

Auckland's Emergency Budget 2020/2021

Online Community Webinars

Additional Questions and Answers

Online Community Webinar - North

Tuesday 2 June, 2020, 6.30-8pm



All questions that were discussed during the session can be viewed by either watching the webinar video or reading the transcript. The below are additional questions and answers that were submitted but not covered during the session.

Q. Why are Council focused on increasing revenue and borrowings rather than reducing or eliminating unnecessary or discretionary activities/projects or increasing operational efficiencies?

The council is not focusing on increasing revenue and wants to limit the amount of additional borrowing it takes on. The challenge we are facing from the COVID-19 situation is primarily around reduced revenue, and while we continue to explore new revenue opportunities for council, we don't foresee many in the short term. The council is currently up against its borrowing limits and therefore we are only projecting a limited, and temporary debt response to the COVID-19 challenge.

A key part of [our response](#) to the challenge is reducing discretionary spending and becoming a more efficient organisation.

- We are already planning substantial cuts to our back-office functions. Further savings will impact the services we deliver to Aucklanders.
- Under the 3.5 per cent rates increase option a package of \$54 million of further operational expenditure reduction is needed, temporarily impacting some services we provide.
- Under the 2.5 per cent rates increase scenario, this will increase to \$75 million with further impacts our community.

Q. If council do proceed with a rates increase could they offer all those who qualify for the rates rebate a separate refund of the rates increase? For those on a pension council rates take a large portion of their income. The single pension is only \$22,000, for many who rely on bank investments they have also been hit with interest decreases. (my mum's interest earned has dropped from \$5k in 2016 to less than \$1k in 2019. Her current rates bill for 2019 accounts for nearly 20% of her income. Could this be something council could look at in this emergency budget?

A. To provide a refund of the rates increase would require the council to adopt a new policy. A new policy of this nature can only be adopted if it consulted on as part of an Annual or Long-term Plan process. The

consultation on the Annual Plan for 2020/2021, the Emergency Budget, is already underway and accordingly a policy of this nature can't be considered at this point.

The council provides a range of schemes to support ratepayers including the rates rebate which I presume from your enquiry your mother is already accessing. In addition we offer a rates postponement scheme to assist residential ratepayers who want to defer the payment of rates by using the equity in their property.

I would encourage you to get in touch with our call centre to explore these options further.

Q. (i) The starting point for rates seems to be 2.5%. Many are wondering why it's not 0% (pre or post Covid19). (ii) Seems Covid is a great reason for a council reset of what are appropriate activities for council (e.g. cleaning public toilets vs movie in a park; the paper monthly newsletter (how many really read it?) - paper at supermarket otherwise online. Back to basics in needed. (iii) how concerned are you that the Covid rates scheme will not be abused (as has been Govt Job Keeper scheme? (iii) agree on APTR approach (no overseas tourists anyway and encourages local). Worrying that asset sales that are, perhaps not now, revenue earning - could be short sighted.

A. The council looked at but did not propose rates increases below 2.5 per cent because of the severe impacts that would have on council services, new infrastructure, our debt levels and employment and business activity in Auckland. Further detail on the impact of a rates increase below 2.5 per cent can be found on the page 23 of the Consultation Document and Section 2 of the Supporting Information.

Q. As part of the background to the discussion on increased costs and expenditures, please provide a summary of the savings through efficiencies and improved productivity that have been made over the last 5 years. It would help to persuade Ratepayers (well me anyway!) by showing a realistic effort is being made by Council.

A. Since the amalgamation, we have always been looking for innovative ways of achieving better outcomes for less money.

Some of the ways in which we achieve savings are:

- improved use of enhanced information technology
- simplifying and improving our business processes
- better procurement and tendering processes
- bringing more work in-house to reduce the cost of external providers
- reducing the number of office buildings we occupy
- implementing structures that remove duplication and leverage capability and capacity more efficiently

Through these efforts around \$300 million of annual ongoing savings have been achieved.

On top of these, to mitigate COVID-19 impacts on our revenue, the council is committed to a \$120 million of savings by undertaking additional initiatives. Each of the CCOs are also contributing significant savings.

Go to [akhaveyoursay.nz](https://www.aucklandcouncil.govt.nz/akhaveyoursay) to find more detail of these savings and give your feedback on council's emergency budget.

*Together we can
recover stronger.*

[akhaveyoursay.nz/emergency-budget](https://www.aucklandcouncil.govt.nz/akhaveyoursay)

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