mistakes. God knows I've made plenty of them. But you learn from them. You don't give up. And you have another crack. Covid is as a learning experience. This whole of this country, by gosh, you've done a great job on the health side, we have to do a great job on the economy side, we have to be sensible and we have to be pragmatic. I use these words a lot, but that is the rule. And we have to be in a generational in our thinking and purposeful in our deliberations. And that is our aim. Thank you, Eddie.

**Eddie Tuiavii:** Thank you, Councillor Cashmore, I think of the proverbial Maori expression, what is the most important thing? It is people. It is people. It is people.

To our viewers and our listeners this evening, again, I say have your say on Auckland's emergency budget 2020/2021. Because together we can recover stronger. I also think about the Maori proverbial expression, with black, with red, the work is completed. You've heard from our elected members this evening. They can't do it without you. They've agonised over it. They need to do it with you. Go on the website. Find their e-mail. Hit them up. Find their phone number. Have a conversation with them. We want to hear from you.

Submissions close on the 19th of June. Please make a submission. Thank you so much to the team that have enabled this webinar this evening. Thank you to our elected members. Thank you. Most of all, to our community Thank you.

*Together we can  
recover stronger.*

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