

# Auckland's Emergency Budget 2020/2021

## Online Community Webinars

### Transcript



**Online Community Webinar**  
**Rates Postponement Policy Focus**  
**Monday 8 June, 2020**  
**6.30pm-8pm**

**Mayor Phil Goff:** Good evening, everybody. I'm Phil Goff, Mayor of Auckland, and thank you for joining us this evening to talk about our emergency budget and in particular, our rates postponement policy. Tonight, I'm joined with Deputy Mayor Bill Cashmore all the way from Kawakawa Bay and Pippa Coom, the ward member for Waitemata all the way from just down the road, I suspect. We also have with us Andrew Duncan, who will be giving us our brief presentation on the rates postponement policy. And Edward Tuiavii who will act as a facilitator, taking the questions and directing them.

I can't be with you all evening this evening, so I'll be here probably for the first half of the proceedings. But Deputy Mayor Cashmore and Councillor Coom will be here full for the full proceedings.

Firstly, a very brief introduction. This is a consultation on our new proposals set out for consultation in our emergency budget. This is, I think, the first-time council has had to do an emergency budget. And it is, of course, occasioned by COVID-19, the impact that it has had on the income of council as a result of largely non rates revenue falling, Council has had a drop in income of around five hundred and twenty-five million dollars. That's half a billion dollars for the coming year. And that has I think that's worth. Andrew, it's about a 12 per cent cut to our revenue. That has a pretty dramatic effect. As a result of that, council has to bring its spending to broadly be in match with our income and that means that in the coming financial year, we'll become a smaller organisation with a drop in staff numbers. It means that many of our staff have volunteered to take a pay cut for a six-month period. It means that there will be some reduction in services and there will be some deferral of the investment that would normally be making in some big construction projects for transport, for housing and for the environment.

That's all a huge challenge. But in the midst of that challenge, we're working really hard to make sure that we can keep the vital services that Aucklanders need and want us to provide. We will also be doing everything we can to keep up our spending on investment and construction, both to create the assets that our city needs, but also to help stimulate the economy, create jobs at a market where jobs will be much needed. But there is one other thing that we're very keen to do, and that is to make sure we can provide assistance to those Aucklanders who, through no fault of their own, have been dramatically affected by COVID-19.

They've lost their income maybe through a loss of job or a loss of their business, and they are not in a position to pay their rates on time. Now, we're not in the position. We're not in the business of making life harder for people who are already under this pressure. So we've come up with a policy that will enable people to defer or postpone their rates for a period of time until they get back on their feet. And that's what the whole purpose of tonight's presentation is about.

It's about how this policy will work, who may be eligible to benefit from it, and the policy we've estimated at roughly 65 million dollars in deferred rates. Those are rates that will be paid ultimately but cannot be paid on time because people are in a really difficult position. So welcome to tonight's webinar. And it's my pleasure now to pass across from our finance team, Andrew Duncan, who will give the presentation and following that presentation Edward Tuiavii will take questions and comments from you. We're here to listen to you, to listen to your questions, to listen to your comments. Thanks very much for joining us tonight. Andrew.

**Andrew Duncan:** Good evening. As the mayor said, there's been a substantial economic fallout from COVID-19. The council recognised that when the country went into lockdown and allowed ratepayers who were financially struggling to defer the payment of their fourth quarter rates from May to August this year.

And while we recognise some ratepayers may have recovered their financial position by that time, many others may not have been able to do so, particularly given the commentators forecasting more unemployment and business closures. So we're proposing an additional rates postponement scheme that will include businesses allowed to defer their payments. And note that the sort of proposals consistent with what overseas institutions are recommending and with IRD's tax deferral.

And looking at this policy, the council was weighing assisting ratepayers. Those who are financially stressed with maintaining our cash flow so we can continue to deliver our services in securing the future payment, but also aware that rates are generally while there are a fixed cost, they're a small part of the cost of most residential and ratepayers and businesses. But nevertheless, at the margin, they may be an important cost that could be affecting households and businesses.

Vital for them at the margin. So we've got a new postponement scheme. And I'll step through some of the key features of this. So for a ratepayer to qualify for the postponement scheme, they need to have owned their property on or before the 26 of March, when the country moved to alert level four, and this means that the postponement will be available to those who've been affected by COVID-19 and insulates the council and other ratepayers from risky decisions that have been taken after that point, when people should have been a bit more aware of the potential economic fallout. However, we realize there could be exceptional circumstances and there will be some room for a case by case assessment.

Now, the scheme will be targeted to those who are financially stressed, but we won't be including government agencies if they can rely on the support of government or utilities who may be affected but we still expect to have strong cash flows. And it won't be available for properties owned overseas unless their businesses physically operating locally, it be quite difficult for us to assess the extent to which these overseas owners were indeed in financial difficulty. For residential and farm lifestyle properties, it will be available for properties that have a mortgage. We are of the view that mortgage-free properties won't be in the same sort of financial pressure that those with a mortgage.

However, if property owners are struggling, even though they are mortgage free, they can take advantage of our existing postponement policy, which is available to people who own their properties for more than two years. We're also including not for profits and where their activity is residential in nature, that they'd be able to apply under the residential scheme, but they wouldn't be required to have a mortgage. So that might be entities like a rugby club.

For businesses, and this with capping the amount of postpones rates at 20000. Now that also applies to residential properties. We've only got 285 out of 440,000 residential properties that pay more than 20,000 rates.

Now, for both residential and business properties, they'll be able to defer. Up to 20,000 per property, but also to carry forward up to 5,000 per property of any rates deferred from the fourth quarter of this year. And that's on the basis that we consider bigger businesses and properties to be better capitalised and have better access to finance and so not having to rely on the support of the other ratepayers of a city. Only fifteen percent of our business properties, about five thousand nine hundred, pay more than 20,000 rates and of these, they'll be able to postpone the first twenty thousand.

This caps our cash flow risk a bit and the effect on the council's ability to invest in the city. And it also focuses our support on small and medium sized businesses. Terms and conditions - have to be in financial stress due to COVID-19 which you postpone your 20, 21 rates for a year. We realize that not everyone who's been in this position will be able to pay all of the 20, 21-year rates on the 1st of July 2021, so we're going to we're going to give them a year in which to pay that back so they can spread it out over time.

The postponement will terminate if the property is sold, so the rates will have to be paid off. We're not going to have any minimum equity requirement. We don't think there's much of a risk to ratepayers here because two years of rates is going to be less than one percent a capital value, so we quite secure in terms of the future income stream for other ratepayers.

And we will be adding a postponement fee to the postpone rates that will cover our interest costs. So that will make sure that other rate payers aren't bearing that cost. We're happy to take any questions. Thank you.

**Eddie Tuiavii:** Thank you, Andrew. To our community that are tuning in this evening. Just want to encourage you now if you've got some questions that are top of mind, either for our subject matter expert or our elected members, feel free to fire those through now.

I want to open the dialogue this evening, Your Worship, with a question that I might pose to you. Are we in the situation that we're in because we were already in debt, pre-COVID 19, your worship. Any thoughts on that?

**Mayor Phil Goff:** Well, we're in a very good financial position prior to COVID-19, in fact, we just as we went into lockdown, we got the report from the calendar year ended 2019, and we had a healthy surplus and we were in good shape. Did we have did debt? Absolutely. We did have debt because it's quite proper to borrow to invest in capital works such as infrastructure. So probably about nine billion dollars' worth of debt and assets. I'm just looking at Andrew here, about 55 billion dollars' worth of assets might be a little bit less than that, but we were in good nick.

And you can tell that because the credit rating agencies had given us a double a credit rating, which is second only to the government's rating. So we were regarded as having managed our finances competently and prudently. And we were absolutely in a position to make the investment we needed to in the new infrastructure as the city grew. And we we've always maintained we've lived within our budget. The thing that you don't borrow for is your day to day operational costs It's a bit like a householder, you know, you can borrow to pay for your mortgage but you can't borrow to pay for the groceries or you'll end up in trouble.

So when we've suffered this big drop in income, nobody saw it coming. Now, we're not the only ones in this situation. Then obviously, to be prudent, we've got to reduce our spending. And that's what we've done. But in a good financial position, still well regarded by financial institutions and credit rating agencies and, you know, will tough will suffer a tough period for the next 12 months. But with the measures we're taking, we'll get back into shape again and resume the progress that the city has been making. And it's been significant.

**Eddie Tuiavii:** Thank you, Mayor Goff. I've got a comment here from Andrew. And then I'll pose a question to you, Councillor Cashmore.

**Andrew Duncan:** So we had a question asking whether you can postpone for an owner-occupied property or whether you can also postpone for a tenanted one? Postponement will be available for both owner-occupied properties and tenanted properties.

We recognise that some landlords may have offered rent relief to their tenants. Others may be having to support their mortgage with employment, with income from other employment, and may have lost their jobs.

So if there's evidence of financial hardship, then the postponement will be available and both of those circumstances.

**Eddie Tuiavii:** Thank you, Andrew. Go ahead.

**Andrew Duncan:** We've also been asked what kind of proof is required to confirm financial hardship? Well, certainly in the case of a residential rate payer, in either of the circumstances, I've just referred to evidence that the jobs been lost, or incomes fallen would be one of the factors that we would take into account.

But we're also looking to manage our administration costs by building on the tests that the government is doing for the support they're providing to businesses in particular. And so we'll be looking at their tests. And if someone's been approved for one of these forms of government support, then that will be the sort of thing we'll be looking at to indicate that we should also be providing the small amount of support we can through rates postponement.

**Eddie Tuiavii:** Thank you, Andrew. Councillor Cashmore. Some of the viewers might not know this, but this is your fourth webinar and it's come up time and time again. I wonder if you had a comment to make around, say, internally council is tightening its belt. There are reductions across the board in terms of staffing numbers. What does that look like in terms of the quality of the services that council might be able to provide going forward over the next 12 months? Have you any thoughts, insights, top of mind stuff about that, Councillor Cashmore?

**Deputy Mayor Bill Cashmore:** Thanks, Eddie. Thank you for the question, it's very pertinent. It's good to see your worship Mr. Mayor and Pippa here this evening and staff. These are unprecedented times which Auckland is facing. Not one of us could have foreseen Covid coming. And what we can't understand or predict now is how long the downturn or recession will last or how deep it will be.

So councils had to take a what is the most likely scenario approach, but also being a bit conservative around it, because we don't want to be delving into this twice. So we're looking at projecting out a five hundred twenty-five-million-dollar shortfall, as the mayor is saying, it's a huge stack of cash out of our revenue basket. One of the ways we can balance that is by reducing staff costs and we already have put off contractors in some temporary staff around 1100.

We've asked our staff to take pay cuts, to take 4-day weeks for four days' pay and to give up some other entitlements. Large numbers of our staff have agreed to take 10 percent pay cuts. Some of the ELT have taken voluntary 20 percent pay cuts. The mayor has said he will give up 20 percent and I'm giving up 20 percent. Councillors are giving up whatever they can, but there are many people who work for us, including some elected members who are not in a position to give up their salary, they might have dependents, they might have big mortgages. And we don't. It's not right or correct for us to delve into their personal circumstances. This is a voluntary thing. It is really pleasing to see the numbers of people who have stepped up to take this initiative to help a city out. And I commend the council staff and those at Auckland Transport. And now all CCOs who volunteered this. It's great to see.

However, we have to be very careful, council is a service provider organisation. We give things to our community. We organize things, we plan things. And therefore, we've got to keep a capacity and a quality in our staff to provide the right sort of services back to our community. It's very simplistic for people to run around on the outside, be uninformed and say, cut this, cut that, cut all the salaries. You've got to compare our salaries to those in the private sector. I would suggest you, as I am a private sector person that council staff pays significantly less than the private sector. And we have lost staff literally all the time to the private sector and to government.

But people feel a sense of duty to council. I have been so impressed by the people who have come to work for council just because they want to give back, people who are head of the biggest engineering firms in this

country, people who were the head of international financial institutions, take massive salary cuts to work for Auckland council because they want to give back. And that's laudable and it goes right through our organisation from top to bottom. And I thank all those people for that, however, as the mayor says we have to downsize and that means people in some cases will lose their jobs or have more restricted hours. And it's a tragedy. It might only be for a short time. Then we can rebuild and come out of this. And it's also Eddie really critical that council be in a position going forward that we can actually help with the government and help our businesses and industries deliver a renewed and reinvigorated economy post-COVID.

If we are so downtrodden and downbeat financially that we are unable to help, we will be of no use to the reborn and the re-growing of this city and this nation. So we need to be in a position, as we were prior COVID, with our financial strength and capability to continue deliver and that capability in council is people critical. Thanks, Eddie.

**Eddie Tuiavii:** Thank you, Councillor Cashmore. Your worship, if you might have a comment to make. Now, I understand that the second option that we're proposing is to alleviate the financial burden or stress on our ratepayers. And it's come up time and time again before. But I wondered, Your Worship, if you had a comment to make on the notion that while it's just as simple as stopping some of the things that we're doing, plugging the hole that we've got and then carry on with business as usual, is that not possible, Your Worship?

**Mayor Phil Goff:** Well, look, we've looked at all options and it's been good and constructive, a collaborative effort between local boards and the governing body of council.

When you've got to find savings of 525 million, you won't find them in one place. There'll be a range of different things that we have to do. But, you know, there's obvious things that you could cut, and we've resisted doing it. Our library services, for example, you know, 500,000 Aucklanders a week use our libraries. Now, in some instances, we might have narrowed down the opening hours a little bit, but all of our libraries have reopened at this point.

We're looking at areas that we can defer in terms of the construction of big projects because, you know, when your revenue goes down, the amount that you can borrow against your revenue to invest in construction of infrastructure also decreases. But the word there is deferral that the projects are not going. We're keeping them. We're keeping them going. Things like the eastern bus way, you know, which is we're just putting another 700 million dollars' worth. But that's because the eastern suburbs really do need a bus way.

You know, there are a range of other things that are important, not just because of the assets they create for our city. But we're entering into a recession that that could be as bad as anything we've seen in our lifetimes. You'd have to go back to the 1930s. Now, if we slashed all of our expenditure, we would be contributing to the problem. What we're trying to do is to keep some of those big projects going so that we're creating job, we're letting people earn incomes and we can bring forward the recovery.

And I think that recovery, you know, looking optimistically, might come earlier rather than later. Great news from the prime minister this afternoon that we're on to level one tomorrow. I was going to go down tonight and see what the bars looked like at 11.59 tonight. But I think I'll probably be tucked it up in bed by that time. So we'll have to sell some properties. And these are largely non-strategic properties. We will increase our debt on the margins just for the coming year but within the limits that the boundaries that are set by the credit rating agencies, because if we were to just go out and borrow the money, what that would mean is it would probably suffer a credit rating decrease. Now, you know, one notch down on our credit rating costs you 210 million dollars over a decade, two notches down 450 million. So we're being sensible about it. We're trying to get a mixture of policies that will ease back on our spending, but not to dramatically affect the key services we provide to our people that rely on those services, keep as much of the construction going as we can and then just work our way back into a position where we can, again, get a balanced budget, which we would hope we'd be able to do within a year, 18 months.

So that's the general approach that we've taken. No easy answers in this one, but taking making decisions that are prudent, that are wise management of our finances, that look after the people like we're doing with those

rates postponement property. And, you know, we are putting out there for consideration whether the rate increase in the coming year should be two and a half or three and a half percent. Let me just give you an idea of what that means for the average rate payer. For the ratepayer paying the average amount of rates are two and a half per cent rate increase as another \$1.35 a week on your rates for a three and a half five per cent, it's \$1.82.

We're not talking about the sums of money that are going to cause hardship for people, but we are recognising that there's been an income drop and we are asking Aucklanders, you know, if we go if we if Aucklanders opt for a higher rate increase, then we can provide more of those services that would otherwise have to reduce. We can do more of the investment that'll get more people into employment and create assets for the future. So we're going out genuinely to listen to and to consult with people, hear what they want, what their priorities are, and to get some sense from them as to whether the package that we collectively and I've got to say unanimously as councillors put together, we're all working together on this to find a way through just to get some feedback from those of you out there that are our ratepayers, ours residents, our constituents, and to make sure that we're on the right track.

**Eddie Tuiavii:** Thank you, Mayor Goff. I've got a comment from Andrew Duncan. And then I've got a question for you, Councillor Coom.

**Andrew Duncan:** So I had a question about what other support the council can offer to ratepayers who are struggling financially. So the council administers the government's rates rebate scheme that can provide over six hundred dollars of support for paying rates for those ratepayers on low incomes and we would encourage people who feel they are struggling to approach the council, get in touch with a call centre and see if they're eligible for that assistance.

And we've also, in addition to the postponement scheme I referred to, we have our normal postponement policy, which is available if you've owned your residential property for two years and live in it, and help with design of payment plans shifting from quarterly to weekly payments to assist rate payers also.

**Eddie Tuiavii:** Thank you, Andrew. Councillor Coom, at the end of the mayor's reflections there just a moment ago, he mentioned that there were no easy answers, and that's absolutely true. If you think about the campaign that we're running at the moment to get Aucklanders across Tāmaki Makaurau to engage with us, the strap line is effectively stronger together. And as we segway into sort of a different part of this evening. Councillor Coom, have you any thoughts to offer our listeners, our viewers this evening in terms of the importance of the call to action to make a submission? Because for the last couple of webinars that we've had all of the elected members have been unanimous in coming out and saying, we want to hear from you, we cannot do this without you. Any thoughts from your councillor?

**Councillor Pippa Coom:** Good. Thank you for the question. And thank you, Mr. Mayor, for joining the webinar and leading this this evening. Deputy mayor and officers for supporting the webinar. I'm really pleased to be here. We are very much an unprecedented times and this is the first time that council has consulted on an emergency budget. And I think we've already seen in the first week about 11,000 responses, which is about ten times the rate of response that we would normally see just in the first week. And I think part of that is because there is a call to action. People are hearing that this is a really important process. It's not often that council is consulting on such a significant issue.

And so this is quite an historic time to be giving feedback and setting the direction of council's budget and also highlighting what is important to Aucklanders. We've come through the COVID crisis in quite good shape. And, you know, it's very exciting that we're moving to level one this evening and we're now moving into a new phase of recovery and rebuild. And I think everybody has got a view on how we should do that, and that the crisis has also highlighted how much of an importance council actually does play to our day to day lives.

But we often hear that council should just stick to our core activities. Well our core activities go far beyond roads and rubbish and regulations, and we've seen that in the response to the crisis that we've needed Auckland Council to respond in all sorts of different ways and providing services and support to the most

vulnerable services all across Auckland. Even when we've been in lockdown. So I guess my point is that now we're thinking about rebuild and recovery and rebuild.

I think everybody can contribute to that conversation and give us feedback about what the priorities are and where we need to focus our budget. Take balancing that with the fact that we've had this huge hit to revenue. So we're going to have to make some hard choices. So I think this process is there is a really if there's any time to engage with council this is really it.

**Eddie Tuiavii:** Thank you, Councillor Coom. Mayor Goff and Councillor Cashmore and Coom, if you'd like, as well. There's a lot of there's a strong sense out there. There's a lot of sentiment around. Well, zero. It's hard on everybody. These are hard, turbulent, pressing times. Never mind 2.5 or 3.5. I'm sure zero per cent would be, you know, better. And I guess to sort of flesh that out a bit. It's there's an underlying kind of a sense out there that we've not exhausted all avenues. We've not talked to central government. We've not done everything that we can. Your Worship. Have you any thoughts on that, please?

**Mayor Phil Goff:** Yeah. When we worked through the policy in response to the need for an emergency budget, we did look at all options. And yep, certainly I'm getting a mixture of views, actually. Some people, you know, on social media are saying to me or in the street, look, you know, zero would be nice. A lot of other people saying, hey, look, you're only talking about a couple of bucks a week. I'd rather pay a bit more, actually, and make sure that we could bring forward, you know, improving that water quality, that we could make sure that our parks are and our playgrounds are in pristine state, that our libraries are fit for purpose. So there's a whole mixture of reviews out there, as you'd expect out there in our democracy, nobody, we're not all clones of each other. But when we looked at it, what zero rates would mean, it would mean severe slashing of our services. It would mean much less. We'd be talking about several hundred million dollars less, in investment in our infrastructure for environment, for housing, for transport. It would mean, according to the chief executive, the potential loss of up to 900 further jobs on top of the you know, the eleven hundred that have already been given notices as short-term contract workers or temp workers. And what we have to do is find that balance. We want to live in a city which is a great city to live in, which means it's got to have good services. You expect your rubbish to be picked up on time each week.

You expect the water services to be there. You expect the libraries and the pools and the and the community facilities to be available to you. You may want to make sure that we're making the investment and transport safety and maintenance of our roads. All of these services are critical, but they all have to be paid for. And, you know, I guess in politics, for a long time, I've found some people that say, look, manly when I was in central government, hey, look, we want you to cut our taxes, but we want you to provide better services and by the way, we want to make sure that you balance your budget. Now, you know that there's a there's a limit. You can't do all of those things at once. What we're trying to do is find a balance, give people a choice about the rate level that they may have, but make sure that we deliver on our obligations to our public to actually to keep those key services going, to keep the city as a great place to live to make the investment for future generations. To clean up our water quality. To do stuff about climate change and to do that it's not a huge impost on everybody when you have a rate increase, as I said, 2.5 per cent as \$1.35 more a week. When we went out and the last long-term plan, we said to people, would you be prepared to pay a targeted rate to improve our water quality and to enhance our environment and two to one people said to us, yes, it's only a couple of dollars and we want you to get on and do this. This is important to us. This is our birth right for our kids to have beaches we can swim in. And they do want us to continue to make that progress and we're determined to do that.

So what we're doing is putting a choice before people, we're giving them the implications of those choices. And to, you know, again, to get straight to your point a zero rates increase would mean a slashing of services and a dramatic cutback in the building of infrastructure, for transport, for environment, for housing that we critically need, you know, long after the effects of COVID-19 are gone we've got to get back to those key challenges of making this a great city to live in. We're having a public transport system that works, dealing with congestion, dealing with pollution, cleaning up the harbours, making sure that the infrastructure is there for the

housing. That's what local governments about. That's what we're working to achieve. But we also know that people, you know, people have been affected by this and their incomes. And we're trying to protect the people who need to be protected.

Our rate increases that we're proposing for the last three years, our rate increase has been the lowest of any city in the country. And now we're looking at rate increases that will still be, I believe, lower than any of the other big growth cities like Taranaki and Hamilton might not be as small as, you know, a town like why Waitomo where there's no population increase and no need for extra spending but we are trying to keep those rates reasonable.

And the last point I'll make is, we're also looking for value for money. Every dollar we spend, we want to know whether that is getting the best value we can for the people that we're serving. So we're finding efficiency, stopping duplication. One of the reasons why these cuts and our services are as hard as they are, is because we've been through the last three years. And anything that looks like it's not working efficiently or there's fat in the system, we've cut back, we've made savings to reinvest in services.

So, yeah, I think that's probably a summary to your question.

**Eddie Tuiavii:** Thank you, you worship. To our community if you're just joining us tonight. We have Mayor Phil Goff, Deputy Mayor Bill Cashmore and Councillor Coom this evening, along with Andrew Duncan. Councillor Cashmore off the back of the mayor's reflections this evening. And I can appreciate that you've aptly summed this up in previous webinars. There's the sentiment out there. That difference between 2.5 and 3.5 is 47 cents and some sort of come to grasp that and others are still of the understanding that some of the assumptions are flawed. And you would have heard some of that last night. You know that the libraries and the pools and when we go back down to level one tonight at night and tomorrow, just like that, the uptake will be there. And I just wondered if you had a comment, Councillor Cashmore and potentially Andrew this evening around some of those assumptions that we made based on that projection of income sort of continuing to dive before it recovers again, Councillor Cashmore.

**Deputy Mayor Bill Cashmore:** Thanks, Eddie. It's a really good question, because as I said earlier on, we have taken a fairly conservative approach to what this downturn could mean to council. So that enables us should we get a closer to the end of the year and recession is not as deep or we're starting to move positively out of it. We can actually open up things again and start to get projects that had been deferred for a bit moving ahead.

I think one of the critical points we have to recognize is, is it projects that are already under contract we are committed to and they will be completed. Ones that are in the planning stages that we have not yet issued contracts for could potentially be deferred. But the planning work and design work will still go on. So when they are ready to go, we can go quickly. And the government has announced a shovel ready program. It's going to come in a series of waves. The first wave is apparently due for late July. And we will find out then whether some of the projects that we've put forward, and 35, would go to the second stage already. So how many of those 35 projects will be uplifted to crowd funding or assistance even. And they could help fill a big hole that we've put in Auckland Transport's budget, which is taking two hundred million dollars off their CAPEX Spend.

So suddenly from shovel ready could actually help in those areas. Keeping the projects that are alive and working and are contracted and keeping them going, keeping the people on the tools, keeping the roading going, the contracts going keeps money going into the economy. A lot of people say to me, just stop things. And I say, well, first I'd like to give you a list of things you want me to stop. And secondly, let me tell you about the cost of stopping doing things, because let's say you stop building a bridge that's half built, you have to cover the reinforcing. You have to protect the concrete. You have to pick the structural integrity of the foundations. All of that stuff comes at a price that is not factored into the contract. It will be a plus on the actual contract. And that is a big plus, in many cases, the best ways to carry on and finish that project. And the same thing with the environmental provisions. Yes, we slowed things down. But, you know, the spring when you don't muddy lawns for a month, because you want to go to the beach, or do it bushwalk, and all of a sudden

the lawns are halfway up your calf and you got to take you three goes with a lawnmower over two or three sessions to get your lawns back in control. It's a similar sort of thing. If Council let things get too ragged or too tired. The cost of getting back is a lot of effort and a lot of money. So we'd better keep revisioning the deliveries going as best we can taking a conservative approach, but with an eye for the big game which have uplift. When we come out of us and get cracking again quickly. Thanks Eddie.

**Eddie Tuiavii:** Thank you Councillor Cashmore. I think it's a great contribution. And little did you know that I. I logged onto the council Facebook page and I had a look at where we encourage people to have a say. And indeed, there is a comment here that says we certainly have no need to finish all the work going on downtown to fill in the holes and leave those projects until council has the budget to finish what they started

And I guess in the insinuation, there is just wait till the demands back and just wait until the money is there and we'll resume. So I think that was quite beneficial. And you potentially killed two stones there.

Mayor Goff, there's just before I posed another question, I just want to encourage our viewers and our listeners this evening, because this is a session or a webinar that has focused on rates postponement. Please feel free to pop your questions online and we'll address them. But in the absence of those, we'll continue having a broad and a wide-reaching discussion this evening.

Mayor Goff, last week we had a comment, or it was a question about CCOs or sort of councillors as a big group. So we know what council core council is doing in terms of restructures and tenure and everything. What sort of a commitment is there from the CCOs to also sort of pull their weight and play their part?

**Mayor Phil Goff:** With the response from the CCOs, every chief executive, every chair of the board, every board member and every member of their executive teams have agreed to take a voluntary wage cut. And that, you know, that shows, I think, a commitment that people understand that we are in extraordinary times. And, you know, when we're not in the normal situation where we all get our normal wage increase every year, this is this is people not only forgoing a wage increase, it's actually taking a significant wage cut.

And for the chief executives, including our own here at council, that's a that's a 20 percent cut in income. Same for the deputy mayor and myself. And what we're trying to do is, of course, we're trying to protect our lower paid workers. If you're if you're earning at the lower end of the wage, you'll probably still get a wage increase this year. If you're earning above the average wage, you'll probably get nothing if you're earning significantly above you'll probably take a wage cut for the last half of this year.

These CEOs are also reducing their programs. So we had hoped, for example, we were going to spend 900 million on transport services. And there's a whole lot of things that are included in that. You know, we're doing we've just, you know, bought new trains, electric trains as we encourage more people to go on services. We're trying to electrify our bus fleet, et cetera. We've had to put on hold some of those things that made us say they won't happen. It's just they won't happen for a year's time. And Auckland Transport has made those cuts. One area where we haven't tried to cut in the area of water care because we know that with this phenomenal drought that we've got on at the moment, the worst in 200 years is the prediction. And unfortunately, nothing much for the next week, we might have to spend more money, you know, create new water treatment plants, create new sources of water.

So, you know, we've taken on a case by case basis with the with the council-controlled organizations where they can give up money. They have some of them have made quite dramatic cuts and significant cuts in their staffing as well. So, again, it's a case of nobody leaving it to somebody else to take the initiative. We all need to play that part. We all need to give up something while we get through these difficulties. But we will get through them. And what makes me really confident, you know. Well, what was today, 101 days since we had the first case of COVID-19. And with 101 days, we're now down to no live cases, no further deaths, no new cases coming on. And just we compare ourselves with other countries in the world, in the United States. I know it's much bigger, but 110,000 deaths. Sweden, only twice our size. Four and a half thousand deaths.

So what have we done? We've all worked together. We've come together to make sure that we overcome this pandemic. And we have. And now that we've done that and you know, that's not to say that we won't get the odd case coming back. Let's work together to overcome the economic consequences. And by working together, will create and will create a stronger council, a stronger community, a better city and a better country. And I'm really confident that we, as Aucklanders and New Zealanders will actually do that.

You know, there are times when you feel really proud about our, you know, what we call it, the team of five million. And this is a time when I do feel really proud about the way that people have come together, work together, heeded the needs of others, and council's done that. You know, during the worst of that COVID-19, the food parcels where we were you know, we were we were we delivered something like 17000 food parcels. We were ringing the over 70-year olds that were isolated because they are part of our community.

We weren't about to sacrifice our older people saying, well, COVID-19 will get you but I'm young, so I don't care. We were in it together. And that's what we want to do with this difficult budget. We want to find a way of protecting those that are hurt the most. That's what rates postponement is about. And we want to find a way where we can bring our spending within our budget with a lower income, but still provide the things that are really important and that counts for Aucklanders.

**Eddie Tuiavii:** Thank you very much Mayor Goff, I know you have to duck out momentarily, I wondered if you wanted to make a final thought or a final reflection on the importance of our community having their say, getting out, writing a submission, do you read the stuff, how important is it for you, Your Worship, for our community to get out there and make a submission?

**Mayor Phil Goff:** I think that most of us around the table, officers or elected representatives, we don't just read the stuff. We eat, drink, breathe and sleep it. I doubt that there's any member of the finance team that didn't spend the night thinking about what they were putting together. And I just want to make a big call out for our finance staff. You know, Deputy Mayor Cashmore was talking about the shovel ready projects. The government gave us about two weeks to get those ready and those two weeks included Easter. And I know because we were meeting on Easter Sunday, I know, that that our officers spent their time when they were you know, we were on a public holiday actually working to bring these things together. So I think people have made a real effort. I think that it's been it's been terrific. Do we take people's submissions seriously? Yes, we do. And by the way, we're getting a great return of submissions. I think many times higher than what we would for the normal annual budget. And that shows that that people do understand and want to participate. You know, what democracy is about is not making these decisions. You know, you elect me now. I go away and do my own thing. And I don't listen to what you're saying, not about our officers saying, well, we know best for people. We put forward our best proposals. We put our heart and soul into making those proposals, but we might not always get it right. And we need to understand what you're thinking. And we need you to participate in the process.

Don't just leave it to somebody else to make their influence. Please, if you're out there listening, make an effort, put a submission in and tell us what you're thinking. We do take that into account. Can we please everybody do everything for everybody all at once? No, that's not the real world. But we try to get all of those views together and say, okay, what is the path whereby we can carry most of our community with us? Having listened to what they say, what they want, what their priorities are. So if you've got it either online or you get a hard copy, please send in your thoughts, your submissions. They make a difference in how we carry out our role. We really want to hear from you. Thank you very much for that.

**Eddie Tuiavii:** Thank you very much Mayor Goff. Thank you very much for your time this evening. Councillor Cashmore. I've got a question here and that speaks to that Five hundred and twenty-five million dollars in lost non-rates revenue that we've broken down. And it's quite a practical question that's come through. Why has COVID stopped parking enforcement? And I think those to the tune of about 40 million there Andrew. Any response to that, Councillor Cashmore, or is that an Andrew question?

**Deputy Mayor Bill Cashmore:** I've actually got in my book the actual numbers, but I've been through it five years ago off the top of my head. You know, the city basically shut down and we saw public transport numbers fell right off. We stopped putting out fines for people illegally parking or doing things that we normally charge for because there was no one coming through. So all those sorts of things were falling off and with the social distancing. We didn't want to penalise people if they were coming through and the buses weren't able to run anywhere near a capacity like, you know, a third of space can be used on buses, trains for the early stages.

So a whole lot of rational reasons for it. To try and keep as much of the central economy going in the business districts around Auckland. However, that you get hit by the point, I think from memory, around 45 million. And then this hit from and the loss of PT which is massive. The government bailed out some of that, which is great. And the other hits we've taken are what we're talking about tonight, potentially 65 billion dollars and nonpaid rates or rates that have been deferred.

Because I've been reducing the capital program from the subsidies, we get from NZTA. That's a really large number in the 60,70-million-dollar bracket. So these things all add up to very, very large chunks of coin that we've got to find answers for. Again, remembering it is a projected amount – it is not looking back at what was actually been done, we are planning this forward. This is what we think is the most likely scenario. And therefore, if it isn't as bad as what we're thinking we still have the opportunity to go harder, go earlier. As I've said a couple of times already tonight. The hard part about this budget is actually understanding the complexities of getting the numbers as close to right as possible and Andrew, you know that better than anybody else. It is really very difficult to second guess the stuff because we just do not actually know. So we take a conservative approach and but still be geared up, ready to up the tools if we get the opportunity.

**Eddie Tuiavii:** Thank you, Councillor Cashmore. I notice here that one of the questions that's come through and it's absolutely great and don't feel confined to the rates postponement. Feel free to ask anything of our elected members and also anything emergency budget related of a subject matter expert. Councillor Cashmore, there's a question here about whether we're able to move the consenting on the Waikato river, surely getting water in will help our industry get back on their feet and employ more staff or pay rates on that time if we can get that consent heard sooner.

**Deputy Mayor Bill Cashmore:** Thanks to the person who put that question through, It's very, very topical front of mind right at the moment. So we actually cannot fast track Auckland's consenting process. The law of the RMA says they have to be heard in the consensual order. However, we need to accelerate the process. But first of all, we could use some provisions that currently exist within our rights out of the Waikato. So we are going to be talking, the Mayor and I are going down to the Waikato on Friday talking to the City Council, and the regional council. To find – ok these are the things we're thinking about doing, we want to work with you to try to make the this is a collaborative approach. The drought has affected the Waikato as well. And they are hurting. The Waikato River is at record lows for this time of the year, so we need to be sympathetic for those requirements.

But we also have an urgent and preeminent problem in the city to secure water for this coming summer. We need to find the solutions for that very quickly. And part of it might be desalination plants brought over from overseas, plugged in and then refilling some of the dams in the Waitakere so the water can be treated. We need the short-term solutions that include households having a right to put in tanks to collect rainwater off the roof to use and washing their car garden and flushing their toilet as long as the stuff is slightly incorrectly plumbed and. Longer term, we're going to have to look at other solutions, like permanent desalination and or of repurposing waste.

So we've got a three-stage process here. Immediate solutions to alleviate a potential problem we have this summer. Short, medium term solutions to get that extra 200 million litres a day from the Waikato that gives us breathing space until we deliver the long-term solution, which will be around infrastructure provisioning for alternative uses of the water for waste and or desalination.

So it's underway. That's not being put on the back burner. Not being slowed down. Hoping it just rains. You know, I've never seen it so dry. It's been absolutely horrendous. Trying to farm through this through this price, we've actually sold half of our capital stock. I don't know. I've never done anything like that in my life before. So this is a very serious problem we're facing. It is a drought. This is not the new state of normal, hopefully me will say is that I'm under the global warming projections that Auckland we'll get the same amount of rain, if not more. It has in the past; it will come differently. So there'll be heavy downpours and longer dry spells. Let us just break that new dawn with a longer dry spell. And hopefully we are going to get those heavy downpours in the next few months, but not like the Tasman Tempest please, we don't need that again.

So the work with Watercare is ongoing, it's a council and water care collective approach. We want to work with the Waikato councils and the government to deliver these solutions. It's going to be touch and go. It's going to be tough. And make it expensive. But it has to be done.

**Eddie Tuiavii:** Thank you, Councillor Cashmore and keep your mic on because I've got another comment here that I've taken our time together on Facebook and had a look. The Crazy Train Tunnel, can't we just put that on hold?

**Deputy Mayor Bill Cashmore:** Yeah. So the crazy train tunnel to unload that crazy train tunnel will actually double the level of people able to use public transport by rail in the city. And it's not just for the CBD people out of my area of Papakura and Pukekohe will benefit. Shorter time travel's, a better quality of service and more frequent service. The Western line, the same thing, 15-17 minutes of that travel into the CBD. And also across town. Not everyone works in the CBD, more people work elsewhere. To people from the west heading out down south using public transport. We cannot build roading to beat congestion. You know, in Texas, there's a 28-lane interchange. Twenty-eight lanes. And they just kept building more lanes onto it. Dallas Fort Worth and they finally decided it was just even not possible for them. So they've got a Metro model. We are the same model and the state, of course, but we cannot afford to keep anymore more layers and lanes to the roading network. Public transport is a solution for cities. And it has to be taken up. And we need to do our best to make it as a frequent a service, as possible as a quality and reliable service as possible. And our service that covers the whole of the city as much as possible. At the moment there are big chunks of urban Auckland that aren't serviced at all, that need to have a far better service provisioning and Auckland Transport has got plans afoot to move it forward as fast as we can.

**Eddie Tuiavii:** Thank you very much, Councillor Cashmore. I think we've made a good run of answering all the questions that have been published through, so thank you to our elected members. Andrew, also and also the community for posing these questions. Councillor Coom, before we wrap up this evening, I wonder if you had any final reflections or just anything that was top of mind for you before we say goodbye his evening?

**Councillor Pippa Coom:** Thank you. I think what comes to mind is just how important it is to read the material and have a look about what the options are before responding. The consultation summary is quite straightforward to read. And there's lots of good information on the council Web site about the budget. So I really would encourage submitters to have a read of the options and what the issues are before submitting. And also why. I mean, this evening we've been talking about the rates deferral policy and rates postponement policy. And I think this is about targeting support for ratepayers who are financially stressed rather than giving everybody across the board cuts.

And I think that targeted support is good reasons for that. And why is included in the consultation. So I just really to dig into them the material that's available and have a good read and also ask any questions. I'll be on the webinar tomorrow night as well. So hopefully there's some more questions that we can cover then, too.

Thank you. Thank you for having me along this evening.

**Eddie Tuiavii:** No worries. Thank you Councillor Coom. I'm looking at Andrew if he's got a final comment and then Councillor Cashmore, any final comments? Yes from Andrew.

**Andrew Duncan:** If any of you tonight are thinking you, will have some difficulty with your rates. I encourage you to get in touch with our call centre to look at all the existing support we can provide and to make your submissions in regard to the remission policy, the new postponement scheme we're putting forward. We're keen to hear what you've got to say.

**Eddie Tuiavii:** Thank you. Councillor Cashmore, two things, firstly, any final thoughts or comments? And the second thing, would you do the honours of signing off after?

**Deputy Mayor Bill Cashmore:** Thanks Eddie and thanks Pippa and Andrew. Tonight was about helping those people who have been hurt severely by COVID. We have people who have lost jobs, who have lost businesses. We want to be a compassionate council. We want to do what we can to be fair and reasonable.

Also, when you're making your submissions, think about the journey that council's been on since amalgamation. Auckland has grown by 300,000 people since 2010. We have taken our capital spending program six hundred million to what was proposed this year to meet two point six billion. It's now going to be two point two, or, two point three. Still a very respectable number. Delivered more capital, new bridges, new wastewater treatment plants, new piping, new roads, new playgrounds, libraries – more than you have ever seen before.

COVID is going to slow us down for a year. Hopefully no more. But looking back at what's been achieved, it's been done with savings as well. So although we have 300,000 extra Aucklanders using the services that we provide, our libraries, our parks and playgrounds, our roads and footpaths, the public transport buses. Three hundred thousand extra people. We have still saved two hundred and seventy million dollars in real hard cash. Two hundred seventy million.

Operational expenditure, net operational expenditure has risen by only one-point two percent on average per annum since 2010. The really commendable result. Well, in all things, Auckland council's not a business as in the normal sense of the world. You know I'm from the business world and our banking in the business world is done on assets., You have land, you have buildings, you have property services or customer service that are worth something. At Auckland Council, we have 50 billion dollars' worth of assets. But there are things like piping in roads and bridges, parks and playgrounds and things that you can't sell. Your community would let you do them and rightly so. Our debt provisioning is based upon revenue. So direct revenue loss means that we have difficulty delivering a capital program because we have to tail that capital program through that 270% back to revenue.

Hence the capital reductions of this year, Hence the savings that have had to be made to operational expenditure. We don't need this to go on for too long because the hit would mean things that the community really love and appreciate, like the clean water on the beaches, improving the streams, better playgrounds, libraries, footpath walking areas, regional parks, sports fields, all these things that we as a as a city love to use and enjoy take a hit.

And the zero rights option I'd like to end with this means that would be so severe that we probably would not be a capital program. Projects that have been contracted would be stopped. A council would face huge expenses from breach of contract rules. The start-up cost to those projects would be substantial. It's very simplistic, a populist, to say things like zero rates increase, sack the staff, cut the salaries. Go and have a crack at it. Go and have a crack at it, because I've been in the business with I've looked people in the eyes. I'm sorry, I'm going to let you guys That's not fun. That is not fun at all. People given an opportunity will do the right thing. They will put their shoulder to the wheel. And this is a time, as we say, all and this together, we put our shoulders to the wheel. We can help each other, look after our neighbours, look after our families, and we will come through this. Slash and burn will literally mean that slash and burn. It will not be a good result.

I'm quite happy to look at either 2.5 or 3.5, and I'll put my political fate on that. Zero is nothing but a nonsense I would ask people to actually look at the material long and hard and think about what they write in their submissions and look out their window at the things they see that council provides. You turn that tape on its council, provisioning water. You see that bus go past, that train go passed you kids play on the parks.

Kids swimming in the beaches and our rivers enjoying our wonderful regional parks, the art gallery, the events.

All these things that Auckland so special and a place that other New Zealanders want to come. Let's do this Auckland, and I'm sure we can make it all happen together. We can make it happen. Thanks Eddie.

**Eddie Tuiavii:** Wonderful. Thank you very much, Councillor Cashmore. Councillor Coom, Andrew Duncan, to all the staff that have enabled this webinar this evening and also to his mayor, worship Mayor Goff. To you that have joined us this evening, thank you so much for tuning in. There are a couple of webinars left. I encourage you to sign up. We'd love to hear from you. We'd love to answer your questions. Thank you.

*Together we can  
recover stronger.*

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