

Auckland's Emergency Budget 2020/2021

Online Community Webinars

Transcript



Online Community Webinar - North

Tuesday 2 June, 2020

6.30pm-8pm

Eddie Tuiavii: A big welcome to our elected members and council staff enabling this webinar and most importantly, to our community, who are joining us via Skype. We're chartering new waters and holding these events in this way given Covid-19, so please do bear with us if we experience any glitches this evening. I must say, though, I think tonight's format will help us rethink how we engage in dialogue with our community and help us come together to deliberate on challenges, issues and opportunities.

Our session this evening will take about 90 minutes. It will be recorded and be made available on the website alongside questions and responses. If you've not already done so, please ensure you make a submission at ahaveyoursay.nz/emergency-budget. On tonight's panel, we have Deputy Mayor Bill Cashmore, from the Albany Ward, Councillors Wayne Walker and John Watson and North Shore Ward Councillors Chris Derby and Richard Hills.

Andrew Duncan and David Gurney are subject matter experts from Finance, and I am Eddie Tuiavii. My pleasure to be your facilitator this evening. Tonight is a conversation. It's a conversation about a crisis that cannot be responded to in a business as usual kind of way. A conversation about the future of Tāmaki Makaurau and what this looks like given the projected \$525 million loss in revenue due to Covid-19. This conversation provides you, our community with an opportunity to ask questions of our councillors, our elected members who are responsible for making decisions at a regional level.

This conversation would also enable you and provide you with the chance to hear from our subject matter experts who will provide detail and clarity around the budget. I encourage you to express your views in order to ensure you have all the necessary information to make an informed submission. But please bear in mind tonight isn't about reaching consensus with those that are around the virtual table. It's about providing our councillors with an opportunity to hear directly from you and for you, our community, to hear from them.

Before I hand over to our finance team, I'd like to give the elected members about 90 seconds to share with us why this budget is significant and secondly, why it's important for our community to make a submission. I'd like to start with Councillor Hill's, if I may. Councillor Hills.

Councillor Richard Hills: Yes. I guess the issue is we've now got through the health crisis in a fairly unscathed way as a community compared to what we thought could happen here. And now the issue we have seen as a significant decrease in revenue for Auckland Council, like all businesses, we're affected and affected badly in this case. But with the difference with Auckland Council, my guess is that every Aucklanders t also affected by the reductions in revenue we've seen for the Auckland council and its family.

We don't want to be making these decisions. We do not want to be decreasing services. We do not want to be losing staff. We do not want to be delaying projects. But unfortunately, we're in this space right now. I'd say that everyone should submit on the two options for rates. My personal view is that 3.5 is going to be tough. 2.5 will make it even tougher to do it, to continue the things we love in the city and anything below that in my opinion, would make it very, very tough for us to be able to run any of the services and projects that we expect a city like ours to do.

So please submit on the things you also want us to prioritise. If we have big numbers of people submitting on certain things, we should be able to mix that list up and get what things you want in your community. So encourage your friends and family to submit. We really need to hear our views on what is probably the most significant budget we're facing and decisions for some time.

Councillor Bill Cashmore: The challenges that we are facing, as Richard has said, are unprecedented. No one has seen the degree of mayhem that's been caused around our planet by this terrible disease. Our sympathies go out to those who have lost family members or whose family members had been ill from this disease. We wish you a speedy recovery. You're grieving if you have lost someone take space with your family.

That being said, New Zealand is a lot better off than many other countries around the world, and we need to continue to make sure we remain better off. But that doesn't give us a dispensation from hard financial realities that Covid has brought to our nation. We are seeing increasing unemployment, we are seeing increasing levels of hardship experienced by our communities and Eddie said, our council has taken a financial loss of income of \$525 million forecast for this coming year. That is an estimation, we don't know how accurate that it is because we don't know how long this recession is going to last or how savage it is going to be.

Hopefully we'll come out of it earlier and it won't be as deep as we are predicting. However the council has to make some hard decisions. And as Richard has said, there's projects that are gonna be put off for a year or two. They are gonna be some services that are going to be cut. And there will be some people at council who will lose their jobs, will take pay cuts.

These are not easy choices for anyone to make in any circumstances, however, make them we must, if we are to continue to provide essential things that the public all can expect of us. I hope you get something out of tonight. Do not hesitate to call your counsellor or me if you want to. I'm happy to discuss these issues and these challenges with anyone any time. Thank you very much.

Eddie Tuiavii: Thank you very much, I'd like to hand over to Councillor Darby. Councillor Darby, have you any thoughts, A, regarding the budget and B, why it's important for your community to get out and make a submission? My apologies, ladies and gentlemen. Pardon me, Councillor Darby, we're just having a few technical difficulties at the moment. So, Councillor Walker, if you'd like to share some views and we'll come back to Councillor Darby in a moment.

Councillor Wayne Walker: Hi there. Thanks for joining in. I'm one of a number of councillors in office and in town, and then they're in there are some of us that are remote. As a councillor, together with the other councillors, we welcome your suggestions. There are going to be ideas that you've got for our budget that could make a difference. You probably know that our revenue, that's the money coming in, is taking a big hit. So what we've got to do is look at making cuts across our running costs, also across our investments. There are options around selling some assets or not and those assets are actually listed so have a good look at those.

And quite obviously, that means that they're going to be changes in the organization. They will be people probably that will lose their jobs. That's of concern to us. Employment across Auckland is of concern to us. And certainly as councillors, we understand that there are people out there that are hurting householders and businesses.

So, again, we want to hear from you. Thank you.

Eddie Tuiavii: Thank you very much Councillor, I appreciate your work this evening. Ladies and gentlemen, just apologies we're just bringing Councillor Darby back online. If I can ask Councillors Hills and Walker, it was something that Councillor Cashmore mentioned that really struck a chord with me and also resonated with me. As an elected member, Councillor Cashmore is accessible, he wants the constituents, he wants the community to get in touch. It's really, really important for our community to know that we genuinely value the feedback, the contributions that they have to make. Councillor Hills, can I come to you, is this something that you share in? the importance of our people feeling confident and comfortable that they can get in touch with you and that their concerns will be heard? Councillor Hills.

Councillor Richard Hills: Yeah, absolutely, I get most of my feedback via social media, whether it's Facebook, Twitter, Instagram, but are happy to receive emails or any other communications. Obviously, in a pre-COVID world, having meetings at the library and other public meetings was the way to go. This time it's going to be more online and dealing with that in this way. But, you know, we take on all the feedback. Obviously, we cannot make everyone happy. Not everyone's feedback can be taken on the same way. But we listen to all of it.

We have to weigh up the options. We weigh up what we can do and what we can't do and try our best as a group of 21 plus the Independent Māori Statutory Board members to listen and make decisions based on the feedback, but also based on the evidence. And this time, unfortunately, will also be the revenue that has a big effect on those decisions. So the bigger the voices and the more people that submits of all ages and backgrounds will mean we have more ideas and more ways to focus on the future of Auckland and ensure that everyone is heard and then we can try and look after you as best as possible for the next year.

Eddie Tuiavii: Thank you very much. Councillor. Councillor Walker, your colleagues have made comment about them being approachable and open to the feedback that's coming through. Can I invite some comments from you?

Councillor Wayne Walker: Sure. I guess one thing that people probably should know is that councillors are very easy to get hold of our phone numbers and e-mail addresses and so on are all public. All you've got to do is go to the council website. Also, we're out there in the community a lot, particularly now in our wards, but also elsewhere. So, yes, we certainly welcome a call and quite obviously, people can make submissions individually. They can also make submissions through groups that they may belong to. They could be business organisations; they could be clubs and societies and the like. We know that there's a lot of clubs and societies right now across Auckland sports clubs, arts institutions and so on that are really hurting. So if you're involved in a club or society, get them in gangs as well.

Eddie Tuiavii: Thank you very much, Councillor Walker. What I might do now is we'll come back to Councillor Darby in a second. Now that you've heard from some almost all of our elected members, please think about the questions that you might like answered and please began firing these through at this time. Now, I'd like to hand over to our subject matter experts from Finance for a presentation on the emergency budget.

Andrew Duncan: Good evening. Back in February this year, we came to you with a draft budget for the 2020/2021 year. This was before the COVID-19 impact on New Zealand and the rest of the world.

We got a lot of good feedback from that budget and the councils had to think about some of the proposals for change that were put in front of them, and they made some decisions in May, these are listed in the front of the consultation documents you've got available to you on the website. But things have changed a lot since then. And we're now in an unprecedented economic and financial environment that no one had expected. We're looking at a revenue shortfall of over five hundred million dollars.

And we now need to think again about our budget. So it's not business as usual. We're bringing you back an emergency budget. To Auckland, the region, its people and its businesses and the council have been severely impacted by COVID-19. We've had the alert level four for a month, border closures affected economic activity and what we can expect in terms of our economy and health in the future. The council's been severely affected. Lots of areas of activity here to have hurt to their revenue and more than half of that revenue comes from non-rates sources. So with the closure of borders, people's reluctance to group together, we've had impacts on our revenue from pools, we're looking to see reductions in the use of public transport, which will affect the public transport fares revenue, reductions in economic activity will impact on the regional fuel tax and the border closures in particular mean we will no longer be receiving 65 million dollar dividend from Auckland International Airport. It's also impacted on the returns we can get from the port. Slowdown in development activity across the Auckland area will impact on the fees we get for building consents will also impact on the development contributions revenue that's paid when new buildings are constructed.

Watercare's been affected by the drought, and that's revenues being impacted as well. This major revenue reduction means that the councillors and the city are faced with some pretty tough decisions about their budget and looking at setting an emergency budget and getting your feedback on that.

We need to look at maintaining a prudent long-term financial position for the council. About helping our communities and businesses recover. Providing for the essential services the council delivers that are part of the foundation for modern urban living. But also to think about how what we are doing will stimulate recovery in the Auckland region and New Zealand.

So the council wants to have a prudent long-term position to look at having our annual revenue cover our expenses so that we can continue over the long term to provide the services that the city needs.

But in the short term, we've got a major revenue reduction. Our fixed costs remain high, we're going to have less cash to pay for services and investments. Repeat that, five hundred million dollars down in our revenue. And unlike central government, we're limited in what we can do in terms of borrowing. So we're looking at a debt to revenue ratio of two hundred and seventy percent. So for every dollar of revenue we earn, we can only borrow \$2.70.

That allows us to maintain our credit rating and our access to credit markets. We are very close to how much we can borrow at present. So if we're looking at how as an organization, we can meet our targets of supporting the city, delivering services, recognising the impact on the economy that COVID-19 had to deliver a budget that works within those constraints.

We've got four levers that we can apply. We can increase our borrowing, reduce capital investment, make savings in reduced operating expenditure and sell some of our less well used assets. So we're very close to the limits of what we can borrow without impacting on our credit rating and our ability to do further borrowing in the future. We need to keep some reserve in that space to enable us to deal with future shocks. We may have to make some further investments in water supply in the future this year to respond to the drought. We can reduce and slow down our planned capital investment, which means putting off into the future some of the plans we had to invest in community facilities and buildings and roads and infrastructure for example, to manage flood control.

We're also looking at reducing our operating expenditure. There are substantial plans to do that - up to \$120 million dollars already planned for. That includes voluntary pay reductions, some adjustments to our staff numbers, looking at making savings in property maintenance and utilities expenditure and also looking at the 50 billion dollars of assets that we own - not all of those assets are delivering the level of service to the community that justifies their ongoing investment in them. If we sell some of those underutilised assets, then it enables us to maintain our future capital investment.

So this is looking at delivering a budget that will have a slightly higher than 270% debt to revenue ratio, but only for one year, and still retaining the capacity to respond to future shocks, as Councillor Cashmore said. We certainly hope that the economic impacts will come out this sooner rather than later. But that still remains uncertain. So given that we're looking to consult with you to get your views on three key issues. We're looking at a three and a half percent rates increase proposal with an alternative option of two and a half percent. Both of these options are going to have some impact on council services. And two and a half percent increase more severe, but given the reduction to our revenue, this is inevitable.

We've also got a proposal to allow more time for ratepayers who are struggling financially to pay their rates and we're proposing to suspend the accommodation provider targeted rate we charge motels and hotels and Airbnb properties to fund investment and visitor attraction and major event spending by Auckland tourism events and economic development. To put that off for a year while our spending's reduced while we can't bring more visitors into the country with border restrictions in particular. So I'll step through each of these consultation topics with the key one being the level of rates increase and the implications that will have for the city and the services.

So even with a three and a half percent increase, we're looking at some substantial changes with the application of those levers I talked about earlier.

So rates are normally 40 per cent of our revenue. We'd originally aim for a three and a half percent rates increase before COVID-19 struck the city and the country. If we're going for a three and a half percent increase. We will have to make some savings. We will have to slow down our investments. Two and a half percent increase is looking to bring what we can do for the city down even further an even greater slowing of investment and bigger changes to the level of services we can deliver.

Both options are meaning we would borrow a bit more than our 270 per cent ratio. So there would be some more funding of operating expenditure from debt, but only for one year. That would bring us back to our ratios for the 20/22 year. We'd be looking at selling more assets, more reductions in spending, greater reductions in staff numbers and some of our services will be temporarily impacted. And as we slow our spending as a council down and slow down our investment in new capital projects, it will have an effect on the wider economy. So they won't be as much employment in new construction or flying on from the spending by the council on its staff and its suppliers.

If we look across the two options comparatively you can see on the slide here that if we go with a three and a half percent rates increase, we're looking at reducing our capital investment down to two point three billion dollars, which is 280 million less than we'd planned to do. So those are projects, investments and roads, community facilities, etc. that won't be taking place next year that are pushed out into the future. And there will be another fifty-four million dollars in savings beyond the substantial planned savings we've already committed to. That means service reductions, hopefully only temporarily. That rates increases is about \$1.80 a week or \$95 a year for the average value residential property. If we go to a two and a half percent rates increase, we'll have to make another 65 million of capital investment deferrals and another twenty-one million dollars of operational savings. That will be a \$1.35 a week or about \$70 a year for the average ratepayer. So that would be the scale of the increases while they seem small. When you add them up across all the rate payers, the difference between the two options does have a material effect on the council's operations and the services it can provide to the city.

The second consultation topic reflects the council's acknowledgement of the impact that COVID-19 is having on the financial position of many of our ratepayers, business and residential. So we've recognised that already and we're giving ratepayers the option to defer their fourth quarter rate spikes rates instalment until August. 31 of this year, which is when the first instalment of rates is due for the following year.

But we recognize that many ratepayers may still be struggling at that time. So the council's consulting on introducing a policy that would allow ratepayers who are still facing financial difficulty at that time of the year to put paying those rates off for another 12 months and then have a 12-month period in which to pay them off.

Now, this would be available allow the deferral up to \$20,000 of next year's rates with the addition of \$5,000 of the fourth quarter instalment also allowed to be postponed. And this is focusing the assistance on residents in small to medium businesses. But it would mean we'd be receiving around 65 million and perhaps more, less rates revenue next year, which would then which has part of the impact that I talked about before on our ability to invest and spend on services.

The third issue that we're consulting on is our proposal to suspend the accommodation provided targeted rate. Now at the moment with travel restrictions, borders closed and we're still at alert level two, restrictions on events in place. ATEED is pulling back their expenditure on major events and visitor attraction. Their spending is not going to deliver returns in this time period with those restrictions in place. But it will be very important to revitalising the tourism industry when our borders are open again. We don't expect that, well it could be into next year before that happens. We will start spending with that in mind, but our plans are to only spend a quarter of what we'd intended to do next year on that activity because of the late time period, will we expect that spending to start to have an impact, we are putting off proposing to put off charging in any of the hotels, motels or Air B&B properties, the accommodation provider targeted rate until the fourth quarter of next year. This does have a small impact on our ability to borrow and spend, but it does have a match between the spending and when we'll be charging the rate.

Eddie Tuiavii: Thank you for the presentation, Andrew. And thank you to those of you that are sending questions through currently. I'm going to pose a question that you can probably see bottom left of your screen. Why are council focused on increasing revenue in borrowings rather than reducing or eliminating unnecessary or discretionary activity, slash projects or increasing operational efficiencies?

Andrew Duncan: The council is looking at all four of the levers you have mentioned. So we're looking at our revenue streams, at the level of borrowing that we can manage prudently. We're also looking very hard at the assets that we're holding and looking to sell, sell a number of assets. And you can see quite a lot of detail on that in the supporting information pack. And there's also major operational efficiencies and savings being proposed.

So there are four levers available to the council and the councillors. We're looking for your feedback on each of those four levers and how they are used. And there's a great deal of, there's a lot more detail in the documents available online to give you a feel for how we're using each of those and our draft proposal.

Have a look at that information and that'll help you form your feedback to us.

Eddie Tuiavii: Thank you, Andrew. As an avid user of social media and I read up a lot since we went live on Friday, a lot of people have been asking, do we have the granular level of detail or a granular level of detail that equates to libraries, pools, leisure centres and what could potentially be affected? Do we have any projections on what that might look like?

Andrew Duncan: There are some specific detail in the supporting information that's available on the Web site. It doesn't get down necessarily to specific facilities. We do identify and in a great deal of detail, some of the assets we be looking at selling. And there's a lot of detail in the various areas of the organization where we're looking to make savings, but it doesn't get down to individual facilities or parks, et cetera.

I asked my colleague David to provide a little bit more detail about how the council will work through that.

David Gurney: Yes, thank you, Andrew. So an important part of is the involvement of local boards over the next few months. And they'll be working with the council's departments to understand how the savings that are proposed will impact on community services, recreation services at community level. They are the ones that are best placed to actually understand at the local level what these impacts will mean and what the community needs and wants are at each of those local board levels. And really, this is where feedback is really important, too, because we need to get a very good read from Aucklanders about what these savings mean, how they will affect people's lives and it will also go into the mix in terms of determining exactly what services will be affected at that local level.

Eddie Tuiavii: Eddie Thank you, David. I have a question here which could either be directed at our SME's or any of the councillors potentially starting with Councillor Cashmore, it's a question here that speaks to what impression was made on the huge backlog of council services, for instance, building permits, resource during the two months of lockdown with council staff on full pay and little increase in demand and sort of looking at the SME's whether they might want to have a go at that or elected members.

Deputy Mayor Bill Cashmore: Resource consent staff worked right through the lockdown. Many from home. And they did actually make a big dent into building consents, resource constraints and compliance issues. And I can't remember the exact figures, but I believe that building consents are now approved within the 20-day statutory timeframe. Eighty nine percent of them go through with that time frame and resource consents around the mid 60's. There has been a small fall off around the amount of building consents that are going through the council at the moment. But just because we're in lockdown, a lot of people are still working on plans and building projects so that the workload was still coming through. But it did give us, the slowdown, has given us an opportunity to play some catch up.

Eddie Tuiavii: Thank you, Councillor Cashmore. We've got a follow up question here. 'What about contractors? Are they going to be counted in the reduction of personnel? And I notice that there was something in the media a couple of weeks ago about 11-1200 that we let go of. What about contractors going forward?

Deputy Mayor Bill Cashmore: Council employs contractors and companies to provide us key services. The 1100 or thereabouts that have lost positions so far with temporary work or contracting services too are areas such as resource consents, building consents and so forth. They were surplus to requirements as bite of COVID took hold and numbers of people applying to do things started to fall away and gave council staff in-house ability lift up their capacity. They were council employees, those who are not council direct employees are not counted as part of the reductions. Those people are funded by the companies they work for and the companies who apply for contracts through the procurement processes of Auckland council.

Eddie Tuiavii: Thank you very much for that response, Councillor Cashmore. I've a question here for our SME's. It has come up on Sunday that actually it comes up time and time again and while we do address it and it will be up on the website, I think it provides a good focal point as a reference for discussion.

And that's are we getting any help from central government? Or are we on our own? Our SME's please.

Andrew Duncan: So the budget that you've got in front of you doesn't include material input from central government. However, the government has asked councils around New Zealand about shovel ready projects. Because the government is looking at making investment in infrastructure as a way of stimulating the economy. The council has provided a substantial list of projects. And should these proceed it gives the council more options in terms of how it forms its budget and what its capital program is for the future, particularly for the next year.

Eddie Tuiavii: Thank you very much. I noticed that Councillor Watson has joined us on the call. Councillor Watson, have you any preliminary thoughts or anything that you'd like to share at this point before I continue the dialogue this evening?

Councillor John Watson: I was just going to quickly add to the comments to do with the government help, because I see there's been a couple of questions down along that line. There is that fund that we have put in for and certainly in the Albany ward. There is the new Rosedale bus station that that is one of the projects has been put forward. But that's one amongst many, of course, across New Zealand as a whole that adds up to quite a considerable number of projects and a far greater sum of money than will be available, but certainly on top of the 2.3-billion dollar capital program that is anticipated anyway. If there's additional funding coming in from the government, then that will be ensuring that there's you know, a far bigger capital program that has been average in years gone by, which is usually average, about 1.6 billion. So on the actual government side of things, in terms of help, if there is, you know, a billion or one point five billion or whatever comes out of the shovel ready program Auckland will be sitting quite comfortably as far as capital works go any way in terms of its relativity to the average year.

Eddie Tuiavii: Thank you, councillor. The SME's have indicated that they'd like to address one of the questions that's been promoted through. So over to Andrew and David, please.

Andrew Duncan: I just noticed the question asking about infographics to support interactions with the community, and certainly you'd seen that slide eleven I think, has got a simple info graphic on it. And all these materials are available to the to the local boards to assist with their interactions. And if people would like some more, they are welcome to ask us, and we can see what we can produce. There are also a few more detailed tables looking at possible rates increases set out in section six. So if there's some particular ideas you've got about what you'd like us to produce, then we're more than happy to see what we can do.

Eddie Tuiavii: Thank you, Andrew. There's also a question here about the scheme and how can we guarantee that some of the, like the covid scheme won't be abused like the for instance, the example has been given of the government job keeper's scheme.

Andrew Duncan: So our proposed policy, which you can see, and also in the supporting information. It's based on being a required to show financial stress or financial hardship. And those who are applying for the scheme, firstly, it's for up to only \$20,000. So it is focused on small and medium businesses. It's not available to government departments or crown agencies. There are a variety of ways that businesses and individuals can show they've been affected and certainly if they're provided evidence to the government and receives support through one of the government schemes, then we'll be able to rely on that evidence to support our decision making.

And we'll be setting up systems and processes to ensure that when people are making applications, we're checking that we are providing support to those who need it. It'll be quite a big focus of that.

Eddie Tuiavii: There's another question, for you Andrew and I just want to remind our viewers that our elected members are here as well. So if there's something that you would like to ask about within the wards at the local level, please feel free to keep firing them through. Otherwise, if you're happy to hear from you all night, feel free to keep on asking questions.

Andrew Duncan: Our colleague David's just pointed out another question to me. Someone was asking why we're restricting availability of the postponement to people who purchased a property before lockdown on 26 March. And that's because we were looking to restrict it to those who've been affected by COVID 19. So the thought was that if someone had purchased a property after the 26 of March, they were doing so

Being more aware of the risks that they were taking on and the impact that COVID 19, might have. However, the draft policy does allow for consideration of exceptional circumstances in relation to that criteria. The idea was we wanted to limit it to people have been affected by COVID 19. The thought was that if you made a decision after the lockdown, then you were aware that there were going to be some risk involved with that. And the question is whether other ratepayers should support you if that risk had occurred. But we recognize there could be exceptional circumstances and some consideration will be given to applications on that basis.

Eddie Tuiavii: Thank you. I've got one more question for you before I go back to the elected members and just take a brief break from the Q&A and invite a comment from them, Andrew or one of our SME's, are you able to comment on Sky Path? And other question here is I realise that NZTA are managing sky path, not Council but have you any word on whether that's been affected or will be affected?

Councillor Chris Darby: That's one that both Councillor Hills and I are well abreast of. The Sky Path project as the questioner points out, is a government NZTA project now and we've successfully handed that over all the intel that we've received. In fact, I spoke to the associate minister of transport on the queen's birthday Monday and that it's on track and there's a lot of energy at the NZTA to deliver this project to the point that they are in detailed design and they are now consulting on extending it all the way up from the isman interchange all the way through to Constellation interchange and then it connects to the Northern Corridor project running all the way through to Albany.

Councillor John Watson: North of the bridge, we're quite fortunate in that we do have a number of these big NZTA projects either progressing as with the northern motorway improvements and coming up with the Penlink Connection from Redvale through to find the Whangaparaoa Peninsula. So the council is fortunate and the north of the bridge is even more fortunate that there are a number of these projects that are very significant, are not going to be affected by COVID 19. You know, they're either currently under construction and flying ahead like the northern motorway or in the case of some of these other ones there, you're progressing actually on a hastened timetable than would have otherwise been the case.

Eddie Tuiavii Thank you, Councillor Watson. Councillor Cashmore, there's a question here about whether all council businesses or entities are profitable. Are they being sensible in these times? You know is council taking responsibility for activities that are the prime functions of central government. And you do understand that it's a question that's come through in various guises. But I think it's an important one to be posing or posing again this evening.

Deputy Mayor Bill Cashmore: So when we realized that's COVID was having a big hit upon council, everyone was asked to do their bit, the Mayor led off taking a 20% pay cut. Our ELT has done the same sort of thing. The council-controlled organizations have also been asked to deliver us as much savings as they can manage. The public need to bear in mind a couple of things, one of them is booked into the long-term plan with 63 million dollars' worth of the savings already for this financial year, 63 million. That takes the council's savings since 2010 to an excess of 300 million. Now we've just added another 120 million to it so that's one hundred and eighty million dollars' worth of savings that we are taking out of the books this current year. That is a very, very big number.

So we are asking everybody to put their shoulder to the wheel to do their bit. Staff have volunteered salary cuts. Some have volunteered four days' work for four days' pay. Not everyone is in a position to take pay cuts. Some can only do what they can do. And that has to be respected and appreciated. But we've looked really hard at any duplications anywhere where there is a bit of slack or spare capacity and that's been taken in some places, it's been taken quite harshly. Auckland transport's budget has been reduced over by two hundred and sixty million dollars. We hope to put some of that back if we bounce back from COVID-19 quicker but we can't guarantee that so we have to take a fairly conservative viewpoint right from the start so we don't have to do a double cut. So this has been right across the board, a really good, hard look at ourselves, what

we're doing, what's absolutely necessary and what isn't and there has been the knife thrown out and it's been taken. And it's not easy for anyone. And all I can express that it is damn hard and damn challenging, but in these times, just like the family budget, we have to manage it.

The council budget has lot more noughts after it. We have been prudent for a long time now. But you have to be even tougher and more prudent at the moment.

She is. Now. Thank you very much.

Councillor Wayne Walker: Just picking up on the question about are Council businesses profitable? In most instances, council doesn't seek to make a profit, but it does seek to cover its costs. So across things like building and resource constraints, a whole range of areas people will be charged for the costs and generally there's also a contribution to council's overheads. Quite obviously, one of the things that is of concern is are people getting value for money? And probably the best way that we can make that assessment is by benchmarking our council against other councils. Now, we do do that. I don't know that we do it as much as we could and should. But that is one of the most effective ways of getting a handle on whether we are delivering value for money. Obviously, that applies to services around consents equally it applies to areas like providing water, rubbish facilities, transport and the like. So essentially our business as a city needs to benchmark itself against other cities. It's tricky because cities are different sizes and different stages. But we do do our best. So thanks for the question, Brian.

Councillor Richard Hills: No, not all parts of council profitable. Our libraries, our 55 libraries that people cherish, and love are not profitable. They don't ask for money for books. It's about access to those services for our people. We don't ask people to pay to access our parks and playgrounds and sports fields. Some people may pay for those sports or to be involved in them. But obviously, the mowing of those fields, the lights, often clubs may pay some towards that. But generally the toilets and the facilities and the playgrounds are all nonprofitable. We don't ask people for that money. Our stadiums. Yes, we may have profitable components to them for concerts and things like that, but also clubs and kids and schools and others expect to use those facilities for free or for cheap. And so it gives people all over Auckland access to the arts and sports and leisure that they may not be able to afford. So that comes out of our rates.

But obviously also, as we can see now, 60 per cent of our income across local council was not from rates. So it does come from all those other things. But we probably wouldn't be able to run a public transport system if it was profitable. We'd be charging people, you know, 15, 20 dollars each way. Things like that. We'd have far greater congestion. We'd have far greater emissions, that sort of thing. So there are obviously things in the council that are funded by rates and taxpayer dollars that don't make a profit.

And we wouldn't be expecting things like libraries and things, but the council was always looking for savings opportunities. And it shows this time, unfortunately, when we when we try our best to make deep, deep savings or cuts, as some may be calling it, this time it will mean delays of projects. It will mean a reduction in services. And it will mean people do lose access to some things in the next year because of this drastic reduction in our revenue at time. So I guess some of our entities do pay for themselves across council, but it is not a public entity, like a council was not designed to make a profit. And it's not always designed to charge people money to access important things that they expect to in an international city like ours.

Eddie Tuiavii : To our elected members is there is a question that was asked on Sunday evening. And if you scan or peruse your social media, your feeds, you will see it often being spoken or talked about. And that's the issue of, well, whether I make a submission or not. It's probably not going to make a difference. And what I just want to allude to it, because for those of you that weren't able to tune in on Sunday night there was an absolute commitment from the councillors that we're present that It's incredibly important that you make a submission. And I'm going to ask the question, the same question of this panel this evening. Does the submission matter? Does it inform your opinion? Does it help you understand what our community is grappling

with? And I want to start with you, Councillor Watson. A submission, does it matter? Do you read them? Does it help inform your deliberations and trade-offs? Does it help you see the community perspective?

Councillor John Watson: That's a very good question. It is because out in the community, you know, we know we have a challenge in trying to get people engaged in the council and interested and, you know, following what's going on and things like this emergency budget. And you do run into a degree of cynicism, even from those people who are keen and have an interest in their community. And sometimes its cynicism is as well-founded. You know that there are issues that come up where people submit, or they've put a lot of effort in and there's there's there's very little evidence of that community voice being taken on board in these annual plans or long term plans or this emergency budget. The council keeps quite an accurate record of how many people submit on a given topic. So if I give you an example, for instance, there's a proposal from Auckland Transport to start charging at the park and rides the three massive big park and rides that are on the North Shore. Now, the worst thing that could happen there, in my view, was if there was if there was very little or no submissions, because that would be taken as an approval for that proposal. So in instances like that, it's important that people make their views heard or else it's taken as compliance or agreement. Same with asset sales. It's quite a lengthy sections and the accompanying documents of the of this emergency budget to do with asset sales. So there's a proposal for that to be increased from 24 million, up to 224 million. That's that's a bigger load of money. So once again, things like that, it's important that people, if they are interested, they let their view be known or otherwise it's taken as agreements.

So I guess, you know, apathy or compliance are not the friends of engaged communities or for people holding the council to account. So I can understand the cynicism. I can understand people asking that question. But I always urge people to submit, because if you don't put in anything, then your voices aren't heard. And if you do put it in and there's a lot of other people put it in there that gives councillors like myself and others something to hang our hat on in terms of how the public are feeling.

So I hope there are a lot of people submitting this time round and that, you know, we get a clear direction from the people of Auckland because they and that's something that can't be argued with. Not when it comes down to decision making time.

Eddie Tuiavii: Councillor Walker, do you share the same sentiments? Can you make the same commitment to your community that their submission matters and you'll read it? You'll pick it up.

Councillor Wayne Walker: Absolutely. And I would encourage people to submit. You can't make the assumption that as Councillors, we're over everything. Often, we're not. I mean, John, for example, is my fellow councillor, he's raised the issue about the charging for the park and rides at the bus stations. But, of course, there are also park and rides at the ferry locations and at some of the rail locations. So if you have a charge at park and rides, that could have unintended consequences across Auckland.

So you can't make the assumption that just because there's a suggestion in the budget, in the annual plan that it's been thought through, for example, there are asset sales that I know of and there are some properties, for example, on Whangaparaoa road where there's still no plan for that section of the road. And we need that plan because it may well be that a part of these properties should not be sold because it's still needed for access, for building a better retaining wall at some point for footpaths and cycleways and also for private properties that have got designations over them.

So it's not simple. It's really important, especially if there's something that affects somebody in their community that they do the best they can to take an interest in it and let us know. And it doesn't matter where it is in Auckland, as councillors, we're making decisions across all of Auckland. So bring things to our attention. That's essential. Thank you.

Eddie Tuiavii Thank you, Councillor Walker. There is an elected member on the call who I notice has quite a social media following. And you've taken time to really pull the crux of these documents, important things. And you've posted and you've gotten some really good responses. Councillor Hills, have you got a comment to make on the importance of people making a submission and also can you make the same commitment? Will you read? Will it help inform your response, your reaction and your dialogue at the governing body? Councillor Hills.

Councillor Richard Hills: Thanks once again. It is, yes, definitely so we know that only a small section of our community ever submit. So it's important to take it as one piece of the decision making, we have. We come to the table with ideas and a lot of passion around issues. But the submissions do help give us an idea. Obviously, every submission is different, and we might see large sections of the submission process asking for very different things. So obviously we cannot accurately listen and make a decision that makes every submission submitter happy. But it's important that we all look, and I know we all do look and go through as much of it as we can see if there's patterns, if these things that pop out that are that are common, that we can get changed easily. Some others may lead to long term changes, especially if we see a larger pattern of the same messages coming through. So I would never sit here and put my hand on my heart and say we could make every submitter happy. That is not possible and it's not our role. Our role is to try and get that information, listen, read it all take into consideration and then also try and balance up the budgets that we have in this case you know, a lot of people may be asking to save things and keep things in a way, but they may also be asking for lower rates and things like that and those two things can't always go together. So we definitely listen. It's so important that people give us that range of views and from right across the city that we get at all ages and all backgrounds giving us that feedback. What's important to them? But we, in the end of the day, have to sit there, weigh it all up and make a decision based on all the available feedback.

So it's important, but obviously don't give disheartened if decisions don't go the exact way as was submitted, because we all have to balance up all the submissions that inevitably thousands of different views on each topic. So that's so important. And it gives us a really good idea of what people are thinking. But we aren't able to obviously make everyone happy, unfortunately, every time. But I know that I've changed my mind and been surprised by submissions in the past and definitely changed a view or a vote based on the submissions that have come through that maybe I thought I was gonna make a different decision at the beginning of a process.

So it's crucially important that people submit and give us a fair idea of where they want the budget to go in this case or in the future. Things like Auckland Transport and others want your feedback on very specific things. And I know that that feedback often will change the endpoint of a project or the way it looks or feels for a community, because the officers and all of us can't possibly know everything about every community. So that really localised feedback can help as well.

Eddie Tuiavii: Thank you, Councillor Hills, I noticed that on our Q&A feed that we've responded to most, if not all, the questions that have come through. So to our viewers, if you have any other questions that you might want to pose, you might want to put them through now. Otherwise, I will invite some final reflections from some of our councillors. I'm going to come across now to Councillors Darby and Cashmore. You can either respond to the question that's been posed or here's is a redirect. Seeing that we're currently sitting at about 4000 submissions so far, it's been a fantastic result with 16 days to go. What's the greatest opportunity in this budget? What areas might you invite your community to look at and really go hard at or for you personally? And I I'd like to start with you, Councillor Darby.

Councillor Chris Darby: . I might just answer the question from Alejandra, please. And Alejandra, thanks for that question. You've asked the question about what would it mean if we disestablished local boards? Well look at legislation that sets up Auckland, the 2009 legislation, I think it is the Auckland Council Act requires local boards. So that would be a legislative change. And I don't think there'd be much appetite for that, and you wouldn't get that legislation through in time. So it's not going to really affect the annual planned budget that

we're focused on right now. Personally, I think going forward we're going to see strength in local boards and localism is on the rise. And I think that local community connection, that thread and local government is going to become even more important than it is now.

Look, going back to the question that is posed about, is it with that, with filling out the form or doing something online and throwing ideas out to those councillors and that mayor, and did they just ignore me? I can assure you not, because sometimes some absolute gems and not sometimes often some absolute gems come in from submitters. Somebody told me the other day, why don't you stop pollarding trees? Now, the pollard of a tree is where you annually you prune it back hard to the trunk and it grows again. And where there's no wires above that tree that tree could grow out. Each time we do that, the contractor bills us around about four or five hundred dollars to pollard a large plain tree back. Now, there was a gem of an idea from somebody who put that in a message to me some time ago. And we're thinking about that now. An example of that, if you want to see what the outcome could be, if you know Franklin Road in Freeman's Bay, that beautiful avenue of plain trees, they were once pollarded trees that became unpollarded and somebody had that idea. So simple ideas can lead to some wonderful outcomes and cost savings.

The mayor and councillors and the staff, we don't pretend to know it all. We've gone through this budget really, really well. Another idea that came to me was our regional parks are some of our tidiest parks and they don't have rubbish collection services. They don't have bins. Why do we have bins in the other parks? Why do we have bins in our town centres? And I thought that was a really good example of people thinking about in this situation, this unprecedented situation we find ourselves in and what they could come up with to improve our budget. As I said, we've combed this budget pretty hard, but we've still got a long way to go. This is not a budget that is near finalised. So all the bright ideas are welcome. It's going to be bright ideas all round. From not just the mayor and councillors and our staff, but hopefully, you know, a few hundred thousand Aucklanders that can help land this budget.

The areas that I've got some concern about I'll probably go into the transport area and the public transport area particularly, and active transport, road safety. We're at risk of more people dying on our roads under the draft proposal as it reads now, up to 10 people dying and 40 seriously injured. The numbers that I'm looking at and the documentation supporting this draft budget so that the money that we had in the original budget would have led to the saving of 10 lives and 40 serious injuries. The erosion of the budget takes that away. Now, for me, as a councillor on watch over this budget, that is a serious call and I would hope that we can rectify that.

But the overall public transport area, we've made major inroads over the last five years. The proposal before us puts the handbrake on all of that. Can we afford that as a city? So what is the solution? Maybe those that are looking to make a submission have got some revenue ideas as well as where we can save money. Ideas for how we revenue the city are enormously welcome as well. I'll leave it with that.

Deputy Mayor Bill Cashmore: Councillors, local board members and the mayor get voted in by the good people of Auckland and we'd like more of you to vote, quite frankly, just like we'd like more of you to put in submissions, because as part of this democratic process is hearing from our communities directly. In the old days, it was done by stand-up formal forum in a council chamber and you stood there like private schoolboy with the headmaster, made your submission and then left.

We didn't get to have your says in halls and council facilities and some of those were brilliantly attended that I went to, one with over 300. This sort of new format, doing, we've had 40 something out tonight, 50 something tonight. We're getting hold of a whole new audience, which is fantastic. And we have targeted webinars which will also open up more scope and more interest in the process.

Councillor Darby is absolutely correct. We get some absolute diamonds out of the consultation where people have identified a service and assets or new way of doing things that hasn't cross our paths. So please put in

your thoughts, your efforts. I don't care if it's hard and it's a bit tough on us. That's fine. I'd like you to be fair and reasonable and balanced. The consequences of this kind of budget is shaving serious amounts of money off of safety of our roads, shaving massive money off our assets.

However, last year we delivered two point three billion dollars' worth of capital program. This year, aiming to do roughly the similar, but that is still down 280 million on what we were hoping to do, nearly two point six billion. So we still will be doing a lot more than most years in the past. But not as much as we would have hoped to do. I guess my final comment is I wish totally that we come out of this problem quicker. Rather than later. That it is not as deep as some are predicting and not as many people or businesses or households get hurt or injured by it. That we can start again in the following year and reset our budget and move forward again, as we have done in the past, and an ever-increasing delivery of services and facilities to our communities in a better fashion. And I'd like you is a constituent to help us through that with your smart ideas. Thanks.

Eddie Tuiavii: I um with all the technology that's available to us I just kind of want to cut that segment pretty it up and just blast it, really. And I want to leverage off of that as well. You know what the elected members are asking for to, you know, our community fair, reasonable and honest feedback they want to hear it. They're here. They've made that commitment tonight. So I just want to plug that there are five remaining webinars. And I encourage you sign up to another one. Invite a friend. Invite a family member to sign up to the other ones that we've got. Make sure it's 48 hours before and again akhaveyoursay.nz/emergency-budget.

Councillor Wayne Walker: I think the question and answer session format is a really good one and even if there is a question that's a hard question, it forces us to think and address that question. So the issue that was raised around how much money would we save from this establishing local boards? That's a hard question. As Councillor Darby said, we actually can't do that because the government sets the legislation. But it's still a good question. So what is the cost of the local boots? What is the cost of all those council controlled organisations that we have that all have their own boards and layers of bureaucracy?

Could we bring some of that in-house? And there's a CCO review, a council-controlled organisation review underway right now. I would hope that some of the information from that will also feed into this budgetary process. I guess one of the big picture situations around local government and government generally is that we know that the closer you put things to communities, the more the authority, the responsibility and the accountability is closer to the community, generally, the more efficient you are, and part of the problem we have and using that as a whole is that big government has got a far greater spend, then little government, and New Zealand is probably one of the worst countries in that respect, if you compare the government with little government in New Zealand, about 90 per cent of the spend is big government. Ten per cent is little government. That's councils in, say, Switzerland. Ten per cent is big government, 90 per cent is little government. And Switzerland is a lot more efficient than what we are. So I think. Thank you. Thank you,

Eddie Tuiavii: I think this might be a logical and a good point to sort of wrap this up and say what I want to do before I give the usual PSA is are on how you can get in touch with us. I just want to do a final quick fire with our elected members this evening.

Any closing reflections? Any final thoughts? Anything that you'd like to get off your chest or that's on the tip of your tongue or top of mind this evening and feel free to turn the opportunity down as well.

Councillor Richard Hills: Nothing specific to say, I think anyone listening on the calls probably found a lot of information, but probably also heard enough from elected members for now. I think that you will all make good decisions, but please encourage as many people as you know, especially family members and especially younger people who are often the least likely to submit, especially on annual plans, because many people think that is not an interesting thing to submit on, but an annual plan affects everything that our council does

and everything that from when you walk out your front door and see your rubbish bin your road, see your stormwater, see your parks. It touches people touch upon council related items, events, services every day. And this budget will definitely affect the lives of everyone in some way this year. So it's important that everyone of all ages submits and you encourage others to. It only takes a couple of minutes, read through the documents if you'd like. But, you know, just talk to your friends about it. And even though it might not sound exciting, it's really important to submit.

Councillor Wayne Walker: I think these webinars are great . I think we can lift our game here. If we had more people that were engaging with us, that would be even better. So, Eddie, I'd I think the challenge for you and your team is, is how can we how can we have a bigger playing field, more people involved, possibly a longer webinar, target particular audiences. There's real scope here. So I'm very encouraged by this.

Eddie Tuiavii: Thank you, Councillor Walker, for those insights. What I can and will say is community engagement team are absolutely committed to reaching as diverse and as wide an audience as possible. So I totally take those points on board. And you'll appreciate that after every webinar we learn from the previous one and we seek to improve because at the end of the day, we want the coverage. We want to let the community know that, hey, there is an opportunity to engage with the subject matter experts with our elected members. Why? Because it's a call to action to enable you to make that submission.

Councillor John Watson: I'd just like to thank the people who have logged in and participated tonight because, you know, they're walking the talk, they're showing an interest in what's going on at the council. And, of course, by association in their own communities, it's my personal belief that it will be a very different council that emerges on the other side of this crisis. As much as we're all hoping that things will get back to normal and, you know, it'll be business as usual. I think if you listen to the commentators, many of them are saying, well, we'll know and more so for Auckland Council perhaps, than in other organisations. So engaging in this process now is important because it's going to dictate what happens for a number of years afterwards. Particularly if it's an even more constrained environment than the one we face at the moment. And that that's a possibility. So I just invite any people that that want to discuss any matters, Eddie, or follow up on anything specific to get in touch with any of the councillors. You know, we're only too happy to speak to people. Our phone numbers are on the council website and. Yeah. Get on there and submit and encourage people in your family and in others, you know, to do the same and let's get a clear message from our welcome public Auckland Council and what might be a very new council or different council come post 2020.

Deputy Mayor Bill Cashmore: I had the privilege under the past four years, I've been invited to speak at numerous gatherings of folk and I always thought my speeches off with Auckland Council will never be perfect. But we aim each year to do better and better than what we do in the past.

And just think about the services that your council supplies you and as Richard says, Council touches people when they often don't realise it. They turn their tap on and get water out of it – thanks an Auckland Council service. Your recycling bin gets taken away. That's a council service, the library, that's a service we supply inorganic collection, a council service. Local parks, regional parks, swimming pools, all council services. And the list goes on and on. If people think about that they will say gee do I want to not have their services or less often? Sure, we could do things better and smarter. Everyone has a pothole. Rea or metaphorical at the bottom of the driveway and need to solve the problems and need to hear from you. Please encourage your friends, your family to be part of these webinars. It is a way of the future for us to get a better and closer understanding of our communities. Thank you for partaking tonight.

Eddie Tuiavii: For our community that have tuned in tonight. I'd like to echo these sentiments. Thank you so much for taking the time and a step in good faith as you like to engage this evening with our subject matter experts, our elected members and those of us who have come together to be able to put this on for you this evening, I'd like to endorse all that has been said. These are uncertain times. We don't know what Auckland is

going to look like in 12 months. The most important thing it is people. It is people. It is people. It is people who form the backbone of the city. It is people, people's shoulders upon which the city stands on and enjoys all the various multiple successes that it does. It is people like yourself who are watching this evening who will help our elected members forge a positive, vibrant and prosperous future Auckland thank you to all of our elected members this evening. Councillors Bill Cashmore, Wayne Walker, John Watson, Richard Hills Chris Darby.

Thank you to our subject matter experts, Andrew and David for joining us this evening. And again, to a community engagement, an I.T. team who are here this evening that have all banded together again, our community, because we want to engage with you. We want to provide a positive experience this evening for Thank you very much.

*Together we can
recover stronger.*

akhaveyoursay.nz/emergency-budget

