# We can do better

A Better Budget for Auckland stands by the belief that the current Auckland Council budget proposal is looking to solutions that are both unnecessary and pose a major risk to the future of our communities, services, critical infrastructure and the environment. The options proposed in our original alternative were to increase general rates, consider extended borrowing options and avoid all plans to sell down the Council's Auckland Airport shares.

Doing so extends the time the Council has to devise revenue plans for now and into the future by investing in services and community entities, accurately reassess future revenues available from airport shares which are substantial (dividend payments were suspended during Covid disruptions to airport business and are due to resume later this year) and to demonstrate what is possible with these additional increases to rates.

## Option 1: Lower Rates Increase, Higher Debt Component

Increase rates to a level that brings rates revenues up above the proposed rate capped at 7%, but keeps these under 10%. The remaining funds are sourced through borrowing.

| | |
|---|---|
| **Increase rates by 9.9% (6.4*20=128)** | $128m |
| **Increase borrowing by $197m** | $197m |
| Total revenue | $325m |

## Option 2: Higher Rates Proposal, Medium Debt Component

Increase rates higher than option 1 and the proposed budget, which lowers the borrowing to below the very safe LTP borrowing "cap" of $140m.

| | |
|---|---|
| **Increase rates by 13% (9.5*20=190)** | $190m |
| **Increase borrowing by $135m** | $135m |
| Total revenue | $325m |

## Making this possible

- The Mayor's proposal envisaged that up to $140m of borrowing might be necessary. These options provide relatively low amounts of increased borrowing to plug a one-off shortfall.
- The Mayor is just one vote around the table, while there is a willingness across Auckland to pay slightly higher rates this year and keep pace with inflation, acknowledging that recent rates have been at historic lows.
- The public understands that inflation means services cost more to run and that this is projected to come down over the next year; these rate rises are similar to increases in Wellington, where the same inflationary and under-investment pressures are occurring.

## Ensuring better outcomes

- Borrowing is an investment in the wellbeing of Auckland, which the Auckland Council has a mandate to nurture under the Local Government Act 2002.
- A proposed partial sale of airport shares makes even less financial sense – the interest saved on reduced overall debt is lower, and it's just a step down the road to privatisation.
- Cuts create job losses that will cause human hardship and may create costs for the city, while reductions in services around economic development and tourism deprive us of income streams.