

Mayoral Proposal for the Council Annual Budget 2020/2021

The Auckland Council Finance and Performance Committee has received the Mayoral Proposal for the Annual Budget 2020/2021.

The Mayoral Budget begins by noting that 2020/2021 is the third year of the 10-year Budget and will be year that Auckland hosts the 36th America's Cup (AC36), Te Matatini and APEC.

Prior budget decisions, in particular City Rail Link (CRL) but also AC36 infrastructure and Eden Park have significantly reduced the Council's funding capacity over the next four years. As a consequence, the Mayor has warned that the Council must maintain discipline and financial prudence in order to serve Aucklanders within the committed average general rate increase and to keep within the ceiling for the debt to revenue ratio.

Nonetheless, the Mayor says the Council also needs to act urgently on the challenge of greenhouse gas emissions and climate change. "Meeting the reductions needed in greenhouse gas emissions requires changes to the way the council operates as an organisation and wider changes in the way the city and country operates". The Mayor says there is a need to improve awareness, understanding and buy-in of the public and every sector across Auckland.

Last but not least, the Mayor wants to meet growing demand on public transport services and network infrastructure. "Offering choices in transport modes, in particular convenient and reliable public transport, is necessary both to reduce traffic congestion and reduce greenhouse gas emissions".

The key matters included in the proposal are

- a \$2.7 billion investment in capital assets and operating expenditure of \$4.4 billion
- a 3.5 per cent increase in average general rates and the Uniform Annual General Charge
- a continuation of the reduction in the business differential
- no changes to the Regional Fuel Tax, Water Quality Targeted Rate, Natural Environment Targeted Rate, and Accommodation Provider Targeted Rate (though there is a judicial review outcome pending)
- cumulative annual savings of \$63 million by 2020/2021 (including at least \$16 million in 2020/2021, \$24 million saved in 2018/2019 and \$23 million budgeted saving in 2019/2020)
- progressively extending the living wage to contracted cleaners over the next three years with expenditure of up to \$1.3 million in 2020/2021
- continued support in the council's coordination and facilitation role in tackling homelessness in Auckland at \$500,000 per annum for the next three years
- an initial response to increased urgency of climate action ahead of the next 10-year Budget, including up to \$6.3 million for decarbonising the council's vehicle fleet over the next five years funded from existing budgets, \$9 million for phasing out gas boilers in council aquatic centres over the next five years (with \$1.5 million in 2020/2021 and with these two measures reducing the council's emissions by nearly 20 per cent), \$2.7 million for planting an additional half a million trees over the next three years (totalling a million and a half trees this term) and \$900,000 for foundation work for climate change interventions
- \$4.13 million per annum to increase the subsidy for child fares across public transport services (excluding exempt ferry services).