

SUPPORTING INFORMATION

# The 10-year Budget and Auckland Plan 2050

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Council**

Te Kaunihera o Tāmaki Makaurau





# 10-year Budget and Auckland Plan 2050 Supporting Information

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# Section 1: Strategies





# 1.1 Draft Infrastructure Strategy

## 1 Introduction and Context

### Introduction

The services provided by well-functioning infrastructure networks underpin the success of Auckland as a place to live, visit and invest. Auckland needs infrastructure that can cope with increasing demand as the city grows, a changing environment and that meets community expectations for service delivery.

Infrastructure investments have long-term consequences for the future of Auckland. They will influence the form of our city and how well it functions for future generations. Auckland Council's expenditure on creating and maintaining infrastructure is of a magnitude that investment decisions are important for the ongoing financial well-being of Auckland Council and ratepayers.

This strategy takes a medium to long-term view of Auckland's Infrastructure, covering the period to 2048. The strategy explains:

- Auckland Council's infrastructure portfolio, role in providing infrastructure and the contribution this makes to our strategic outcomes
- The significant infrastructure challenges and opportunities facing Auckland over the next 30 years, and our responses to these
- The key infrastructure decisions
- An overview of the anticipated investment in infrastructure by Auckland Council to 2048.

Supporting assumptions used in development of this strategy are outlined in section 5.

This strategy should be read in conjunction with the Financial Strategy, which sets out the current financial constraints of funding the anticipated investment in infrastructure and options for different funding mechanisms.

The strategy covers Auckland Council group assets required under section 101B of the Local Government Act 2002 and other assets with a high value and level of expenditure that make a high contribution towards achieving Auckland's strategic outcomes. Asset covered include:

- transport assets - public transport, roads and footpaths
- water assets - wastewater, water supply and stormwater, including flood control
- community assets - parks and community facilities.

Some of the infrastructure issues discussed in this strategy (such as housing outcomes and the development of the city centre and town centres) necessarily involve multiple categories of infrastructure. A key element of this strategy is the need to take a coordinated approach to infrastructure investment across the council group.

**Table 1.1: Auckland Council's Infrastructure Portfolio**

Auckland Council and Council-Controlled Organisations have an extensive infrastructure portfolio, with the current value of assets across the infrastructure types covered by this strategy estimated to be \$29 billion. This represents about two thirds of total group assets.

**Transport**  
\$9.3 billion

- 7415km roads
- 7104km footpaths
- 43 rail stations
- 21 wharves
- 11 bus and busway stations
- 13 multi-storey car park buildings
- 895 pay and display units

**Table 1.1: Auckland Council's Infrastructure Portfolio**

Auckland Council and Council-Controlled Organisations have an extensive infrastructure portfolio, with the current value of assets across the infrastructure types covered by this strategy estimated to be \$29 billion. This represents about two thirds of total group assets.

|                                            |                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stormwater</b><br>\$4 billion           | <ul style="list-style-type: none"> <li>• 6000km of stormwater pipes</li> <li>• 541 ponds and wetlands</li> <li>• 150,000 manholes</li> </ul>                                                                                                                                                       |
| <b>Water Supply</b><br>\$3.6 billion       | <ul style="list-style-type: none"> <li>• 12 dams</li> <li>• 13 bores and springs</li> <li>• 3 river sources</li> <li>• 15 water treatment plants</li> <li>• 89 reservoirs</li> <li>• 9096km water pipes</li> </ul>                                                                                 |
| <b>Wastewater</b><br>\$4.4 billion         | <ul style="list-style-type: none"> <li>• 7999km wastewater pipes</li> <li>• 518 wastewater pump stations</li> <li>• 18 wastewater treatment plants</li> </ul>                                                                                                                                      |
| <b>Community Services</b><br>\$8.6 billion | <ul style="list-style-type: none"> <li>• 32 regional parks</li> <li>• 3571 local parks</li> <li>• 190 sports parks</li> <li>• 54 cemeteries</li> <li>• 55 libraries</li> <li>• 114 community halls / centres</li> <li>• 42 recreational/aquatic facilities</li> <li>• 40 art facilities</li> </ul> |

## Delivering Auckland's Infrastructure:

Auckland's infrastructure directly supports how well the city and region functions. Decisions on infrastructure investments are important to achieving the outcomes identified in the overarching strategy for the region, The Auckland Plan (see figure 1.1).

Auckland Council has a number of roles in the planning and delivery of infrastructure and is a major investor across a broad range of infrastructure types. It is a facilitator, working with other infrastructure providers to deliver affordable services to residents and businesses. It also has a regulatory role; designating, consenting, monitoring and developing new planning rules and policy for infrastructure.

Responsibilities for the infrastructure subject to this strategy are spread across the council group, including the Council-Controlled Organisations (CCOs) Auckland Transport and Watercare Services Limited.

While this strategy focuses on infrastructure for which Auckland Council is responsible, other public and private organisations play important roles in the delivery of infrastructure networks, depending on either the type or scale of infrastructure. Figure 1.2 illustrates responsibilities for infrastructure delivery in Auckland.

**Figure 1.1: The Auckland Plan**

The Auckland Plan establishes outcomes, focus areas and direction for the long-term development of Auckland. The plan guides the actions of Auckland Council, including the CCOs, and provides direction to align decision making about growth and infrastructure investment between the public and private sectors.

The Auckland Plan identifies three long-term infrastructure challenges and opportunities:

- Coordinating investment and planning to enable growth
- Enhancing the performance of Auckland's infrastructure
- Creating resilient infrastructure networks.

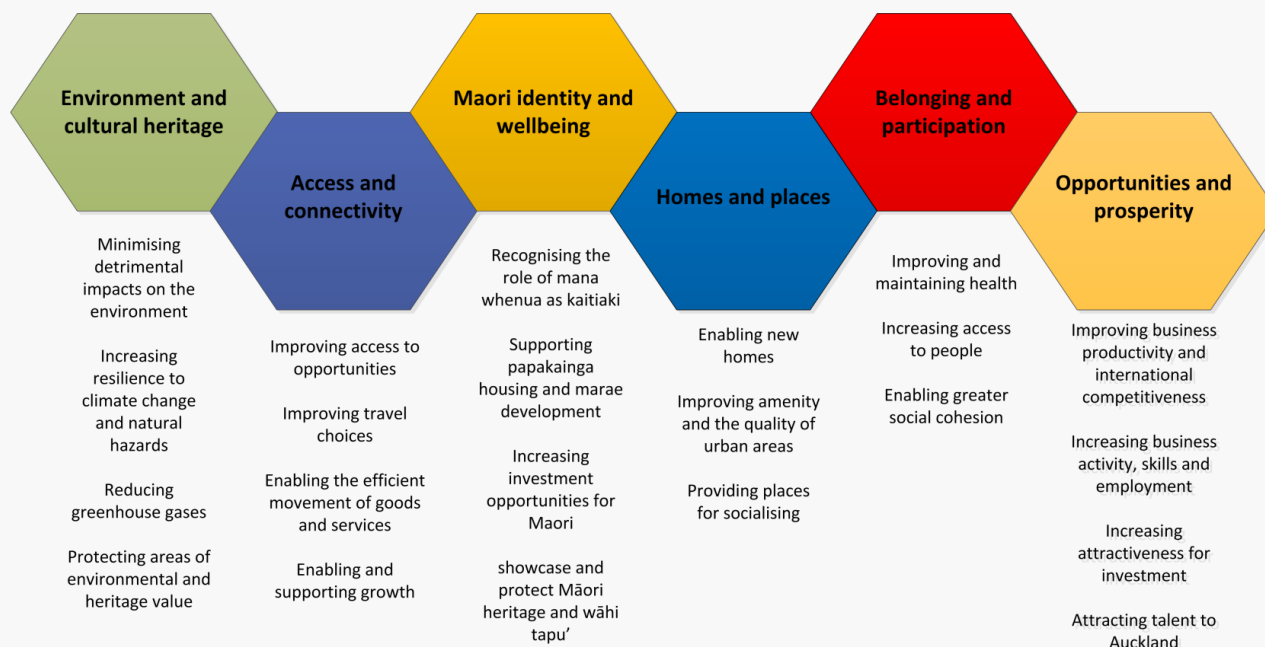


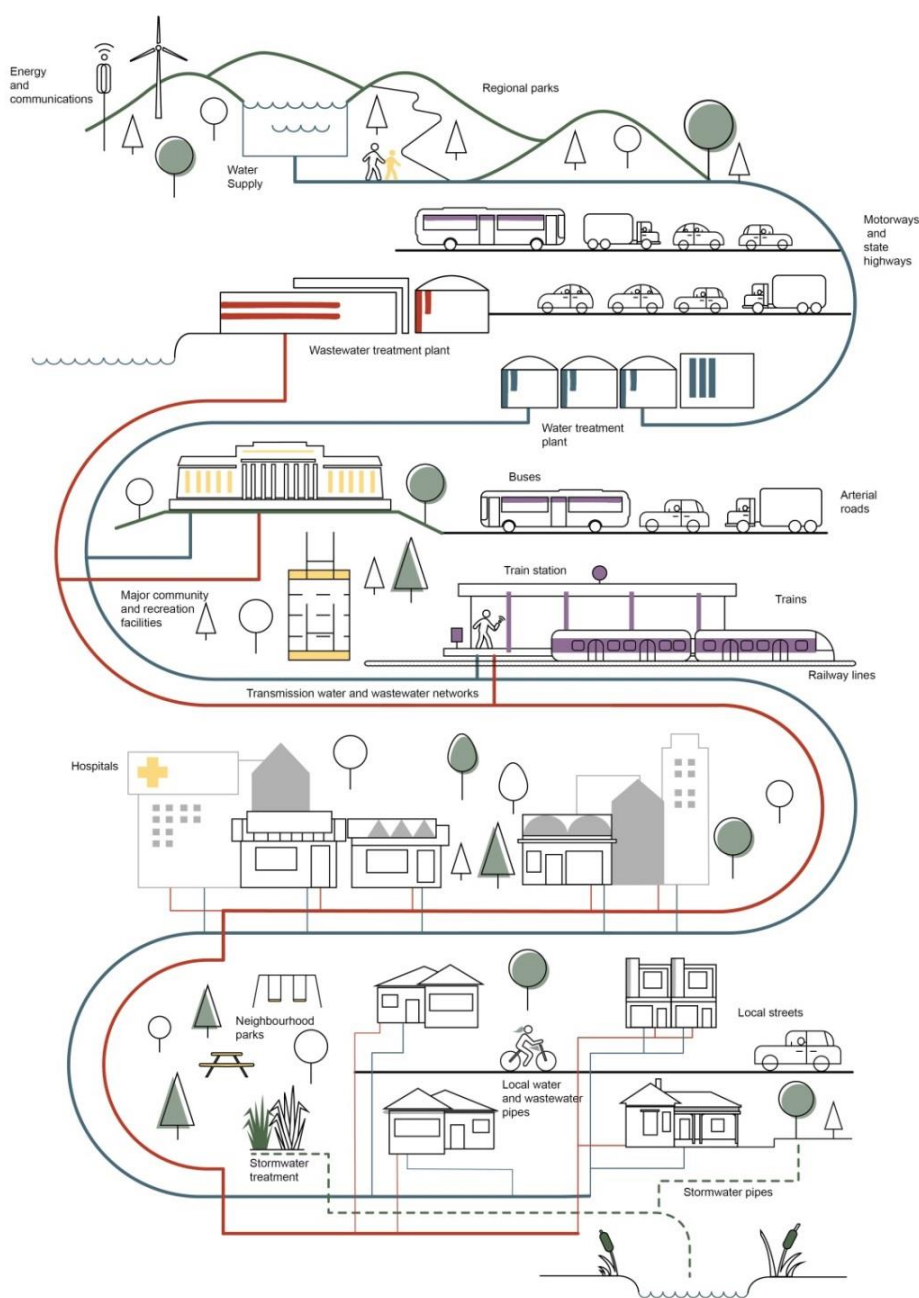


Figure 1.2: Delivering Auckland's Infrastructure

Delivering Auckland's infrastructure requires co-ordination across a number of public and private organisations depending on the type or scale of infrastructure. Typically:

- Government provides state highways, railway lines, and some social infrastructure such as schools and hospitals. It also subsidises other transport infrastructure.
- Auckland Council, including the council-controlled organisations, provides arterial roads, public transport systems, water supply, wastewater and stormwater networks and social infrastructure such as community facilities and parks.
- Developers initially construct local streets and pipe networks which are then vested with council to own and maintain.
- Energy and communications infrastructure is typically supplied by private utility companies.

**Figure 1.2:**



## Auckland over the next 30-years

Many infrastructure assets last for a long time and provide services for several decades. How Auckland grows and changes over the next 30-years and beyond will affect the performance of current infrastructure and future investment needs. Some of the changes expected to Auckland's people, environment and economy over this time that will influence infrastructure are discussed below.

### People:

Auckland is a fast-growing city with a current population of 1.7 million. Over the next 30 years the city could grow by another 720,000 to reach 2.4 million. This means another 313,000 dwellings and 250,000 jobs for Auckland. The rate and speed of growth in Auckland puts pressure on infrastructure to cater for increased demand and enable the additional housing and business space needed to provide for a larger population.

Demographic changes will also affect the demand for, and the range of, services that need to be delivered by Auckland's infrastructure. Over the next 20 years, there will be increasing numbers of older people and they will make up a greater proportion of Auckland's population. Households are expected to decrease in size, from approximately 3 to 2.7 people per dwelling. The population is also expected to become more ethnically diverse, with Pacific and Asian people expected to make up a larger proportion of Auckland's population.

### Environment:

The latest State of the Environment (2015) report shows that while Auckland's air quality has improved significantly, marine and freshwater sites have been polluted by sediments and contaminants arising from development, building and industrial activities.

Auckland's population growth places increasing pressure on the environment. The development of 15,000 hectares of future urban land identified in the Unitary Plan could cause further degradation if not managed carefully. Increasing density in the existing urban area has the potential to exceed the capacity of existing infrastructure if investment does not keep up with growth.

Climate change is expected to have a variety of implications for Auckland's infrastructure networks. The most recent climate change projections indicate warming temperatures, less annual rainfall in the north but more in the south and stronger winds. More frequent and severe weather events are expected. The specifications of some infrastructure may no longer be adequate to deal with more rainfall, or a warmer climate. Sea-level rise will increase risks for assets on the coast from inundation and erosion.

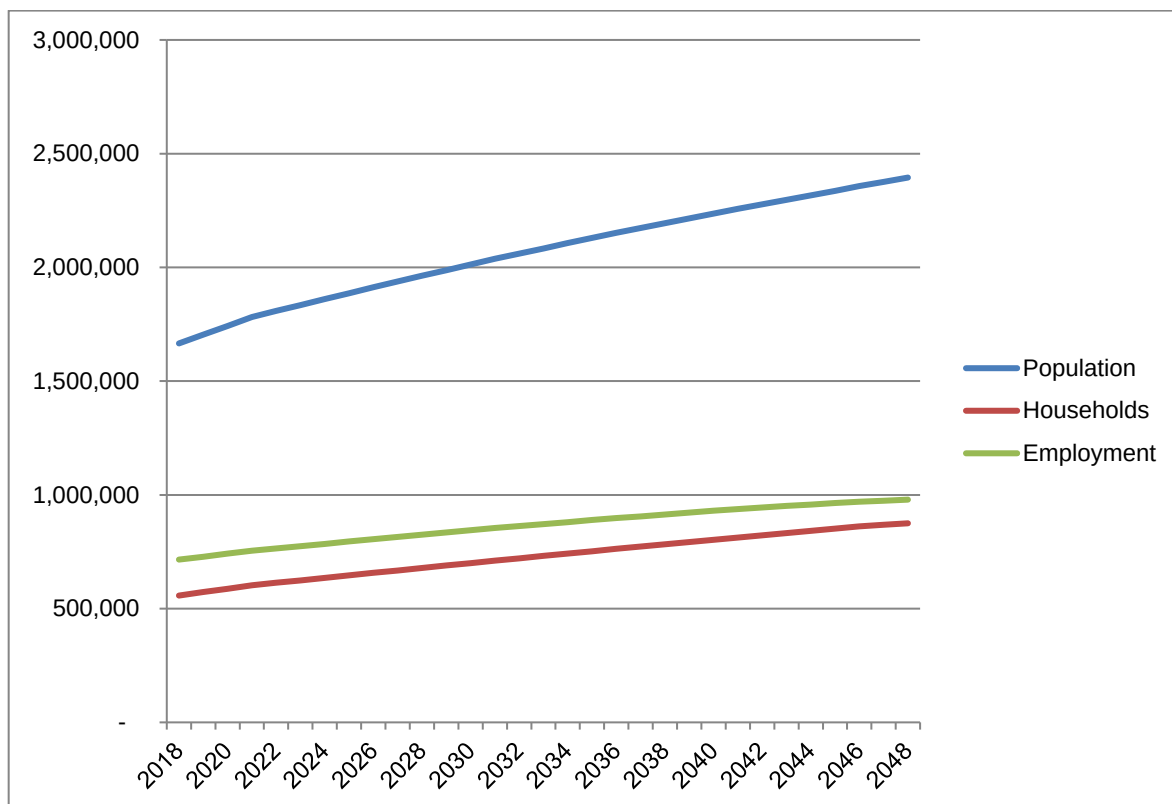
### Economy:

Auckland is New Zealand's main commercial centre, generating 38 per cent of New Zealand's Gross Domestic Product (GDP). The relative scale of Auckland compared with the rest of New Zealand is expected to continue to grow over the next 30 years. For example, Auckland's growth in the last two years is higher than the projected growth for Wellington over the next 30 years and 75 per cent of growth in the working age population (15 - 64 years) to 2043 will be in Auckland. The resilience and performance of Auckland's infrastructure is important for New Zealand's success, as more people and economic activity are concentrated in Auckland.

While employment is relatively dispersed across the region, further growth in the professional service sector is expected to concentrate employment in fewer, larger centres. This has implications for the transport network, as more people need to move to fewer locations during peak times.

Inter-regional connections between Auckland, Hamilton, Tauranga and Northland are important for economic and social success. Collectively, these areas are home to over half of New Zealand's population and generate more than half of the national gross domestic product. Auckland's ports also play a vital role connecting New Zealand to the rest of the world. Roughly 31 per cent of New Zealand's total trade passes through the Ports of Auckland and Auckland Airport accounts for 75 per cent of international arrivals and approximately 15 per cent of foreign trade by value. Auckland's transport system needs to provide efficient access through the region and to the ports.

Chart 1.1: Auckland population, household and employment forecasts 2018 - 2048



## 2 Auckland's long-term infrastructure challenges, opportunities and responses

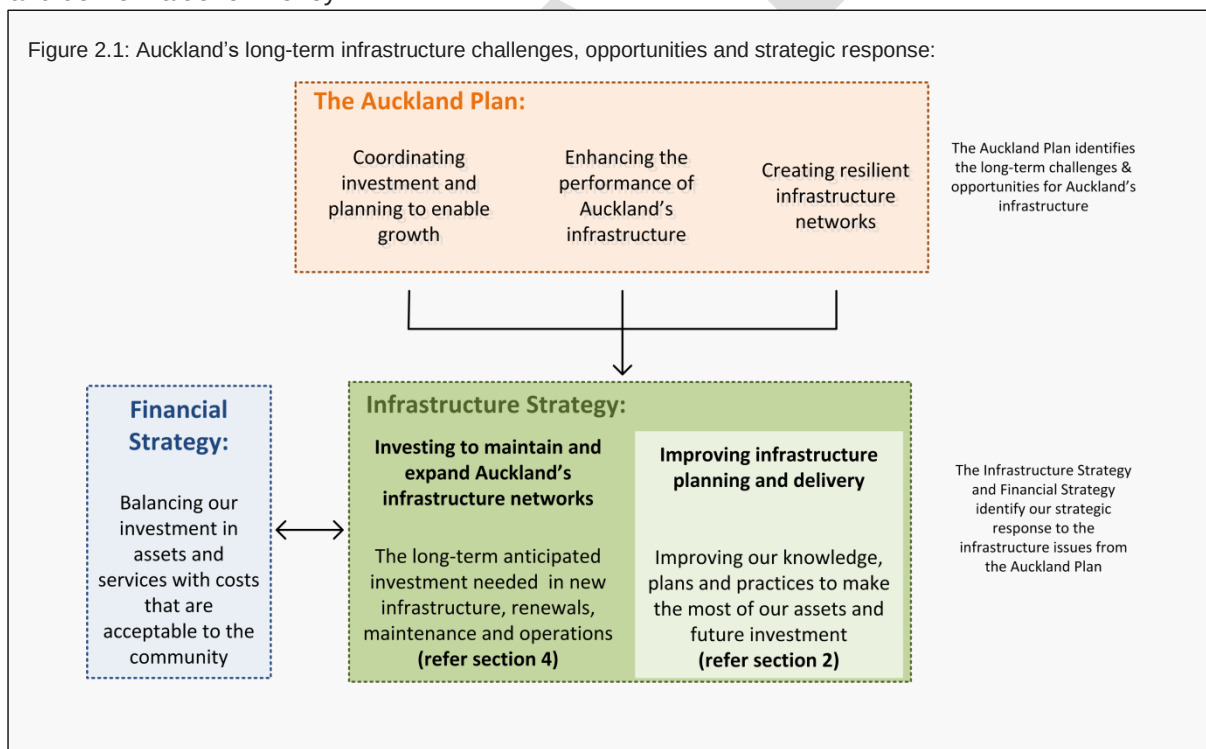
The population and economic growth anticipated in Auckland over the next 30 years, together with environmental pressures, present a number of infrastructure-related challenges and opportunities including:

- coordinating investment and planning to enable growth
- enhancing the performance of Auckland's infrastructure
- creating resilient infrastructure networks.

There are two parts to Auckland's strategic response to these challenges and opportunities.

Significant investment is needed to maintain and expand infrastructure networks. Without an appropriate infrastructure investment response, there will be a significant reduction in council service levels in key areas such as transport, water quality and access to community amenities. Our proposed investment is outlined in section 4 (the baseline scenario) of this strategy. The current financial constraints of funding the anticipated investment and options for different funding mechanisms are outlined in the Financial Strategy, Section 1.2 of this document.

Auckland must also improve how infrastructure is planned and delivered to ensure future investments, and current assets, make the greatest possible contribution towards achieving the outcomes sought for the region, and deliver value for money.



This section of the strategy identifies key strategic responses, and examples of current initiatives, that are being progressed across the council group to improve how infrastructure is planned and delivered to address the long-term challenges and opportunities.

### Coordinating investment and planning to enable growth

The next 30 years will require significant investment in infrastructure. Coordinated action between public and private infrastructure providers and the development sector is needed to enable the scale of development required to accommodate Auckland's growth. It is crucial that this investment is coordinated and aligned with



growth, in order to minimise the opportunity costs of under-utilised assets, increase Auckland's productivity and achieve better environmental outcomes.

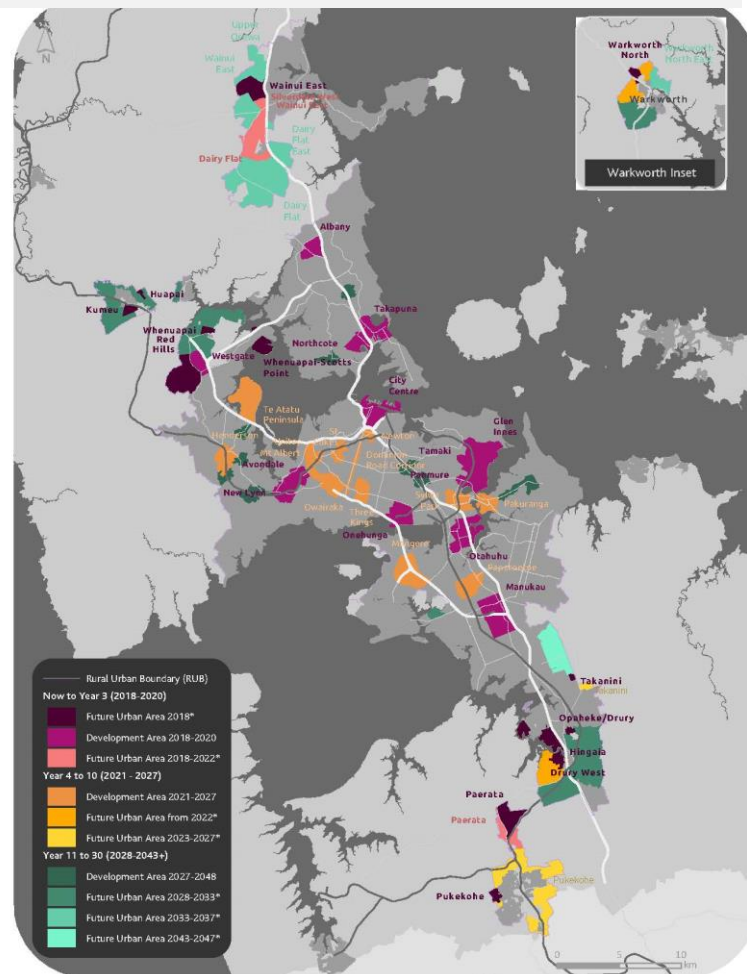
The National Policy Statement for Urban Development Capacity requires the provision of surplus capacity in infrastructure networks to accommodate fluctuations in the rate of growth and to meet housing and business needs over the short, medium and long-term. Ensuring that infrastructure networks have sufficient capacity to service growth is critical. This will require alignment between the expansion of bulk strategic water and transport networks, and investment in local infrastructure, particularly in areas where significant growth is planned to occur.

The scale of construction needed to cater for Auckland's growth also poses challenges to the operation of existing infrastructure networks. Aligning forward work programmes (i.e. 'dig once') allows for more efficient delivery and is less disruptive to existing communities. Construction impacts, such as additional heavy vehicle movements, may increase maintenance requirements for existing networks.

Strategic responses include:

- ***Providing clear direction on the future location and timing of expected growth and infrastructure provision***, such as refreshing Auckland's long-term development strategy (see figure 2.2).
- ***Collaborating with central government on long-term infrastructure investment plans***, such as the Auckland Transport Alignment Project.
- ***Improving co-ordination across the council group to respond to major development and infrastructure programmes***, such as establishing the Development Programme Office.
- ***Aligning forward work programmes***, such as developing an online portal to share information on planned projects and upcoming events to enable alignment between infrastructure providers.

Figure 2.2: Auckland's long-term development strategy (draft):



The Auckland Plan Development Strategy (draft) is a key tool for integrating growth and infrastructure over the next 30-years. The development strategy aligns the location and timing of investment across the council, CCOs, central government and the private sector by identifying:

Strategic Infrastructure Networks (refer figures in section 4)

Strategic networks influence where and when significant urban growth can occur. They provide bulk services in public transport, roads, water, and wastewater. Projects to expand strategic networks often require substantial public investment and have long lead-in times.

Future Urban Areas (refer figure above)

Future urban areas are presently rural areas that will be urbanised in the future. They are currently not serviced with infrastructure needed to support urban development. Investment is required in bulk infrastructure to service these areas before they can develop, and then local infrastructure is required as they grow.

Development Areas (refer figure above)

Development areas are existing urban areas that are expected to grow significantly. Investment is required to ensure infrastructure networks in these areas have capacity to keep up with growth.

## Enhancing the performance of Auckland's infrastructure

Even without the pressure of anticipated changes in Auckland's population over the next 30-years, Auckland's current infrastructure assets require maintenance, renewal and replacement, Regional disparities in service provision, resulting from historical underinvestment, need to be addressed.

### Dealing with ageing and obsolete infrastructure

Some of Auckland's infrastructure is getting old and will need replacing. The investment in renewing ageing infrastructure is expected to significantly increase in the next three decades. For example, pipe networks established during Auckland's post-war urban expansion between the 1940s and 1960s are expected to require renewal from the 2020s onwards.

In addition, some infrastructure systems are becoming obsolete, do not meet modern standards or changing community needs. For example, the combined sewer and stormwater system in parts of the isthmus is prone to overflows, which have negative social and environmental impacts. Many older community buildings require investment to address hazards such as asbestos or seismic risk, and to ensure they are fit-for-purpose for changing community needs. Replacing ageing infrastructure presents opportunities to improve the environmental performance and resilience of networks, while increasing the capacity to provide for growth.

### Differences in service provision and standards

Disparities in performance across different parts of Auckland need to be addressed. For example the transport network provides comparatively poor access to employment opportunities from south and west Auckland. Planned investment in strategic infrastructure networks, such as the construction of the City Rail Link, will help to address these issues as it will decrease travel time, particularly from the western urban area.

When Auckland Council was established it inherited an infrastructure portfolio built by predecessor local authorities with different policies, specifications and business practices. While the design and specification of assets and the level of service provided need to be appropriate for different locations and communities, clear requirements for the provision and specification of infrastructure are essential to provide certainty for developers, and enable efficiencies in asset design, construction and maintenance over the entire asset lifecycle.

### Demand management and emerging technologies

Demand management and emerging technologies will improve the performance of existing infrastructure networks and defer the need for some future investments. The ability to collect and analyse data on a large scale will improve understanding of how individuals and households use infrastructure systems and will allow for more targeted investment. For example, advancements in transport technology such as autonomous vehicles and real-time road user pricing, are expected to increase the capacity of existing roads and improve environmental outcomes. Demand management techniques, such as user pays for water and wastewater services, incentivise the efficient use of infrastructure.

Strategic responses include:

- **Standardising requirements for the provision and design of infrastructure**, by updating policies and technical guidelines such as Auckland Unitary Plan, Subdivision Code of Practice and the Auckland Design Manual.
- **Using new technology to make better use of existing infrastructure**, such as trialing smart water meters and investigating smarter transport pricing
- **Improving asset information and analysis**, such as developing the Smart Growth Portal to improve understanding of asset condition and capacity to inform development planning.

## Creating resilient infrastructure networks

Auckland's infrastructure needs to be resilient and able to cope with disruptive events (such as natural disasters) and on-going stresses (such as climate change). It needs to be able to respond to the evolving needs of Aucklanders, as well as the possibility of human error.

Understanding the consequences and likelihood of failure, and also the changing demands on our infrastructure systems, allows us to better manage risks to these networks.

Failure of Auckland's critical infrastructure networks poses significant risks. These assets are prioritised in investment programmes and in emergency contingency planning, as they are essential for Auckland to function (see figure 2.3). For example, the planned investment in water infrastructure allows Watercare to continue to manage Auckland's water supply in full compliance with the six fundamental principles of drinking water safety for NZ identified by Havelock North Drinking Water Inquiry.

Auckland's infrastructure systems also need to be resilient to evolving trends. Improving resilience is a driver for investment in infrastructure networks, as well as guiding policies, regulations and specifications.

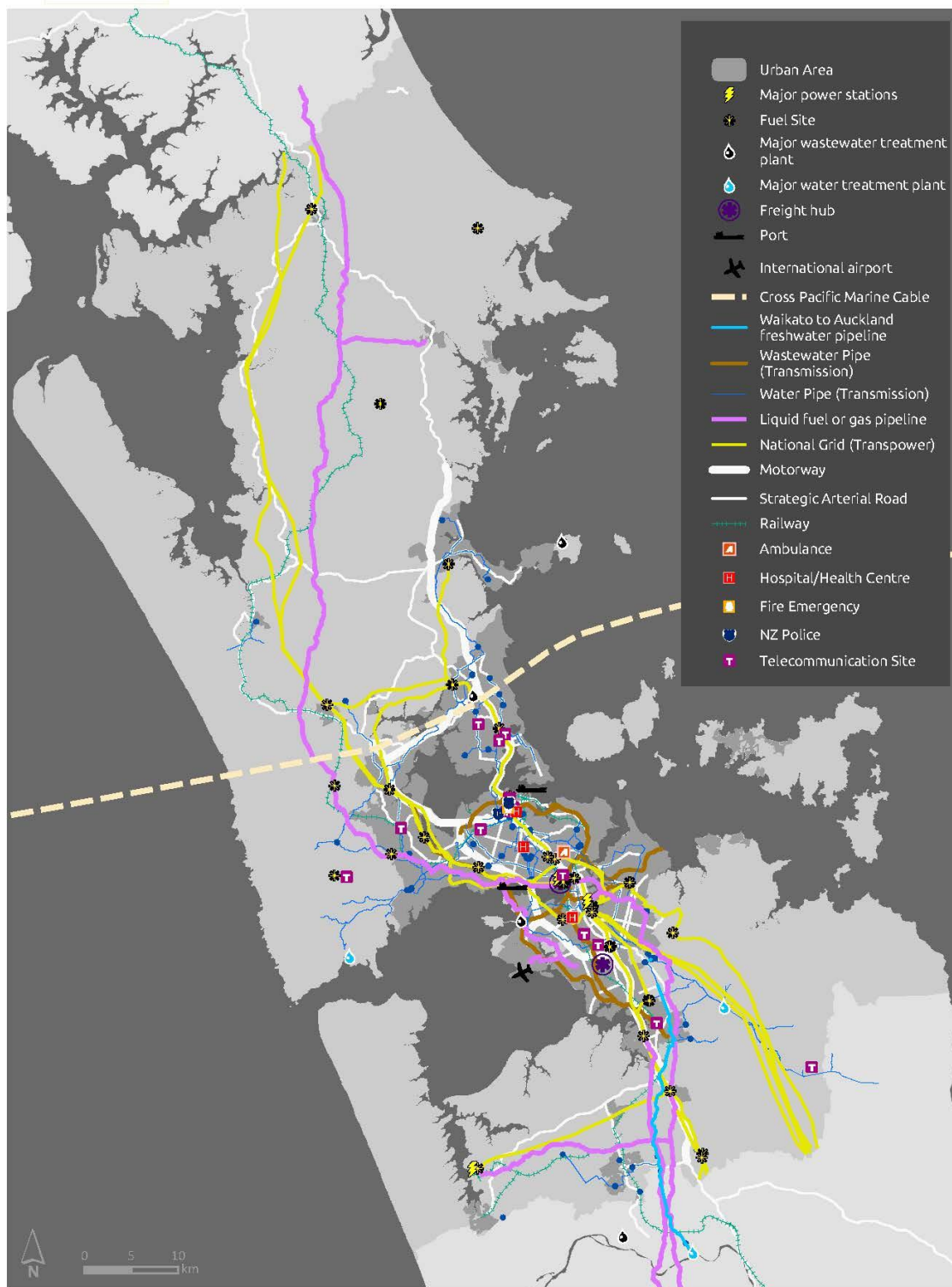
There is inherent uncertainty about the type, timing and impacts of change. It is important to consider how resilient planned investments are to emerging changes, as well as the possible impact on the operation of current networks. Ensuring our investments deliver multiple benefits, such as providing for growth while also enhancing the environment, health and improving resilience is essential. For example, using green infrastructure that achieves water management outcomes, while also enhancing biodiversity, recreation and urban amenity.

Strategic responses include:

- **Increasing knowledge of risks to infrastructure networks**, such as developing a Natural Hazards Risk Management Action Plan and undertaking new research on the impact of climate change on Auckland.
- **Avoiding development in land subject to hazards**, such as flooding, ground instability and coastal inundation, *by updating policies and regulations* such as the Auckland Unitary Plan.
- **Improving understanding of the dependencies, implications and responses to failure of infrastructure networks**, particularly working with other critical infrastructure providers through the Auckland Lifelines Group.
- **Adopting resilient design principles**, such as applying Water Sensitive Design principles to development of the stormwater network, or ensuring new community buildings are multi-functional and can provide for a diverse range of uses.

Figure 2.3: Auckland's critical infrastructure

Note: Not all critical infrastructure identified is owned or managed by Auckland Council





## 3 Key decisions

### Addressing Auckland's long-term infrastructure needs

Auckland Council undertakes strategic long-term planning with key stakeholders, including central government and the community to understand the demand for infrastructure over the next 30-years.

Given that significant progress has been made on defining and agreeing the long-term infrastructure demand, the most important decision currently facing Auckland is balancing the timing of when we invest in that infrastructure with the need to keep Auckland an affordable place to live, work and do business.

The projects proposed in Auckland's strategic plans exceed the short – medium term funding available for the first decade (2018-2028) due to:

- rapid growth
- increasing expectations and service levels
- addressing deficits and equity issues in current provision
- financial constraints.

Given these conditions are expected to continue for the foreseeable future, there will be an ongoing need to prioritise the infrastructure requirements identified in strategic plans with available funding capacity over the next 30-years. The Financial Strategy sets out the options for funding, prioritisation and the need to balance the investment in infrastructure identified in strategic plans with costs that are acceptable to the community.

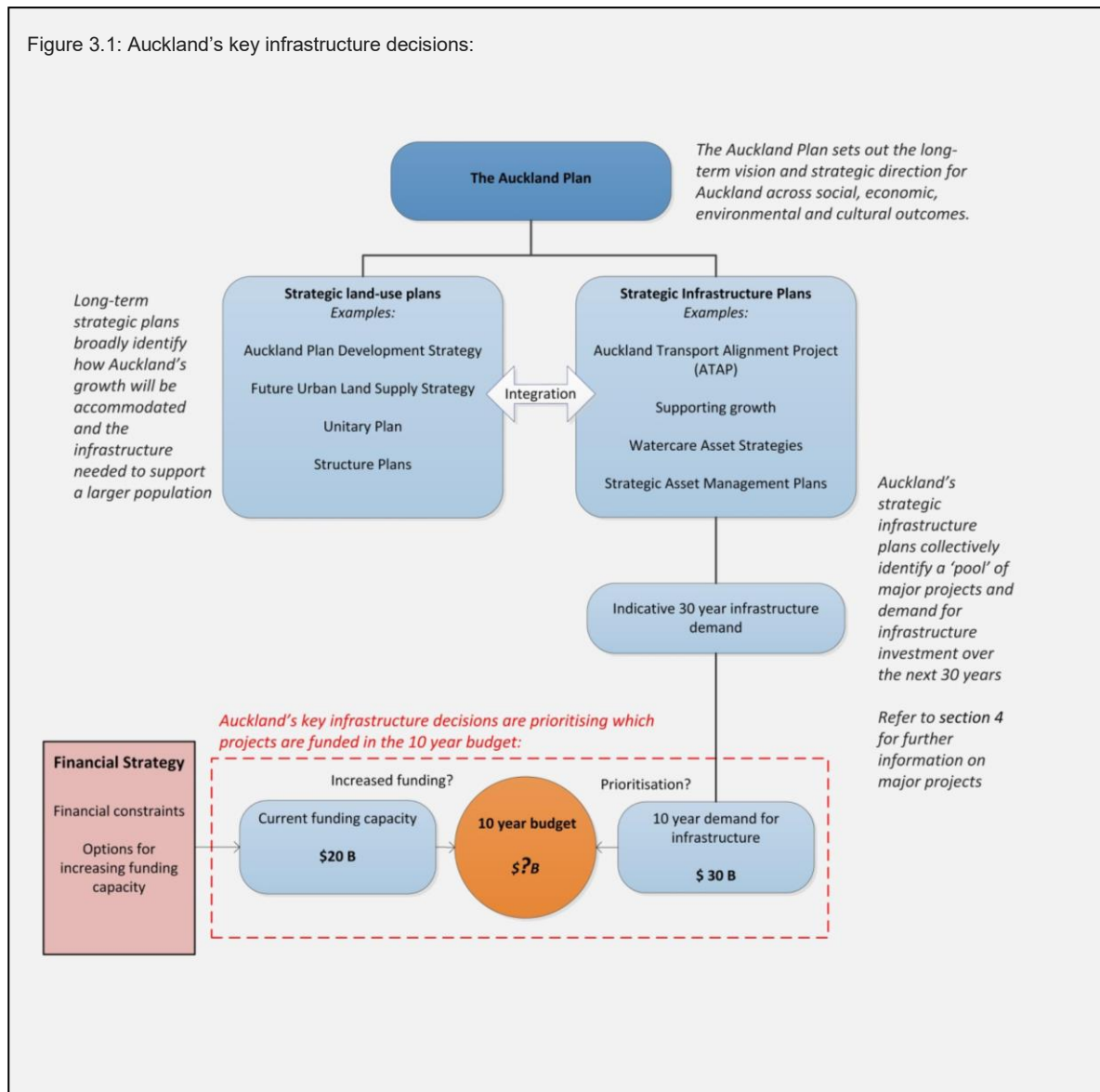
This section outlines the key timing decisions that need to be made to balance infrastructure requirements with affordability.

Figure 3.1 shows how our long-term strategic planning identifies demand for infrastructure over 30 years. The key decision is balancing, through the 10-year budget process, the demand for investment in infrastructure against our current funding capacity.

As outlined in the Financial Strategy, relying solely on acceptable increases in general rates and existing funding sources would only enable about \$20 billion of infrastructure investment over the next decade. In comparison, the estimated cost of the proposed projects in Auckland's strategic plans over this time is about \$30 billion.

We are therefore proposing some changes such as the introduction of a regional fuel tax, a targeted rate for water quality improvements and the use of alternative growth infrastructure financing. Together, this would enable us to invest about \$24-25 billion in infrastructure over the next 10 years. This proposed investment is outlined in section 4 (the baseline scenario) of this strategy. At this level of investment not all of the infrastructure identified in Auckland's strategic plans can be delivered, meaning some increases in service levels will not be able to be delivered as anticipated.

Figure 3.1: Auckland's key infrastructure decisions:



## Project level decision-making

The major individual infrastructure programmes and projects identified by Auckland's long-term infrastructure and land use plans are outlined in section 4 of this strategy along with details of the approximate cost, timing and location of these projects. The timing of the programmes and projects identified reflect a baseline scenario under current financial settings.

Decisions on major infrastructure projects are made at a number of stages, such as when strategic plans, budgets and business cases are adopted, or contracts awarded. The information in section 4 indicates the decade in which infrastructure is expected to be needed, and approximate timeframe for when investment decisions will be confirmed. Strategic infrastructure plans are regularly reviewed in response to changes in the rate and location of growth and other factors.

Due to the strategic outlook of these plans, options for projects in the long-term (years 10-30) are considered at a general level. Projects are subsequently refined, alternatives considered and the need confirmed closer to when demand for the infrastructure is expected to occur. Options expected to be considered include:

- the delivery mechanism
- the staging and timing of implementation

- the technical solution, including:
  - approximate route or location
  - possible construction methodology
  - capacity required.

Many projects in the 10-year budget are already committed, such as the City Rail Link, Central Interceptor and a number of park acquisitions. Additionally, the need to maintain and renew existing assets is generally prioritised before funding new capital projects. This means that without additional funding streams, there is often relatively limited 'discretionary' funding available for new capital investments within each 10-year budget.

## Key infrastructure decisions

Taking into account all of the above, seven key infrastructure investment decisions are being considered for the 10-year budget 2018-2028. These address the most immediate aspects of the long-term infrastructure challenges and opportunities. The key infrastructure investment decisions are:

**Table 3.1: Key infrastructure investment decisions for the 10-year budget 2018-2028**

| Key decision area                                  | Co-ordinating investment and planning to enable growth | Enhancing the performance of Auckland's infrastructure | Creating resilient infrastructure networks |
|----------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------|
| Transport Choices                                  | X                                                      | X                                                      | X                                          |
| Water quality improvement programme                |                                                        | X                                                      |                                            |
| Coastal management                                 |                                                        |                                                        | X                                          |
| Renewal of community facilities                    |                                                        | X                                                      |                                            |
| Community assets to support growth and development | X                                                      |                                                        |                                            |
| City Centre investment timing and 2021 events      | X                                                      |                                                        |                                            |
| Panuku Programme 2018-28                           | X                                                      |                                                        |                                            |

Options for key infrastructure investment decisions are outlined in following section, including which option is in the baseline scenario. The baseline scenario is predicated on supplementing existing revenue parameters and funding tools with new tools as outlined in the Financial Strategy (including a regional fuel tax, a new targeted rate for water quality improvements and an alternative approach to financing growth infrastructure) in Section 1.2 of this Supporting Information document. This baseline has capacity for a \$24-25 billion capital programme. The other options for each decision, which deliver additional investment in assets and increased levels of service, require additional funding. Without additional funding streams, as discussed in the Financial Strategy, there is no financial capacity to deliver these options.

## Transport Choices

Transport continues to be one of Aucklanders' top concerns. It's estimated congestion costs our economy between \$1 and \$2 billion per annum in lost productivity. Congestion impacts the entire community: commuters on their way to and from employment, students travelling to and from education, small businesses trying to attract customers to their shops and the wider freight industry. All rely on an efficient transport system to keep Auckland productive.

As our population grows and housing and businesses expand, the demand for new transport infrastructure increases. Up to 800 extra cars arrive on our roads every week. Even with record growth in public transport usage since 2013, the number of vehicle trips has grown by 140 million trips since then.

This additional demand is having a major negative impact on the performance of our road network with:

- a significant increase in congestion on arterial networks during the peak hours (slightly offset by the Waterview project)
- congestion becoming more frequent outside peak hours and on weekends
- an increase in road safety challenges, with local road deaths and serious injuries increasing to our highest level in a decade.

If these trends continue we'll see a significant increase in economic costs and a reduction in the liveability of Auckland.

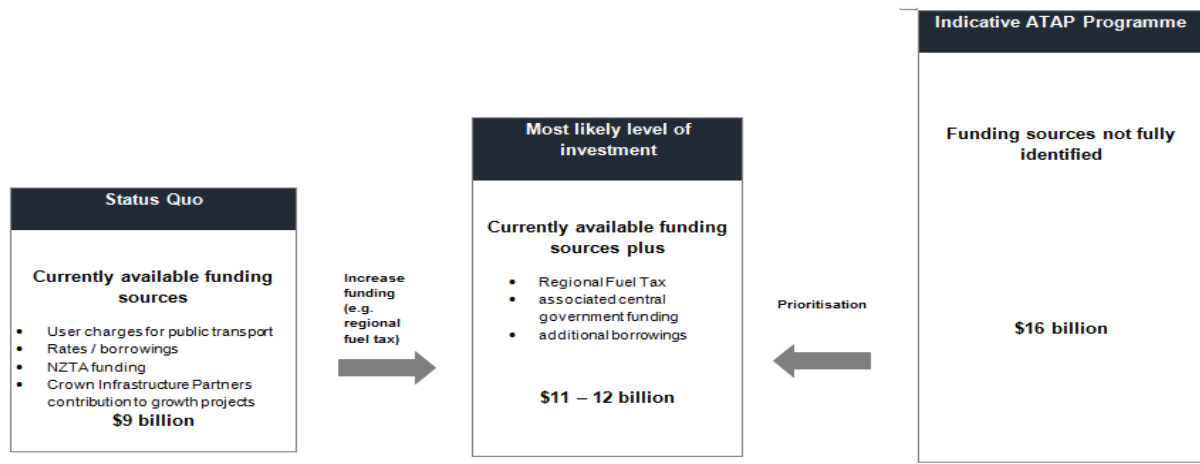
The size of the problem is such that we can't fix this on our own and we must partner with central government. We're doing this through the Auckland Transport Alignment Project (ATAP).

In August 2017, ATAP identified an indicative capital investment package for Auckland with almost \$16 billion over the next 10 years that would normally be shown as Auckland Council capital expenditure. This included both our 50 per cent share of the City Rail Link, and other projects to be delivered by Auckland Transport. In addition, ATAP identified a need for \$8 billion of central government capital expenditure over the next 10 years for Auckland's state highways and rail networks.

The ATAP investment package is now under review. The new government is indicating that their transport priorities are somewhat different with a larger focus on public transport, including rapid transit, and acceleration of new housing growth. This is likely to result in more demand for transport infrastructure over the next decade. The revised ATAP report is due in March 2018.

We also need to work closely with the government on new approaches to funding transport infrastructure. Based on our current funding sources we could deliver a programme similar to the last 10-year budget (\$7.9 billion). With expected additional contributions from government and Crown Infrastructure Partners we would be able to deliver a programme of about \$9 billion. This is the minimum level that would enable us to deliver currently committed projects and renewals, as well as supporting some priority growth areas.

To move closer to the \$16 billion that Auckland needs, we need additional funding mechanisms. A key example of a new funding mechanism is the proposed regional fuel tax discussed later in this section. A regional fuel tax is expected to generate about \$1.3 billion, which with associated funding from central government, growth related contributions and additional borrowing enabled, means we could deliver a transport capital programme of \$11-12 billion. This still wouldn't deliver all of the ATAP programme over the 10 years, so we'd also need to prioritise projects within the available funding envelope (see below):



The effect of all these factors is that our final transport programme for the next 10 years is still very much under discussion. The \$9 billion investment programme is both necessary and is reasonably certain of being able to be funded. However, there is a high degree of uncertainty about any additional investment, both in terms of funding and priorities. Work will continue over the coming months.

#### Decision required: Introduction of a Regional Fuel Tax to enable additional investment in transport

Option A: • Approximately \$9 billion budget over 10 years

Rely on existing funding tools

- Committed projects such as City Rail Link and electric trains will continue
- Provides for renewals and ongoing operational requirements
- Includes minor safety improvements
- Progressing some high priority projects, e.g. Eastern Busway
- Significant improvement in access to the city centre via City Rail Link, but train capacity and frequency may be constrained later in decade
- Improved public transport service from the east
- Some support provided for new greenfield growth areas in the North and South
- Transport network continues to be renewed at an appropriate level
- But:
  - No increase in safety capital projects to address recent increases in deaths and serious injuries
  - Minimal new investment in public transport infrastructure, walking and cycling, optimisation and technology, and road capacity
  - Congestion will worsen, particularly during the inter-peak and will affect freight movement

Option B: • Enables approximately \$11-12 billion of transport investment over 10 years while remaining within our debt limits

A Regional Fuel Tax of 10 cents per litre plus GST (once legislated by central government) in addition to existing funding tools

- Additional transport projects and services as agreed through ATAP and aligned to government priorities.
- Specific programme is highly uncertain but likely to focus on:
  - Public transport infrastructure like progressing the rapid transit network, city centre bus improvements, new and expanded park and ride stations, and additional electric trains
  - Infrastructure to support active transport modes such as additional investment in the cycling programme
  - Delivering safety projects such as level crossing safety improvements
  - High priority roading projects to ease congestion and support growth, including network optimisation, Lincoln Road upgrade, and investment to support housing development.
- We won't be able to undertake all of these projects and services with \$11-12 billion, but we expect to be able to deliver some of them. After the ATAP review we will consult with you on the specific programme of works we would fund from the regional fuel tax.



### Decision required: Introduction of a Regional Fuel Tax to enable additional investment in transport

- Depending on the specific investment programme this proposal is likely to achieve:
  - Relative improvement in traffic congestion as a result of high quality rapid transit service and other public transport and optimisation projects
  - Reduction in bus congestion into the city centre
  - Improved walking and cycling access to the city centre, metro centres and the rapid transit network
  - Improved safety on high risk rural and urban roads and intersections
  - Improvements in health, environmental outcomes and access (including disability access)
  - Increased train frequency and capacity to maximise the value of CRL
  - Support for new housing developments.
- How much improvement we see in different service areas will depend on the final transport programme.

Option included in baseline scenario: Option B - \$11-12 billion investment supporting by a Regional Fuel Tax

### Water quality improvement programme

Auckland has a significant issue of pollution of its waterways across the region. There are areas of Auckland's beaches, harbours, streams and aquifers that are significantly affected by poor water quality. Many waterways and beaches are unsafe for swimming after storm events, and some beaches are permanently closed to swimming. This is a result of pollution from a number of sources including:

- wastewater overflows from the combined sewer network when stormwater overwhelms the system capacity
- pollution from road run-off
- sedimentation from urban and rural land use
- old or poorly maintained onsite wastewater systems (septic tanks etc.)
- impacts from farming such as livestock in streams and fertiliser runoff.

The Water Quality Improvements Programme of work has been developed to address these issues. The key projects and outcomes are as follows:

- stormwater upgrades and wastewater/stormwater separation in the Western Isthmus
  - reduces overflows into the Waitematā and Manukau harbours
  - beaches from Meola Reef to the Viaduct will be swimmable
  - reduction in intermittent beach closures
  - rehabilitation of Western Isthmus streams
  - reduces demand on the waste water network from stormwater, allowing greater housing intensification in the Western Isthmus catchments.
- infrastructure for stormwater contaminant removal across the region
  - reduction of sediment into the Kaipara Harbour
  - reduction in stormwater contaminants across the region.
- rehabilitation of urban and rural streams
  - improves the ecological health of the streams and reduces flow of contaminants into harbours
  - enables urban development in areas such as Oamaru creek in East Tamaki
  - stabilises areas of high stream erosion, reducing sedimentation in the harbours and protecting property and infrastructure.
- introduction of a proactive regional septic tank monitoring programme
  - develop a regional database of onsite systems, their design parameters and maintenance records

- first step in identifying the individual properties contributing to the degradation of beaches and waterways, such as at Piha, Bethells Beach, and Little Oneroa on Waiheke
- develop a warrant of fitness style scheme to ensure the systems perform.

#### Decision required: the timeframe for implementation of the Water Quality Improvement Programme

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Option A:</u>                      | Costs in line with current budgets and deliverable with current funding sources, continues with existing works included in the Asset Management Plans of Watercare and Healthy Waters.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Delivery of Programme by 2048         | <p>The benefits of the Water Quality Improvement Programme would be realised over a 30-year timeframe.</p> <p>Includes Central Interceptor project and some stormwater upgrades. Reduces the number of locations in the Western Isthmus that experience wastewater overflows every time it rains from 43 points to 31 points by 2028.</p> <p>The number of overflow points in the Western Isthmus that spill more than twice a year reduces from 218 to 214 by 2028.</p>                                                                                                                                                                                                                                                                                                                                                                                                    |
| <u>Option B:</u>                      | The benefits of the Water Quality Improvement Programme would be realised over a 10-year timeframe.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Delivery of programme by 2028         | <p>The programme includes:</p> <ul style="list-style-type: none"> <li>• leveraging the investment in Central Interceptor by bringing forward investment in the Western Isthmus from outer years of Asset Management Plans to achieve improved water quality outcomes within ten years</li> <li>• infrastructure for stormwater contaminant removal across the region</li> <li>• rehabilitation of urban and rural streams</li> <li>• introduction of regional septic tank monitoring.</li> </ul> <p>By 2028 reduce overflow points on the Western Isthmus to 10 locations that are anticipated to overflow 2-6 times per year on average. Reduced faecal contamination of waterways from onsite wastewater systems in high risk areas. Reduced sediment runoff in to the Kaipara Harbour.</p> <p>Additional funding requirement of \$856 million between 2019 and 2028.</p> |
| Option included in baseline scenario: | Option B, delivery of programme by 2028.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

## Coastal management

Auckland Council owns and manages approximately \$350 million of coastal protection, access and amenity related assets over Auckland's 3,200km of coastline. These form part of the roading and community asset categories described elsewhere in this strategy depending on the specific function of the each asset. We consider them as a related group here because they face a common issue.

Historic underinvestment in these assets has primarily addressed reactive works only and resulted in an asset base that is in relatively poor condition with insufficient funds available to renew all damaged assets for the next 10-years. The predicted impacts of climate change, coupled with failing assets, has led to community groups requesting improved coastal protection, with calls to better manage our coastal assets.

An Auckland Council Coastal Management Framework was developed to help the council better manage its coastal assets, and to better mitigate the risks associated with coastal erosion and the combined effects of predicted climate change. This framework will enable the council to move from the current default position of reactionary 'like-for-like' renewals to a prioritised work programme that is based on improved asset management planning underpinned by business cases leading to improved asset investment.

Three main options have been developed for consideration in the 10-year budget 2018-2028:

**Decision required: The level of funding for renewal and management of coastal assets**

|                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>Option A:</u></p> <p>Reactive investment when assets fail.</p> <p>(status quo)</p>            | <p>Coastal assets are replaced when perceived to be in poor condition, within limited budget. Renewals after 2020 are not funded. Maintenance expenditure continues at current levels.</p> <p>There is no asset management plan driving the forward work programme and implementation is based on local budgets, making large projects difficult to plan and fund. Capital investment continues until funding is exhausted in 2020.</p> <p>Assets are replaced on or after failure until funding is exhausted, with approximately six per cent of assets renewed in next 10-years. Renewal demand will not stop in Financial Year 2020, resulting in underinvestment. Maintenance budgets will not be sufficient to address or resolve deterioration issues.</p> <p>Expected to reduce service levels from coastal protection, access and amenity assets over time due to deterioration and the combined effects of coastal erosion and predicted climate change. Increases risk of disruption to services.</p>                          |
| <p><u>Option B:</u></p> <p>Strategic approach.</p>                                                  | <p>Introduces a delivery model where asset replacement is based on prioritised need for protection and development of new assets. This requires initial investment to develop coastal compartment management plans that include public engagement, which will then inform a coastal asset management plan (AMP).</p> <p>The operational funding required for the development of compartment management plans and a coastal asset management plan is \$900,000 per annum for the first two years of the 10-year budget. This AMP will more accurately inform the funding requirements for the remainder of the budget.</p> <p>The increased investment is estimated to be in the order of \$120 million between 2018 and 2028 – with \$2 million and \$8 million of the additional amount required in years one and two of the 10-year budget respectively to fund the Orewa seawall project and other pressing renewals.</p> <p>Provides a higher level of service than option A and mitigates some risks of disruption to services.</p> |
| <p><u>Option C:</u></p> <p>Replace assets when assessed to be in poor condition, and new works.</p> | <p>Involves replacing assets when they are assessed to be in poor condition, infrequent new works, and construction of the Orewa seawall during the first two years of the 10-year budget.</p> <p>Current demand for renewals and larger scale interventions is assumed to continue. Without the benefit of a coastal asset management plan, it is accepted that capital expenditure would be more ad-hoc and therefore potentially higher.</p> <p>Total capex has been estimated at \$150 - \$200 million over the 10-years with \$2 million and \$8 million of the additional amount required in years one and two of the 10-year budget to fund the Orewa seawall project and other pressing renewals.</p> <p>This approach is less likely to deliver long term sustainable solutions than option B.</p>                                                                                                                                                                                                                              |
| <p>Option included in baseline scenario:</p>                                                        | <p>Option A, reactive investment when assets fail.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

We propose to review the funding and prioritisation of this investment as part of finalising our 10-year budget. If additional funding cannot be found, then options B or C would only be able to be accommodated by reprioritising other infrastructure investment.

## Renewal of community facilities

Auckland's portfolio of community facilities is aging and faces a range of challenges such as weathertightness, asbestos and seismic strength issues. The financial impacts of asbestos, seismic and weathertightness are still being quantified based on the outcome of the asset condition reviews across the portfolio.

Due to demographic and social changes in the community, many of our facilities are no longer fit for purpose or reflective of community needs. Services and assets need to respond to pervasive technology and changing demand patterns.

**Decision required: The level of funding for renewal of community assets (parks, recreation and community facilities)**

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Option A:</u><br>Baseline                            | <p>Increased funding of \$200 million between 2019 and 2028 allocated solely to renewals as opposed to growth.</p> <p>Primarily funds renewal of critical assets, resulting in increasing reactive maintenance and operational costs.</p> <p>There will be a decreased level of service over the longer term as assets are only renewed when critical, resulting in deteriorating assets which increases the risk of failure and asset closure.</p> <p>Requires ongoing trade-offs between ageing facilities, disposal of assets and investigation of optimisation opportunities to mitigate impacts on service levels.</p> <p>Funding requirement \$961million between 2019 and 2028.</p> |
| <u>Option B:</u><br>Increase above baseline             | <p>Slight increase of \$99m above baseline over 10 years.</p> <p>Funding renewal of assets in very poor condition. Requires ongoing trade-offs between ageing facilities, disposal of assets and investigation of optimisation opportunities to maintain existing levels of service.</p> <p>Funding requirement \$1.06b between 2019 and 2028.</p>                                                                                                                                                                                                                                                                                                                                         |
| <u>Option C:</u><br>Significant increase above baseline | <p>Significant increase of \$759 million above baseline over 10-years</p> <p>Fully funds the renewal of appropriate assets keeping the portfolio in a good condition but will require more resources to deliver.</p> <p>Minimal trade-offs with continued optimisation options to ensure assets are fit for purpose.</p> <p>Funding requirement of \$1.72 billion between 2019 and 2028.</p>                                                                                                                                                                                                                                                                                               |
| Option included in baseline scenario:                   | Option A, baseline.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

We propose to review the funding and prioritisation of this investment as part of finalising our 10-year budget 2018-2028. If additional funding cannot be found to fully meet the costs of renewing all our community assets to the standards we would like, then we intend to evaluate and prioritise renewals of existing community infrastructure as community needs change.

## Community assets (parks, recreation and community facilities) to support growth and development

Auckland's forecasted growth is expected to increase demand for community assets (parks, recreation and community facilities) including:

- the provision of parks and recreation networks in future urban areas
- increased use of parks and recreation facilities in the existing urban area due to intensification
- re-development of existing and provision of new multi-purpose facilities to support rapidly growing and diverse communities
- additional provision of land for cemeteries (including development)

**Decision required: The level and focus of investment in providing for growth and diversity in community assets (parks, recreation and community facilities)**

Option A:

Baseline

Limited provision of new community assets (parks, recreation and community facilities) to provide for growth and diversification.

Results in a lower level of provision than identified in the council's adopted strategies and guidelines.

This option includes:

- committed projects
- cemetery land acquisition and development
- park acquisition and associated infrastructure development limited to key priority areas only
- new community facilities such as Takanini, Westgate and Flat Bush

Requires optimisation of existing assets and improved service delivery to maintain the existing level of service.

Funding requirement of \$1.7 billion between 2019 and 2028.

Option B:

Significant increase

Moderate additional provision of community assets (parks, recreation and community facilities) to provide for growth and diversification.

Achieves a slightly lower level of provision than identified in the council's adopted strategies and guidelines.

This option includes:

- committed projects
- cemetery land acquisition and development
- acquisition of new parks and associated infrastructure in line council policy, and limited additional park development
- new community facilities in Takanini, Westgate and Flat Bush and some further provision in key priority areas

Optimisation, improved access and capacity within the network will primarily meet growth requirements and maintain existing service levels.

Total funding requirement of \$2.41 billion between 2019 and 2028.

Option C:

Future Urban Areas only

Provision of community assets (parks, recreation and community facilities) to provide for growth in the areas identified in the Future Urban Land Supply Strategy for Decade 1 only.

This option includes:

- Acquisition of parks in future urban areas including Warkworth, Wainui, Silverdale, Diary Flat, Kumueu/Huapai/Riverhead, Whenuapai, Puhinui, Opaheke, Drury, Karaka, Pukekohe, in line with the Parks and Open Space Acquisition policy

This option does not include:

- New provision of community assets (parks, recreation and community facilities) in the existing urban area as set out in the Councils strategies and provision guidelines
- Cemetery land acquisition or development

Expands open space provision ensuring a level of service in the future urban areas but does not maintain levels of service in existing urban areas.

Funding requirement of \$1.5 billion between 2019 and 2028.

Option included in baseline scenario:

Option A, baseline.



We propose to review the funding and prioritisation of this investment as part of finalising our 10-year budget 2018-2028. Options to increase funding for growth-related community assets include making greater use of development contributions, sales of non-strategic assets and local targeted rates.

## Centre investment timing and 2021 events

Auckland's city centre is an increasingly important 'economic engine' for both the region and the whole of New Zealand, and has experienced growth significantly above forecasts over the last five years. Auckland is likely to be the host city for two key and high profile events in 2021, namely the America's Cup (AC36) and APEC, which have the potential to provide significant economic and legacy benefits for Auckland and New Zealand.

The City Centre Masterplan (CCMP) presents a 20-year vision that sets the direction for Auckland's city centre as its cultural, civic, retail and economic heart. It presents a vision of a city centre that is more family, pedestrian and environmentally friendly. The City Centre Masterplan identifies numerous projects to implement the vision, requiring investment in stormwater, transport and community services infrastructure.

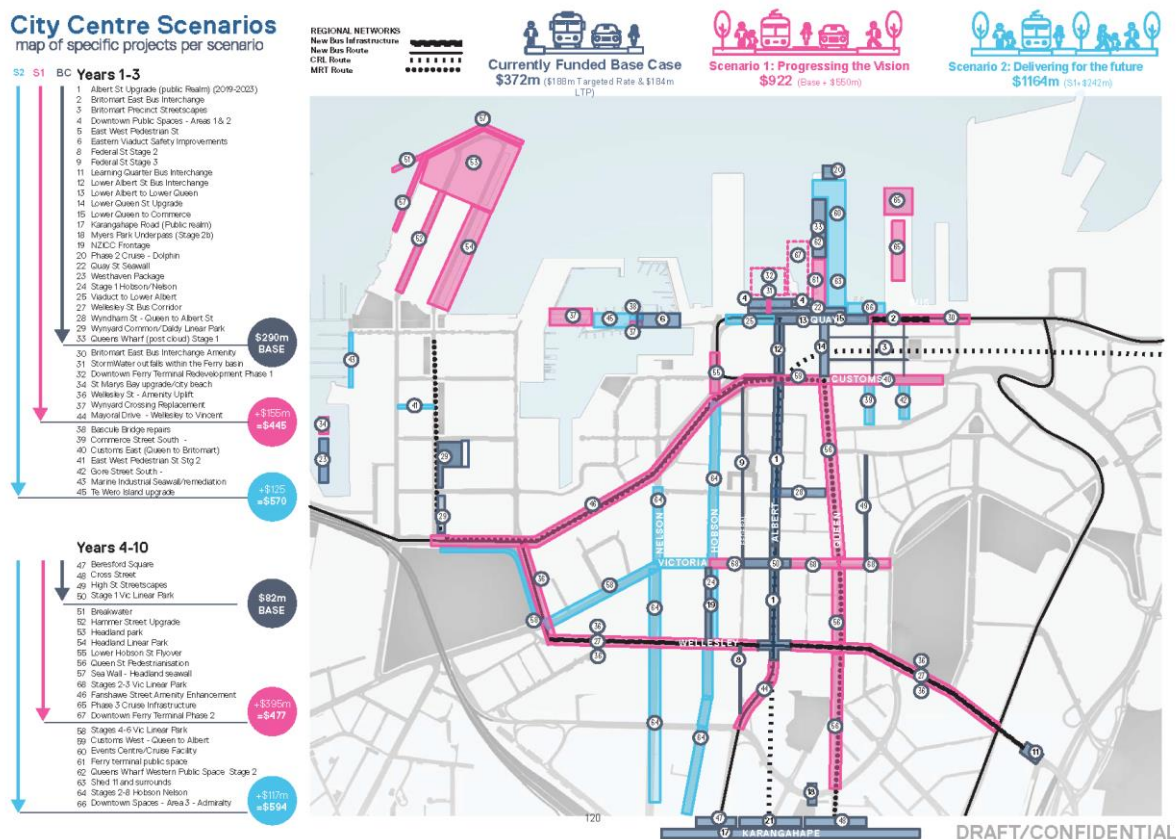
There is currently \$372 million of planned investment in the City Centre over the next eight years (across various asset categories), with over 50 per cent of this being funded through the City Centre Targeted Rate. This is insufficient to keep up with growth, provide confidence to the private sector to invest in Auckland's city centre and leverage the potential benefits of AC36 and APEC.

### Decision required: The timing of implementation of the City Centre Masterplan

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Option A:</u>                      | Delivers committed projects and those funded from city centre targeted rate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Baseline                              | <p>Builds on existing investments in city centre and waterfront over the last 5-years and delivers public realm enhancements to some surface components of City Rail Link, including Albert Street and Lower Queen Street. Improves connections between Queen Street, Quay Street and the waterfront. Walkability will be improved via Laneway Circuit projects.</p> <p>Provides some improvement to downtown Auckland in time for 2021 events through re-phasing of existing projects.</p> <p>This option does not maximise opportunities from current construction activities, support private investment, or enhance major transport projects. Components of the longer term CCMP vision are delivered, but city growth is not adequately supported.</p> <p>Funding requirement of \$372 million between 2019-2028.</p> |
| <u>Option B:</u>                      | Option B delivers projects that respond to and enable growth to continue within the City Centre. Projects focus on public realm improvements associated to maximise the benefits of public transport investment, take advantage of existing construction projects and deliver the CCMP outcomes around place and liveability. Supports growth in cruise and ferry operations, residential and commercial development.                                                                                                                                                                                                                                                                                                                                                                                                      |
| Progressing the vision                | <p>Provides significant improvement to downtown Auckland in time for 2021 events, including pedestrian connections between Britomart and Wynyard Quarter and the wider City Centre.</p> <p>Does not complete city centre connectivity or fully deliver the CCMP.</p> <p>Funding requirement: of \$922 million between 2019-2028 (baseline + \$550 million).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <u>Option C:</u>                      | Delivering the full vision of the CCMP and completion of key transformation projects. Future proofs the city centre for high growth and maximising the benefits of connectivity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Delivering for the future             | <p>Does not deliver any additional projects in time for 2021 events due to construction constraints.</p> <p>Funding requirement of \$1.2 billion between 2019-2028 (baseline + Option B + \$240 million).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Option included in baseline scenario: | Option A, baseline.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

We propose to review the funding and prioritisation of this investment as part of finalising our 10-year budget. Options to increase funding for city centre investment include making greater use of development contributions, sales of non-strategic assets and reviewing the use of the City Centre Targeted Rate.

Figure 3.2 City Centre programme options



## Panuku Programme Options 2018-2028

A number of town centres have been identified as priorities for regeneration through Panuku Development Auckland. These town centres are known as Transform, Unlock and Support locations. Urban regeneration of existing town centres across Auckland contributes to the delivery of the Auckland Plan development strategy and the following priorities:

- leverages the investment in the transport network (existing and planned), in particular public and active transport
- facilitates housing through intensified development to help ease the shortage of housing and improve affordability
- protects the environment by updating tired centres with more sustainable and resilient development and reduces sprawl onto rural land
- makes Auckland a great place to live, work, play and visit, as an inclusive city which celebrates its unique mana whenua identity and cultural diversity, driven by place making and engagement.

Successful regeneration and development requires investment in amenity and infrastructure upfront to build community support, homeowner demand and private sector interest. All categories of infrastructure covered by this strategy are relevant to success regeneration of these areas. Panuku has a balanced strategy for each location combining commercial development, place making and activation, public realm upgrades and other public good investment. Panuku also works closely with a range of Crown agencies including Housing New Zealand (HNZ) in a number of locations (e.g. Manukau, Avondale, Northcote, Onehunga).

**Decision required: The number of Transform and Unlock areas to be progressed within the next 10 years**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Option A:</u>                      | Funding requirement of \$344 million over 10-years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Baseline                              | <p>Enables completion of legacy projects at Hobsonville, Ormiston, Wynyard Central Stage 1. Slower progress towards implementation will be made in Transform Manukau. Implementation progress will be limited to commercial sales of sites and completion of legacy projects.</p> <p>Strategic and commercial value is not achieved from the sale of council-owned sites and the overall impact of the Panuku programme is small and incremental.</p> <p>Does not optimise opportunities to work with partners including HNZ.</p> <p>In the majority of locations local board and community aspirations will not be met until a much later date.</p>                                                                                                                                                                                                                                                              |
| <u>Option B:</u>                      | Total funding requirement of \$942 million over 10-years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Credible progress                     | <p>This option meets the level of likely capital returns expected from Transform and Unlock locations.</p> <p>A total of \$318 million public good funding is required to make credible progress across the Transform and Unlock locations, excluding the waterfront. A further \$374 million is required to continue the development of the Wynyard Quarter including the waterfront destination park. This figure excludes funding for infrastructure related to hosting the America's Cup.</p> <p>Increasing the Strategic Development Fund by \$150 million to a new total of \$250 million will enable the acquisition of strategic sites adding commercial and strategic value to council-owned land. Regenerated and more vibrant town centres and 10,000 additional housing units will be facilitated. Total income over 10-years from sales is estimated as \$416 million, including the waterfront.</p> |
| Option included in baseline scenario: | Option A, baseline.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

We propose to review the funding and prioritisation of this investment as part of finalising our 10-year budget. Options to increase funding for Transform and Unlock areas include increasing the planned disposal of non-strategic property assets in these areas, using an alternative growth infrastructure financing approach and area-based targeted rates. If additional funding cannot be achieved, it may be necessary to prioritise which areas are progressed within the next 10-years.

## 4 Baseline scenario

Investment in council infrastructure is constrained by funding availability. This scenario reflects the \$24-25 billion of funding available in the first decade (2018-2028) with current funding tools supplemented by some proposed new tools, as set out in the Financial Strategy, in Section 1.2 of this Supporting Information document.

This is what we consider to be the most likely scenario for the management of the council's infrastructure assets over the period 2018-2028. If additional funding becomes available, the council may be able to accelerate investment in improving infrastructure provision across the region.

The scenario consists of three parts:

- total projected expenditure by infrastructure type over the next 30-years
- projected annual capital and operational expenditure for each infrastructure type between 2019-2048
- a summary of major projects and programmes included in the baseline scenario.

Overview of projected expenditure by infrastructure type:

| Table 4.1: Total expenditure by infrastructure type 2019-2048 |                       |                        |
|---------------------------------------------------------------|-----------------------|------------------------|
| Infrastructure type                                           | Capital expenditure   | Operating expenditure  |
| Roads and footpaths                                           | \$26.3 billion        | \$23.8 billion         |
| Public transport                                              | \$18.0billion         | \$42.0 billion         |
| <b>Total Transport</b>                                        | <b>\$44.3billion</b>  | <b>\$65.8 billion</b>  |
| Water supply                                                  | \$9.6 billion         | \$10.7 billion         |
| Wastewater                                                    | \$10.2 billion        | \$16.6 billion         |
| Stormwater                                                    | \$4.5 billion         | \$8.0 billion          |
| <b>Total Water</b>                                            | <b>\$24.3 billion</b> | <b>\$35.3 billion</b>  |
| Community Services                                            | \$13.9 billion        | \$31.6billion          |
| <b>Total infrastructure investment</b>                        | <b>\$82.5 billion</b> | <b>\$132.7 billion</b> |

Chart 4.1: Projected capital expenditure by infrastructure type

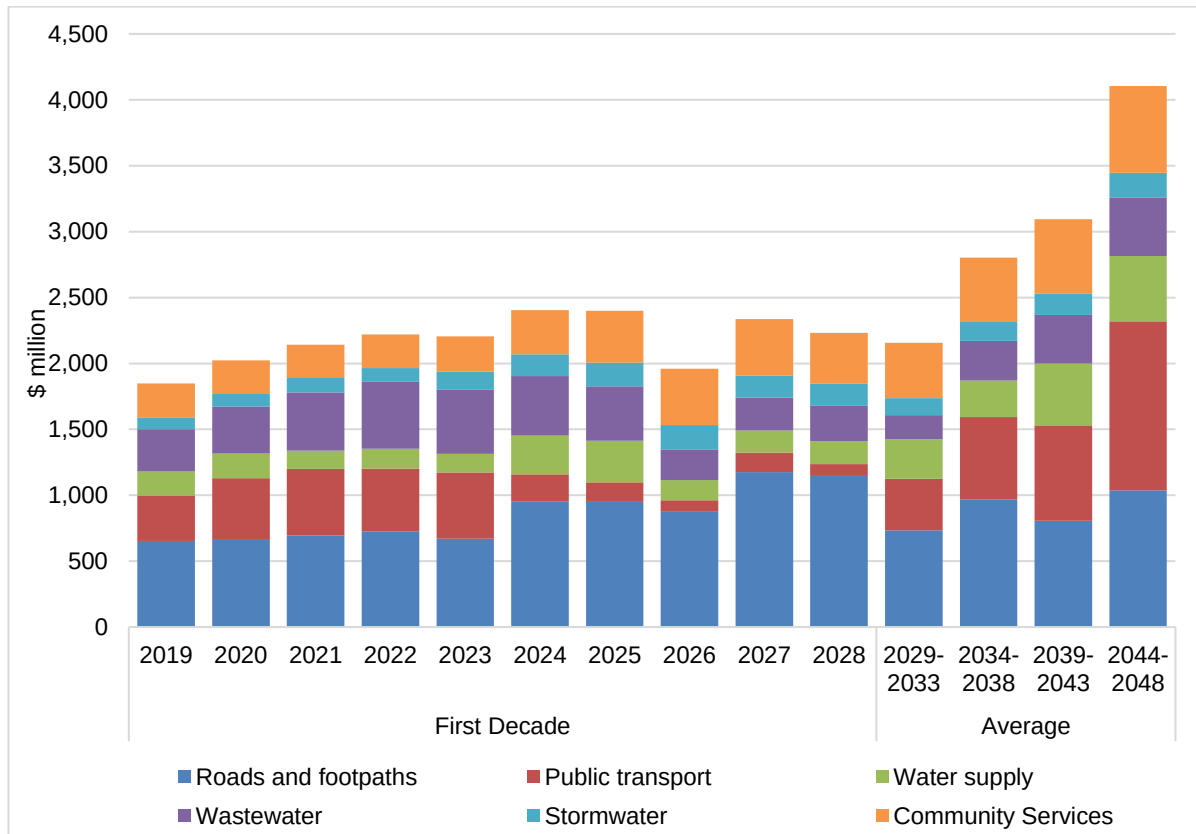
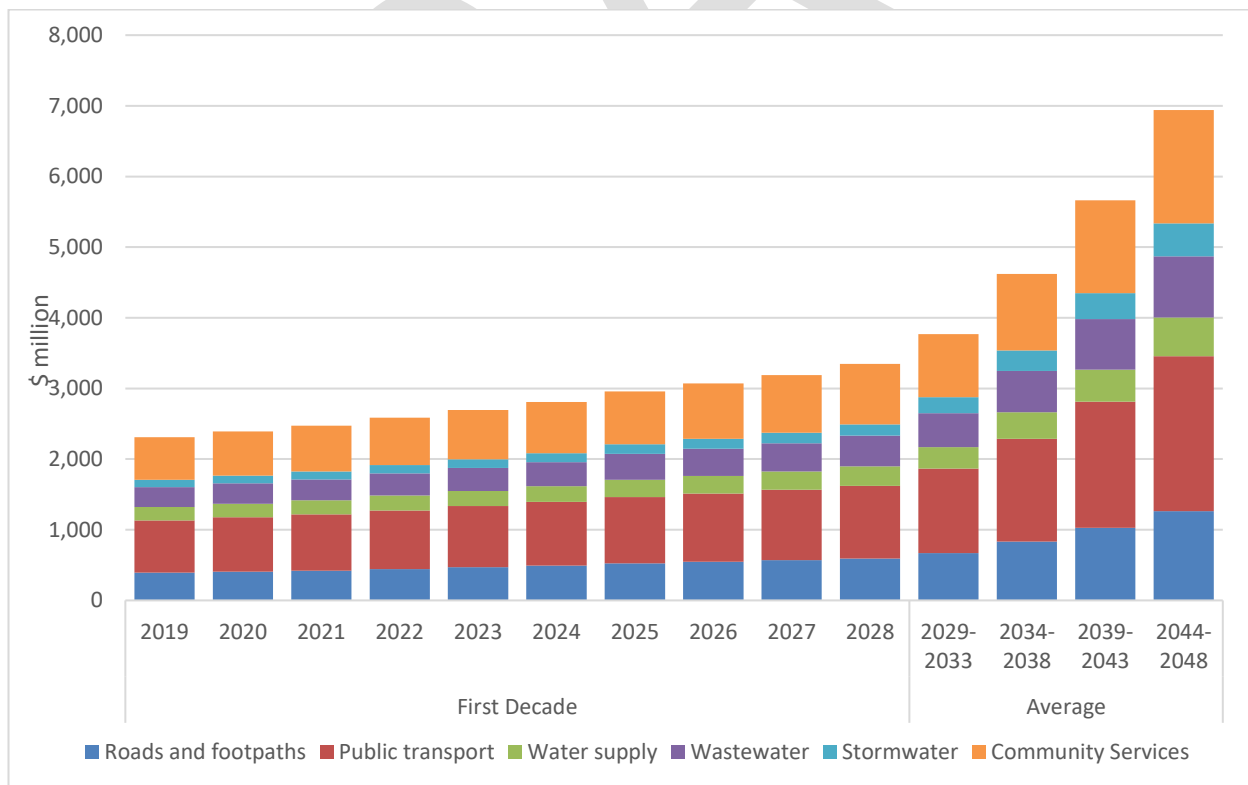


Chart 4.2: Projected operational expenditure by infrastructure type





## Roads and footpaths

Chart 4.3: Projected capital expenditure

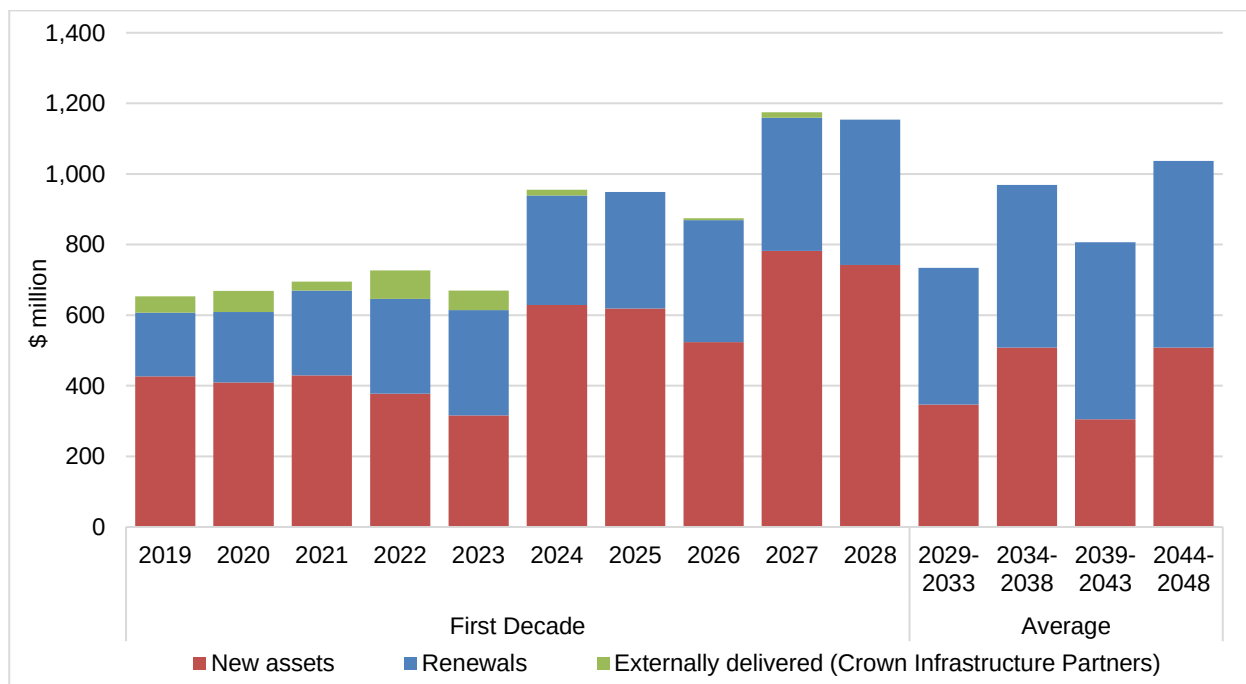


Chart 4.4: Projected operating expenditure

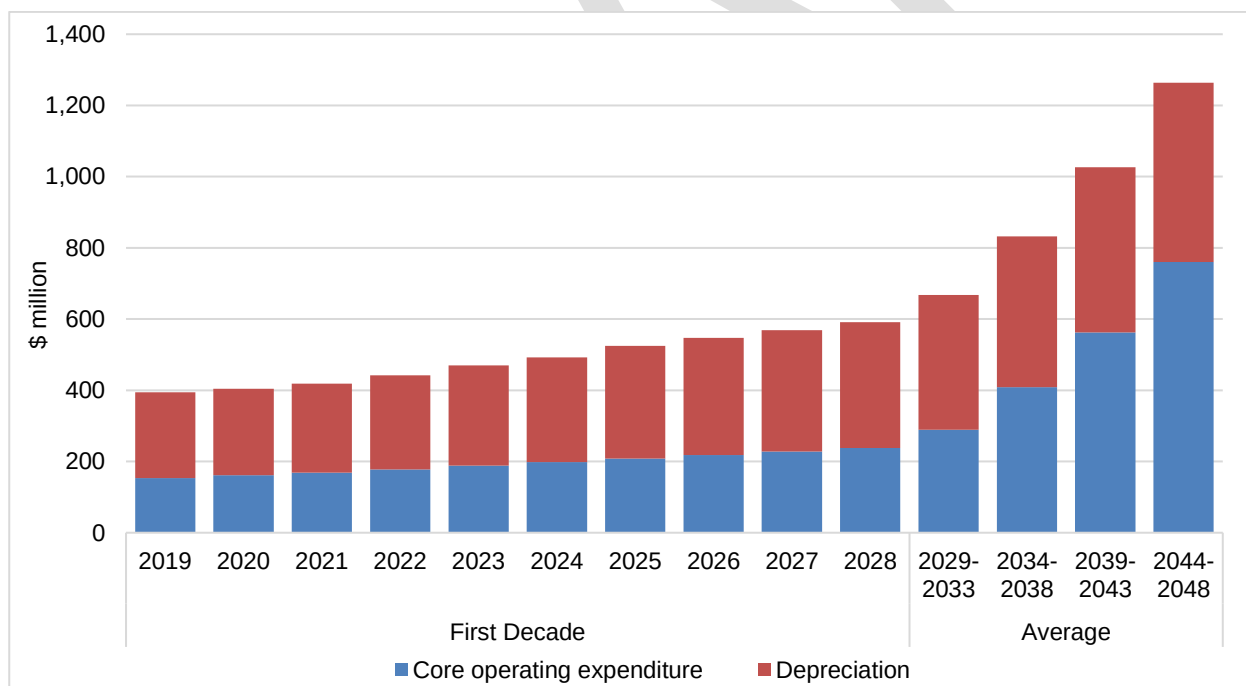


**Table 4.2: Roads - major programmes and projects**

The transport programme presented here has not been approved by the Regional Transport Committee and therefore should be considered as a draft and subject to ratification. In addition, the transport programme may be subject to change based on outputs from the ATAP 2.0 refresh.

| Project                                                | Description                                                                                                                                                                                                              | Map reference | Nominal \$ (millions) |                       |                       |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|-----------------------|
|                                                        |                                                                                                                                                                                                                          |               | Decade 1<br>2019-2028 | Decade 2<br>2029-2038 | Decade 3<br>2039-2048 |
| Auckland Transport initiatives                         |                                                                                                                                                                                                                          |               |                       |                       |                       |
| Supporting Growth projects - Warkworth                 | Establishment of a road, public transport and cycling network to enable development of the future urban areas at Warkworth                                                                                               | 1             | TBC                   | TBC                   | TBC                   |
| Matakana Link Road                                     | New road to enable bypass of central Warkworth and relieve congestion at Hill Street intersection.                                                                                                                       | 2             | \$107                 |                       |                       |
| Supporting Growth projects - North                     | Establishment of a road network to enable development of the northern future urban areas at Wainui, Silverdale – Dairy Flat                                                                                              | 3             | \$262                 | TBC                   | TBC                   |
| Supporting Growth projects – North West                | Establishment of a road network to enable development of the north-western future urban areas at Whenuapai, Red Hills, Kumeu, Huapai and Riverhead                                                                       | 4             | \$496                 | TBC                   | TBC                   |
| Lincoln Road Corridor Improvements                     | Improvements to Lincoln Road between Henderson and SH16, including bus priority measures                                                                                                                                 | 5             | \$85                  |                       |                       |
| Supporting Growth projects - South                     | Establishment of a road network to enable development of the southern future urban areas at Pukekohe, Paerata, Drury West, Drury-Opaheke and Takanini                                                                    | 6             | \$322                 | TBC                   | TBC                   |
| Mill Road                                              | A new arterial road between Manukau and Drury                                                                                                                                                                            | 7             | \$1,207               |                       |                       |
| Network Optimisation and Intelligent Transport Systems | Interventions to optimise specific routes through initiatives such as synchronisation of traffic signals, best-use of road layout, and addressing traffic restrictions.                                                  |               | \$260                 | Continuing programme  | Continuing programme  |
| Walking and Cycling Programme                          | Walking and cycling programmes, including completion of Urban Cycleways Programme, improving city centre access, improving access to RTN stations, and walking and cycling in metropolitan areas.                        |               | TBC                   | Continuing programmes | Continuing programmes |
| Level crossing improvements                            | Safety improvements at level crossings across the Auckland region, including level crossing closures, pedestrian level crossing improvements and level crossing grade separations.                                       |               | \$127                 | TBC                   |                       |
| Safety Programme                                       | A programme of investment to address safety and operational deficiencies across AT's road, motorcycle, pedestrian and cycle networks, including safety improvements in high risk urban and rural roads and intersections |               | \$544                 | Continuing programmes | Continuing programmes |

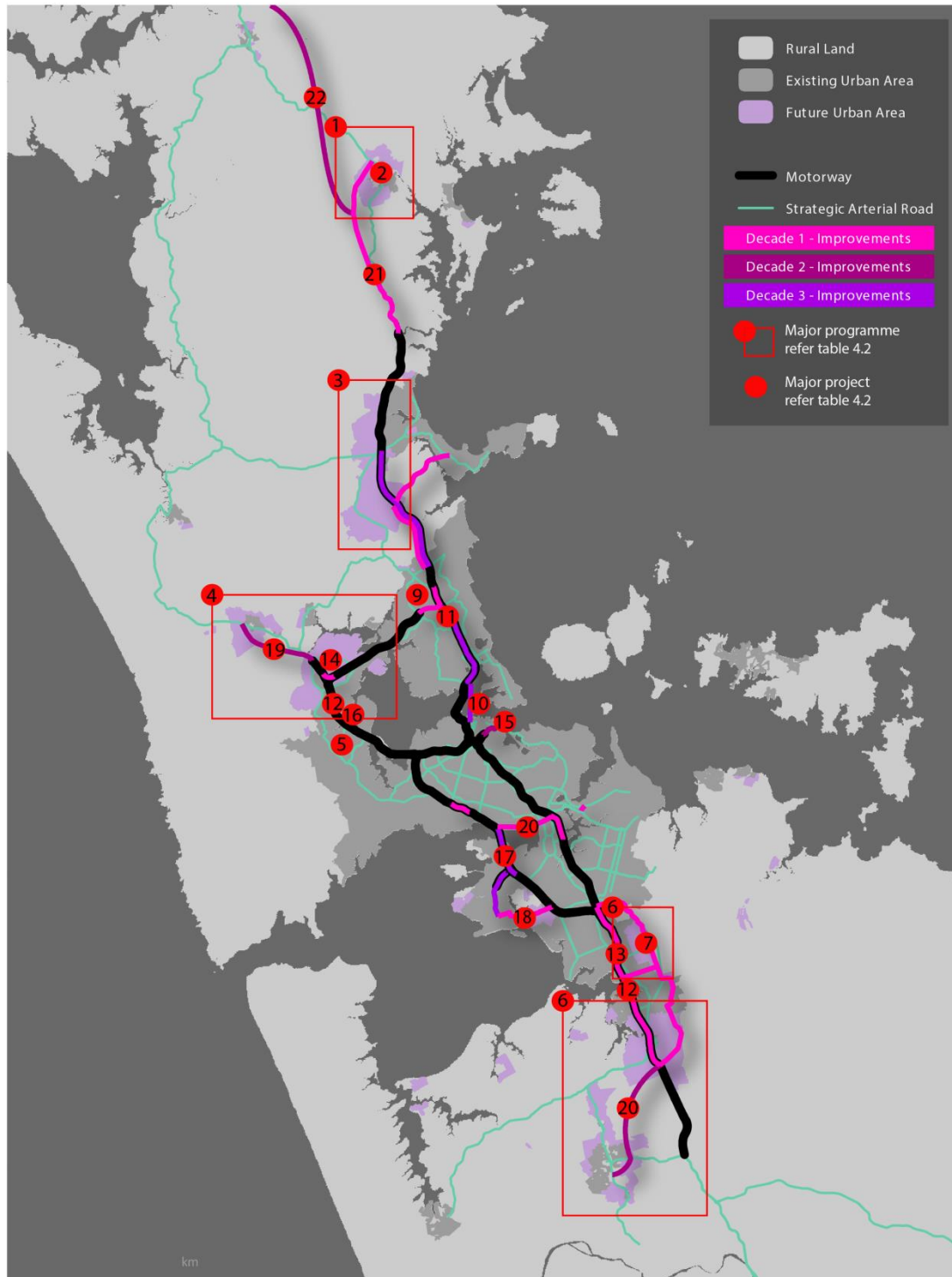
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| Project                                                                                | Description                                                                                                     | Map reference | Nominal \$ (millions) |                       |                       |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|-----------------------|
|                                                                                        |                                                                                                                 |               | Decade 1<br>2019-2028 | Decade 2<br>2029-2038 | Decade 3<br>2039-2048 |
| NZTA initiatives                                                                       |                                                                                                                 |               |                       |                       |                       |
| Northern Motorway (SH1) Improvements                                                   | Safety and capacity upgrade of SH1 between Greville Road and Upper Harbour Drive                                | 8             | NZTA                  |                       |                       |
|                                                                                        | A new SH1 / SH18 motorway-to-motorway connection                                                                | 9             | NZTA                  |                       |                       |
|                                                                                        | Additional crossing of the Waitematā Harbour                                                                    | 10            |                       |                       | NZTA                  |
|                                                                                        | SH1 widening Constellation to Onewa Road and provision of south-facing ramps at SH1 / SH18 interchange          | 11            |                       |                       | NZTA                  |
| Southern Motorway (SH1) Improvements                                                   | Capacity and safety improvements from SH1 / SH20 interchange at Manukau to Bombay                               | 12            | NZTA                  |                       |                       |
|                                                                                        | Improvements at various points along SH1 to improve access / egress, improve throughput and reduce travel times |               |                       | NZTA                  |                       |
|                                                                                        | SH1 widening Hill Road to Papakura                                                                              | 13            |                       |                       | NZTA                  |
| Northwestern Motorway (SH16) Improvements                                              | Completion of SH16 / SH18 motorway-to-motorway connection                                                       | 14            | NZTA                  |                       |                       |
|                                                                                        | Improvements / extension of SH16 to provide improved access to Grafton Gully and the Port                       | 15            |                       | NZTA                  |                       |
|                                                                                        | SH16 widening Te Atatu to Westgate                                                                              | 16            |                       | NZTA                  | NZTA                  |
| South West Motorway (SH20 and SH20A) improvements and improved northern airport access | SH 20 and SH 20A widening Mangere Bridge to Mangere Town Centre to Airport                                      | 17            |                       |                       | NZTA                  |
| State Highway 20B Improvements                                                         | Widening SH20B to 4 lanes                                                                                       | 18            | NZTA                  |                       |                       |
| New strategic roads to Kumeu and Pukekohe                                              | New road connections to the Kumeu and Pukekohe growth areas                                                     | 19            |                       | NZTA                  |                       |
| SH1-SH20 connection                                                                    | Improved connections between Onehunga and Sylvia Park. Project currently under review.                          | 20            |                       | NZTA                  |                       |
| Connecting Northland (SH1 improvements)                                                | Waiwera to Warkworth                                                                                            | 21            |                       | NZTA                  |                       |
|                                                                                        | Warkworth to Wellsford                                                                                          | 22            |                       | NZTA                  |                       |

Figure 4.1: Roads - major programmes and projects

The transport programme presented here has not been approved by the Regional Transport Committee and therefore should be considered as a draft and subject to ratification. In addition, the transport programme may be subject to change based on outputs from the ATAP 2.0 refresh.



## Public transport

Chart 4.5 - Projected capital expenditure

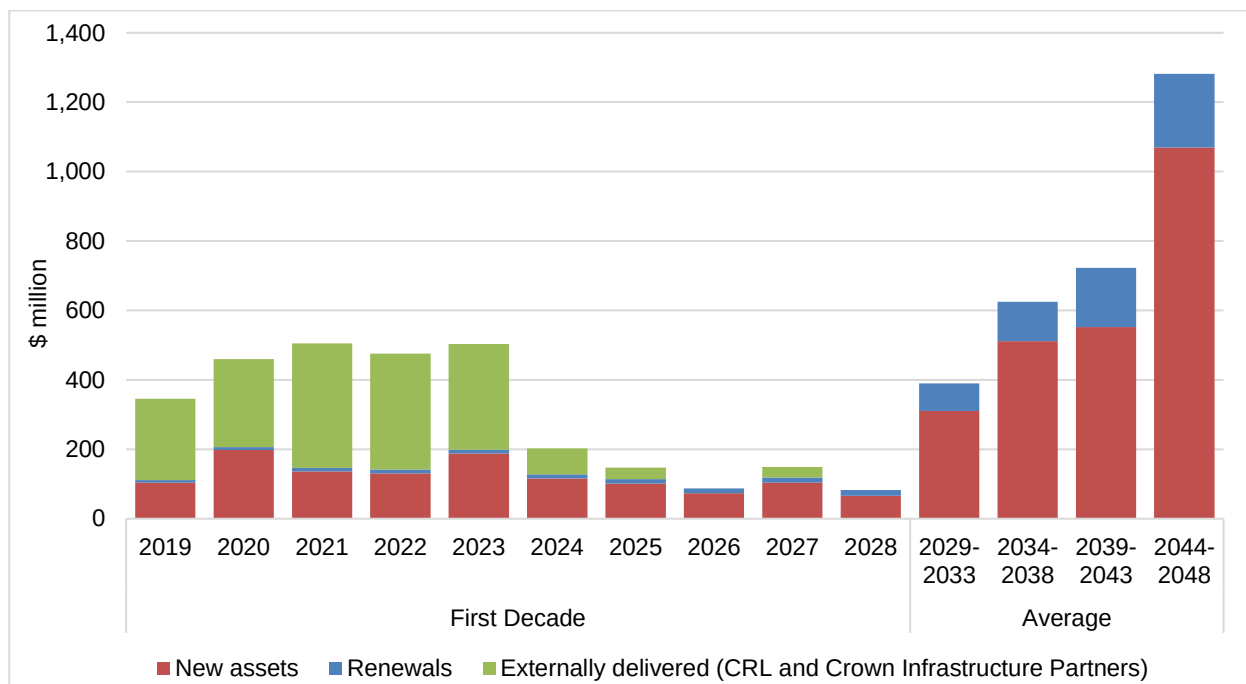


Chart 4.6 - Projected operating expenditure

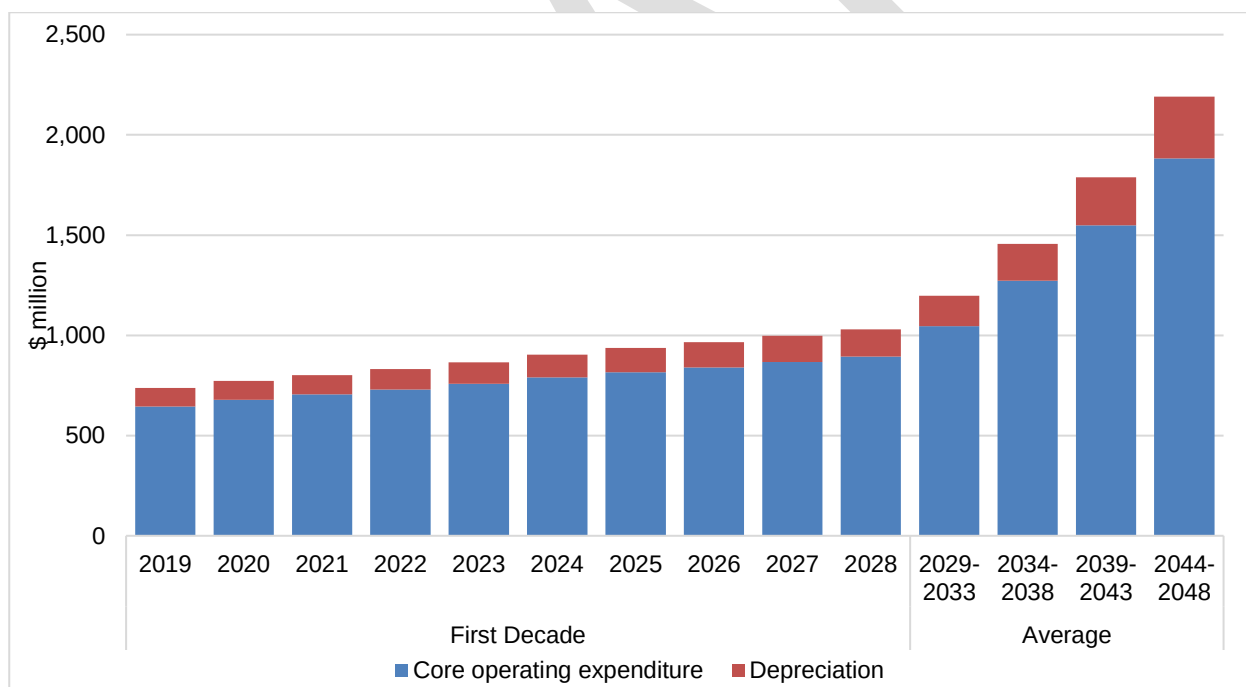




**Table 4.3: Public transport – major programmes and projects**

The transport programme presented here has not been approved by the Regional Transport Committee and therefore should be considered as a draft and subject to ratification. In addition, the transport programme may be subject to change based on outputs from the ATAP 2.0 refresh.

| Project / Programme                             | Description                                                                                                                                                                     | Map Reference | Nominal \$ (millions)                     |                       |                         |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------------------|-----------------------|-------------------------|
|                                                 |                                                                                                                                                                                 |               | Decade 1<br>2019-2028                     | Decade 2<br>2029-2038 | Decade 3<br>2039 - 2048 |
| City Rail Link                                  |                                                                                                                                                                                 |               |                                           |                       |                         |
| City Rail Link                                  | An underground rail line linking Britomart and the city centre with the existing western rail line near Mt Eden                                                                 | 1             | \$1425<br>(nett of asset sales)           |                       |                         |
| Auckland Transport Initiatives                  |                                                                                                                                                                                 |               |                                           |                       |                         |
| Rapid Transit – City Centre to Auckland Airport | A light rail line between the City Centre and Auckland Airport.                                                                                                                 |               |                                           |                       |                         |
|                                                 | Stage 1 from the city centre to Mt Roskill                                                                                                                                      | 2             | Timing and implementation to be confirmed |                       |                         |
|                                                 | Stage 2 from Mount Roskill to Airport                                                                                                                                           | 3             | Timing and implementation to be confirmed |                       |                         |
| North Western Busway Stations                   | Stations associated with a new rapid transit connection between the City Centre and Westgate, and then to Kumeu in stages over three decades                                    | 4             | \$228                                     | TBC                   | TBC                     |
| Northern Busway Stations                        | A new station at Rosedale and improvements to Constellation Station associated with the extension of the Northern Busway to Albany, and at Grand Drive                          | 5             | \$91                                      |                       |                         |
| Eastern Busway                                  | Projects in south east Auckland to improve transport choices and connections in the area, including a busway between Panmure, Pakuranga and Botany, and the Reeves Road Flyover | 6             | \$913                                     |                       |                         |
| Park and Ride Programme                         | Delivery of new and extended Park n Ride facilities Auckland to enhance access and increase patronage on the rapid and frequent public transport networks.                      |               | \$70                                      | Continuing programme  | Continuing programme    |
| Electric train fleet expansion                  | Acquisition of additional electric trains and stabling to provide increased train frequencies and provide additional capacity to respond to patronage growth                    |               | \$502                                     | TBC                   | TBC                     |

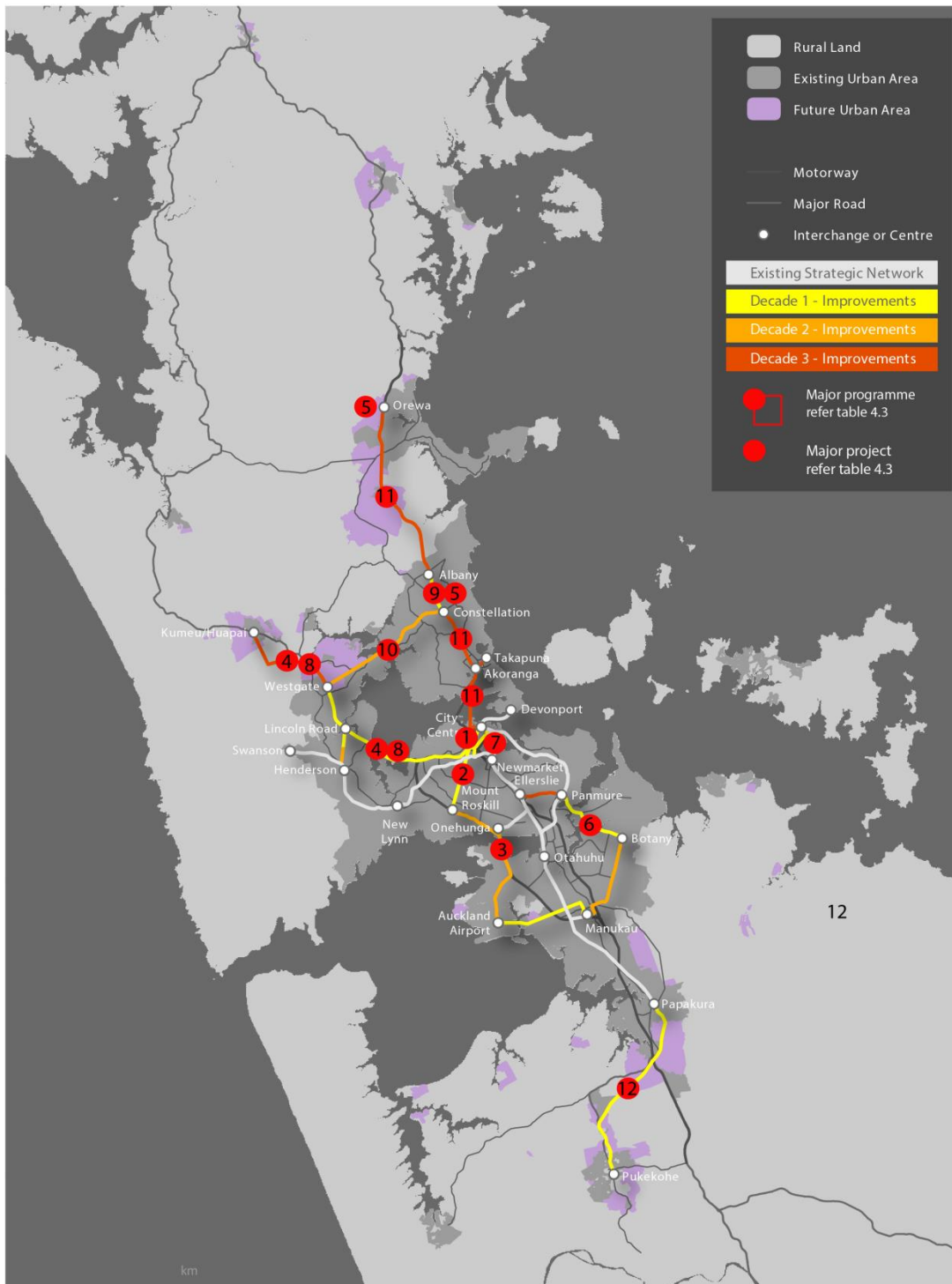
**Table 4.3: Public transport – major programmes and projects**

The transport programme presented here has not been approved by the Regional Transport Committee and therefore should be considered as a draft and subject to ratification. In addition, the transport programme may be subject to change based on outputs from the ATAP 2.0 refresh.

| Project / Programme                               | Description                                                                                                                                                                                                                         | Map Reference | Nominal \$ (millions) |                       |                         |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|-------------------------|
|                                                   |                                                                                                                                                                                                                                     |               | Decade 1<br>2019-2028 | Decade 2<br>2029-2038 | Decade 3<br>2039 - 2048 |
| CBD Bus Infrastructure Improvements               | Delivery of bus infrastructure in the CBD, including bus priority along Wellesley Street; a new Learning Quarter bus interchange; a new Wynyard bus interchange, a new Downtown bus interchange.                                    | 7             | \$153                 |                       |                         |
| <b>NZTA initiatives</b>                           |                                                                                                                                                                                                                                     |               |                       |                       |                         |
| North Western Busway                              | A rapid transit connection between the City Centre and Westgate, and then to Kumeu in stages over three decades                                                                                                                     | 8             | NZTA                  | NZTA                  | NZTA                    |
| Northern Busway                                   | Northward extension of the Northern Busway between Constellation and Albany Station                                                                                                                                                 | 9             | NZTA                  |                       |                         |
| Upper Harbour Rapid Transit                       | A rapid transit connection between Westgate and Constellation Drive                                                                                                                                                                 | 10            |                       | NZTA                  | NZTA                    |
| <b>Other initiatives</b>                          |                                                                                                                                                                                                                                     |               |                       |                       |                         |
| Rapid Transit – City Centre to Takapuna and Orewa | A rapid transit connection from the City Centre to Takapuna and Orewa                                                                                                                                                               | 11            |                       |                       | TBC                     |
| Auckland Rail Development                         | Additional rail infrastructure to support strong growth in PT passenger trips and freight carried by rail. Includes electrification to Pukekohe, third / fourth mains along the Southern Line, and a Auckland Train Control Centre. | 12            | Continuing programme  | Continuing programme  | Continuing programme    |

Figure 4.2: Public Transport – major programmes and projects

The transport programme presented here has not been approved by the Regional Transport Committee and therefore should be considered as a draft and subject to ratification. In addition, the transport programme may be subject to change based on outputs from the ATAP 2.0 refresh.



## Water supply

Chart 4.7: Projected capital expenditure

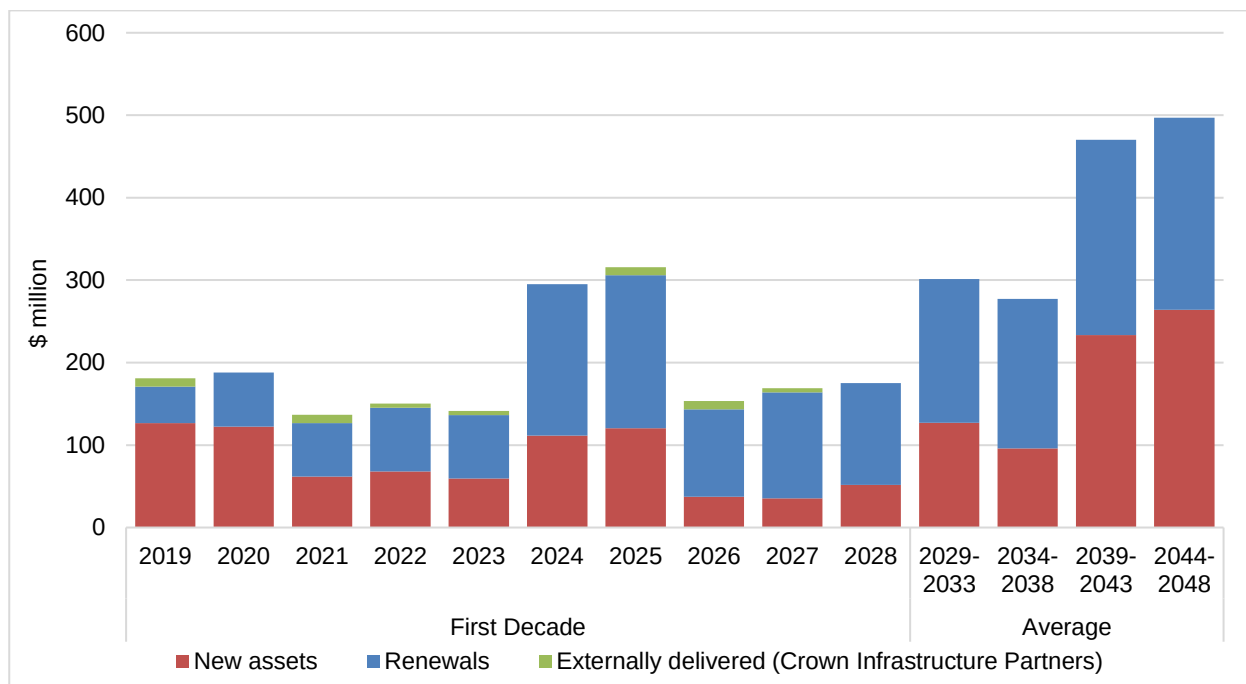


Chart 4.8: Projected operating expenditure

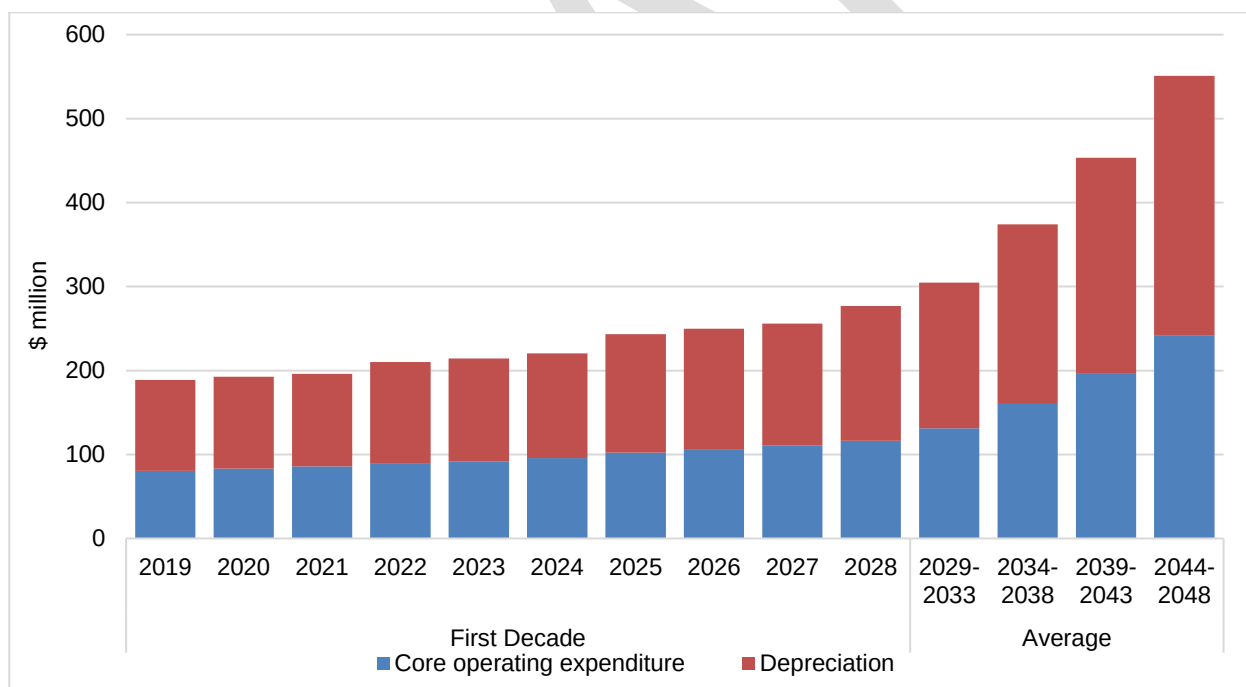
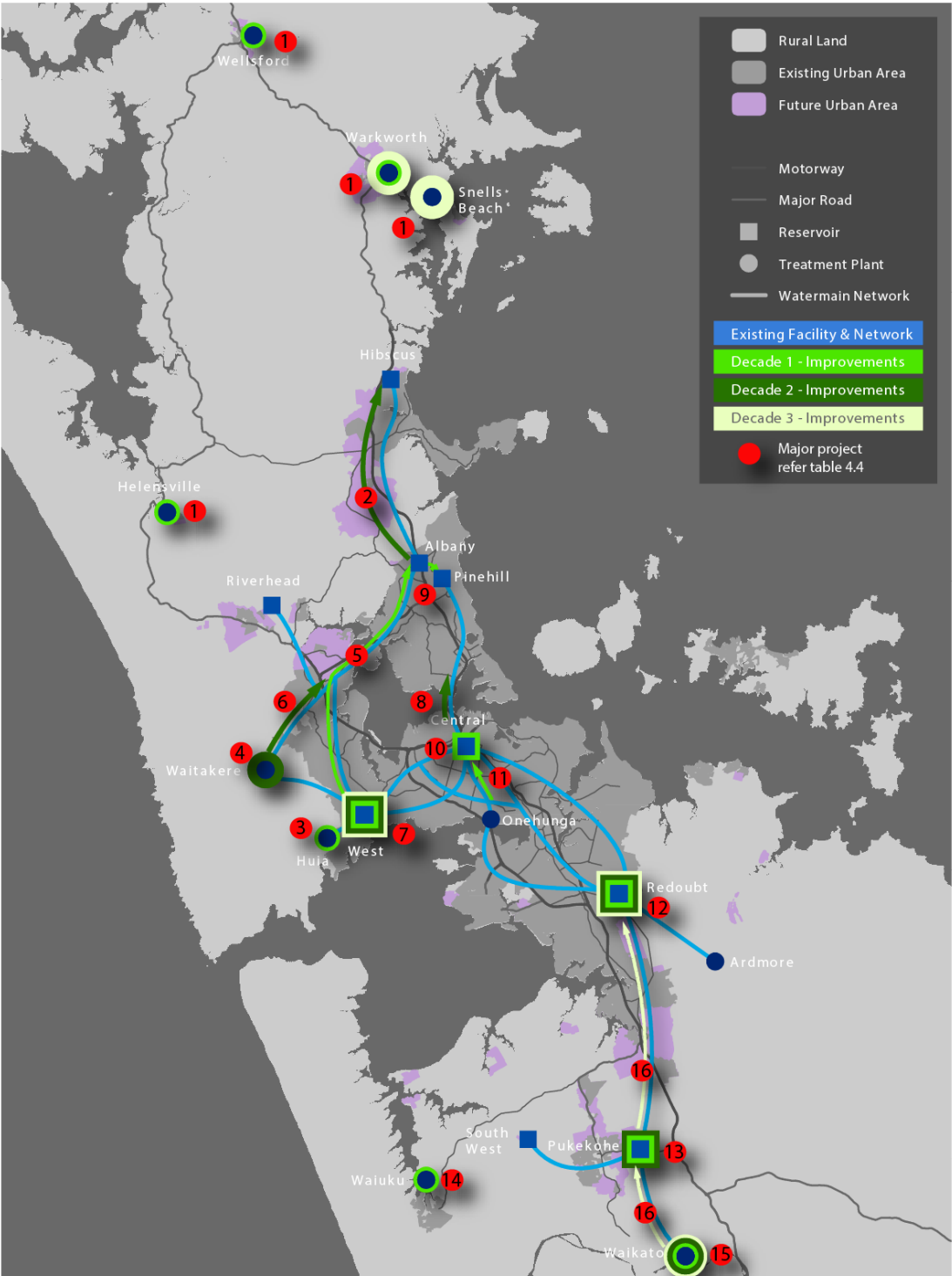


**Table 4.4: Water supply – major programmes and projects**

| Programme / project                    | Description                                                                         | Map reference | Nominal \$ (millions) |                       |                        |
|----------------------------------------|-------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|------------------------|
|                                        |                                                                                     |               | Decade 1<br>2019-2028 | Decade 2<br>2029-2038 | Decade 3<br>2039 -2048 |
| North of Albany water supply programme | Upgrade of Wellsford , Helensville, Warkworth and Snells Beach water supply systems | 1             |                       |                       |                        |
|                                        | Hibiscus Coast boost pumping and an additional watermain from Albany to Orewa       | 2             | \$19                  | \$174                 | \$107                  |
| North West water supply programme      | Replacement of the Huia Treatment Plant                                             | 3             |                       |                       |                        |
|                                        | Replacement of Waitakere Treatment Plant                                            | 4             |                       |                       |                        |
|                                        | Construction of the North Harbour 2 watermain between Huia and Albany.              | 5             | \$571                 | \$205                 | \$226                  |
|                                        | Construction of Waitakere 2 watermain                                               | 6             |                       |                       |                        |
|                                        | Increase in capacity of western reservoirs                                          | 7             |                       |                       |                        |
| North Shore water supply programme     | New watermain connection across the Waitematā Harbour to the North Shore            | 8             |                       |                       |                        |
|                                        | New transmission pipeline between Albany and Pinehill reservoirs                    | 9             | \$89                  | \$77                  | \$0                    |
| Central water supply programme         | Increase in capacity of central reservoirs                                          | 10            |                       |                       |                        |
|                                        | Completion of the Hunua 4 watermain                                                 | 11            | \$103                 | \$70                  | \$85                   |
| South water supply programme           | Increasing capacity of Redoubt reservoirs                                           | 12            |                       |                       |                        |
|                                        | Increasing capacity of Pukekohe reservoirs                                          | 13            |                       |                       |                        |
|                                        | Upgrade of Waiuku water supply systems                                              | 14            |                       |                       |                        |
|                                        |                                                                                     | 15            | \$131                 | \$365                 | \$1209                 |
|                                        | Increasing capacity of the Waikato Treatment Plant                                  | 16            |                       |                       |                        |
|                                        | Second water pipeline from Waikato Treatment Plant to Redoubt Reservoirs            |               |                       |                       |                        |

Figure 4.3: Water supply – major programmes and projects





## Wastewater

Chart 4.9: Projected capital expenditure

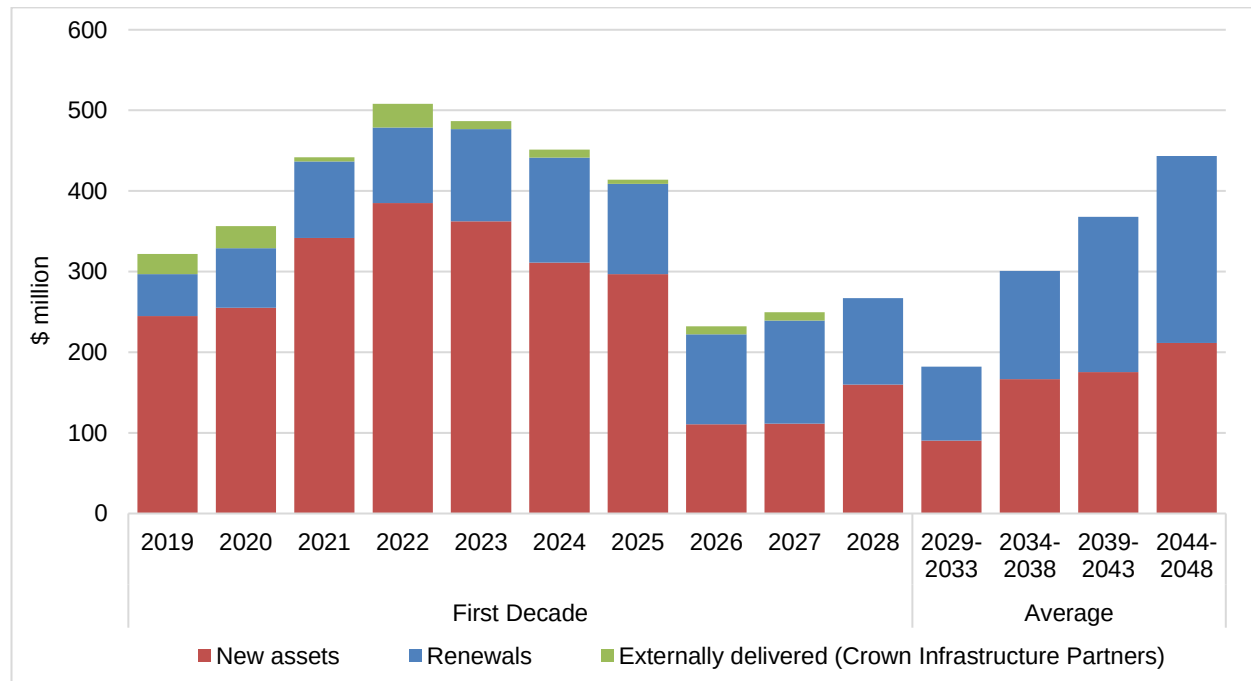


Chart 4.10: Projected operating expenditure

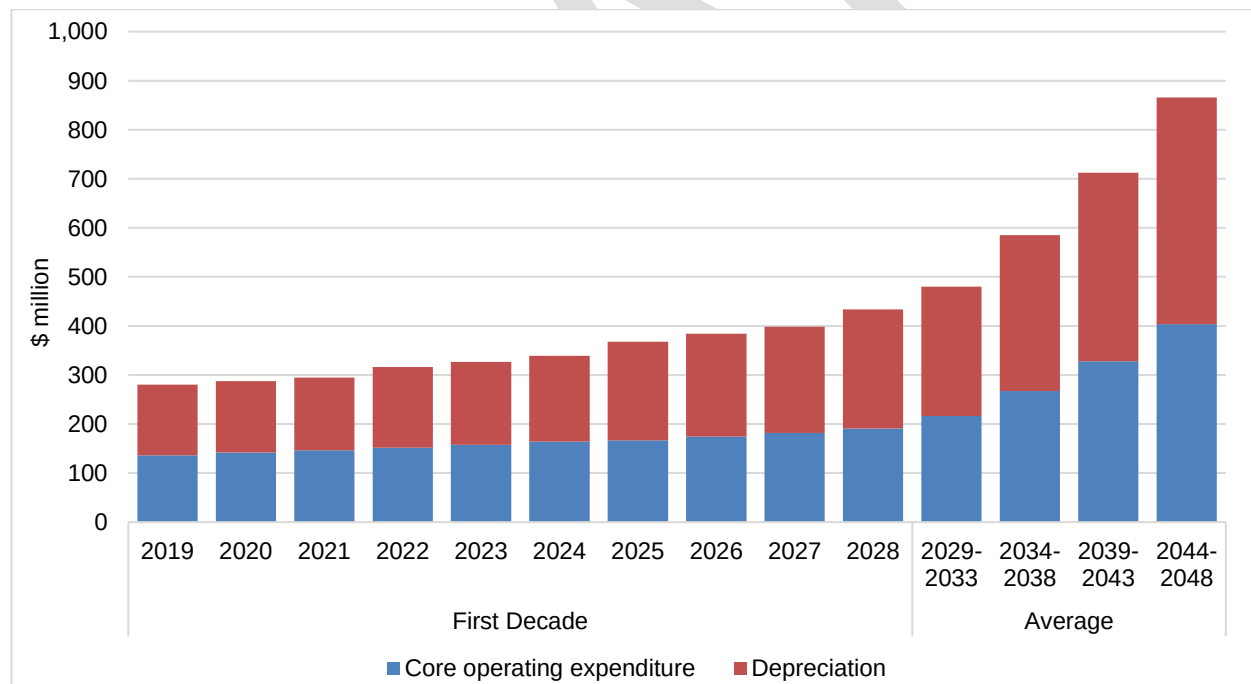
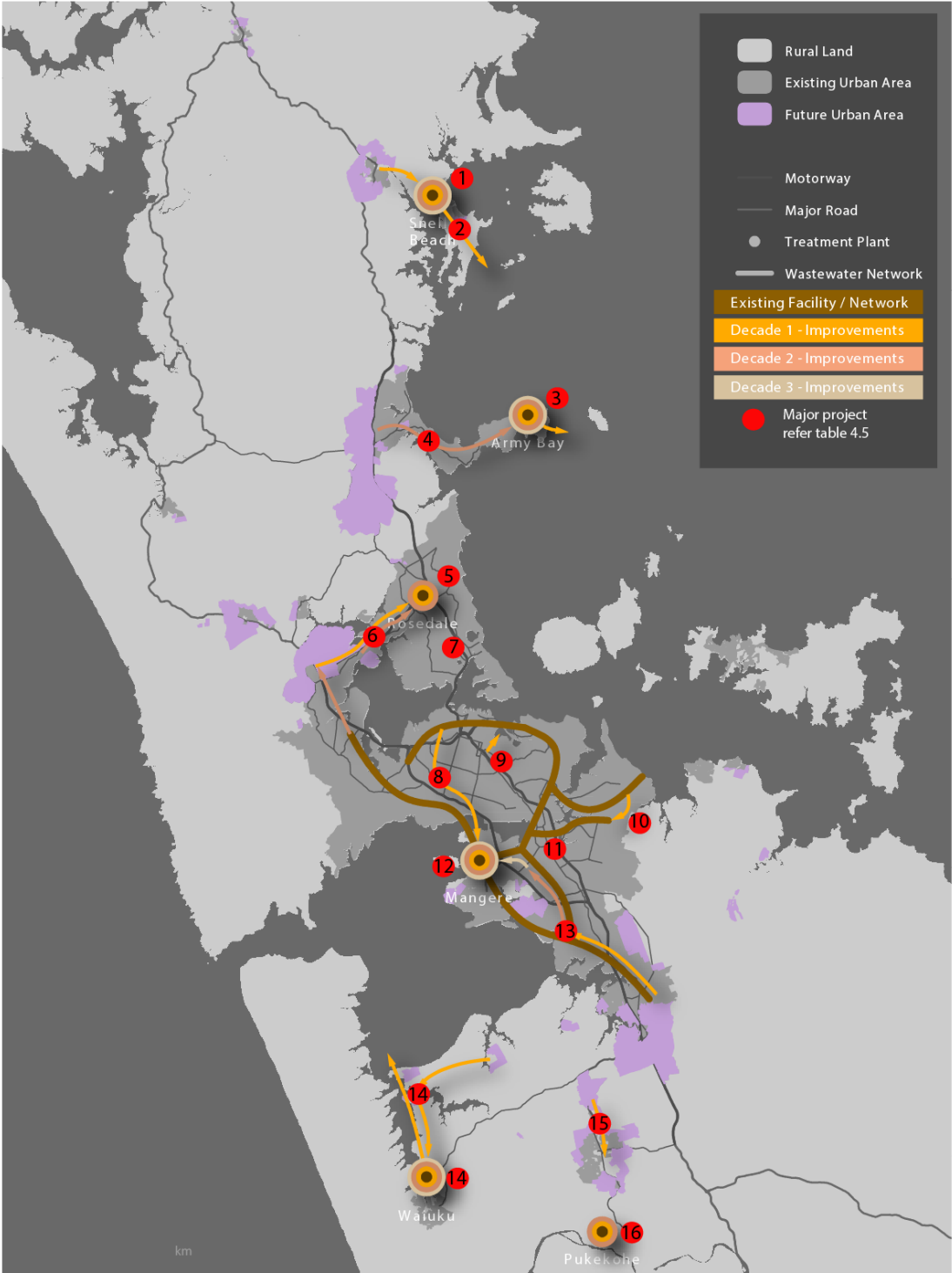


**Table 4.5: Wastewater – major programmes and projects**

| Programme / Project                                          | Description                                                                                                            | Map Reference | Nominal \$ (millions) |                       |                         |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|-------------------------|
|                                                              |                                                                                                                        |               | Decade 1<br>2019-2028 | Decade 2<br>2029-2038 | Decade 3<br>2039 - 2048 |
| North East sub-regional wastewater treatment plant catchment | A new sub-regional treatment plant at Snells Beach and staged increases in capacity                                    | 1             |                       |                       |                         |
|                                                              | Upgrade to outfall and construction of a new transmission pipeline from Warkworth                                      | 2             | \$181                 | \$116                 | \$47                    |
| Army Bay wastewater treatment plant catchment                | Upgrade of treatment plant and outfall                                                                                 | 3             |                       |                       |                         |
|                                                              | Improvements to transmission network to provide for growth in Wainui, Silverdale and Dairy Flat future urban areas     | 4             | \$74                  | \$172                 | \$517                   |
| Rosedale wastewater treatment plant catchment                | Increasing the capacity of Rosedale Treatment Plant                                                                    | 5             |                       |                       |                         |
|                                                              | Construction of the Northern Interceptor to divert flows from West and NW Auckland to Rosedale Treatment Plant         | 6             | \$399                 | \$529                 | \$88                    |
|                                                              | Upgrades to North Shore trunk sewer and pump stations to reduce overflows                                              | 7             |                       |                       |                         |
| Mangere wastewater treatment plant catchment                 | Construction of the Central Interceptor                                                                                | 8             |                       |                       |                         |
|                                                              | Newmarket Upgrades                                                                                                     | 9             |                       |                       |                         |
|                                                              | Improvements to Howick Diversion                                                                                       | 10            |                       |                       |                         |
|                                                              | Otara Catchment                                                                                                        | 11            | \$1636                | \$712                 | \$648                   |
|                                                              | Increasing the capacity of Mangere Treatment Plant                                                                     | 12            |                       |                       |                         |
|                                                              | Augmentation of the Southern Interceptor                                                                               | 13            |                       |                       |                         |
| Pukekohe wastewater treatment plant catchment                | Increasing the capacity of the Pukekohe Treatment Plant                                                                | 14            |                       |                       |                         |
|                                                              | Conveyance improvements from Pukekohe to the treatment plant                                                           | 15            | \$63                  | \$19                  | \$445                   |
| South West sub-regional wastewater treatment plant catchment | Construction of a new sub-regional treatment plant and transmission network between Waiuku, Clarks Beach and Glenbrook | 16            | \$132                 | \$27                  | \$47                    |

Figure 4.4: Wastewater - major programmes and projects



## Stormwater

Chart 4.11: Projected capital expenditure

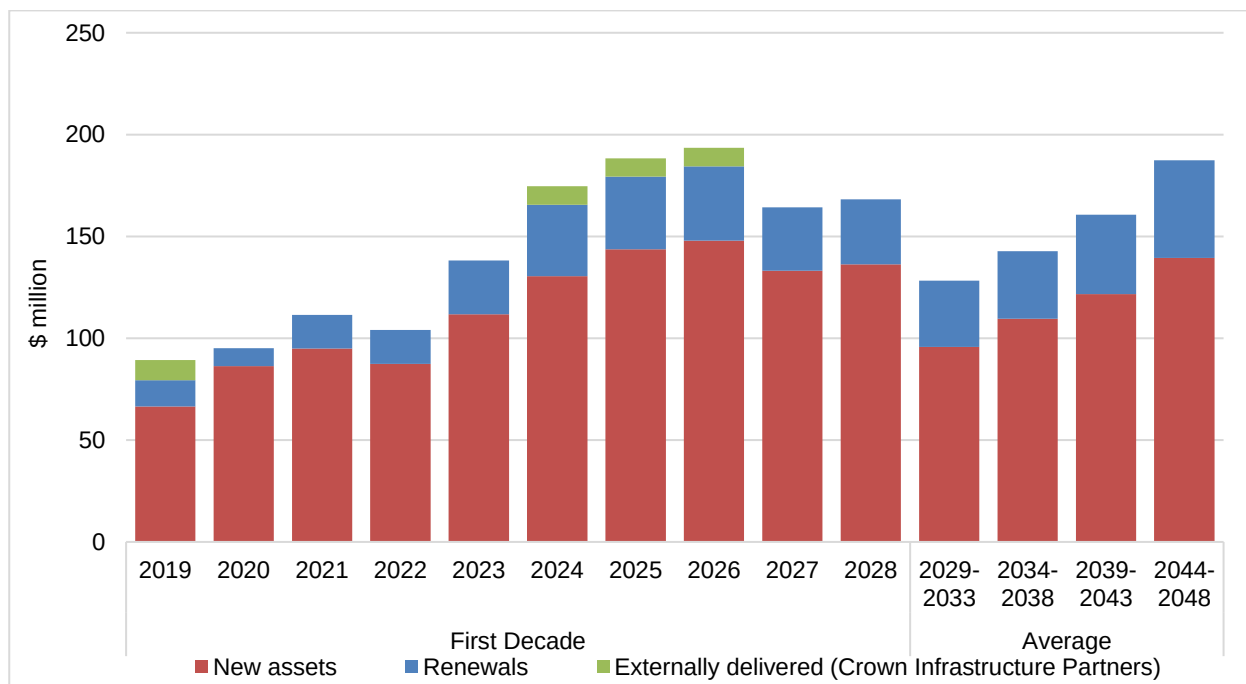
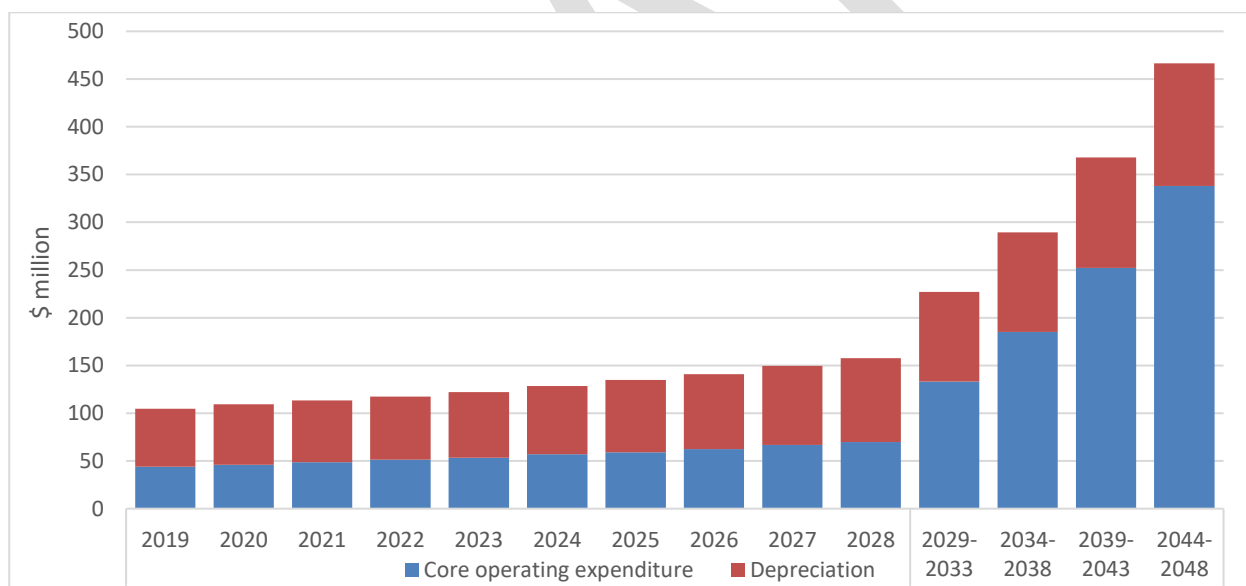
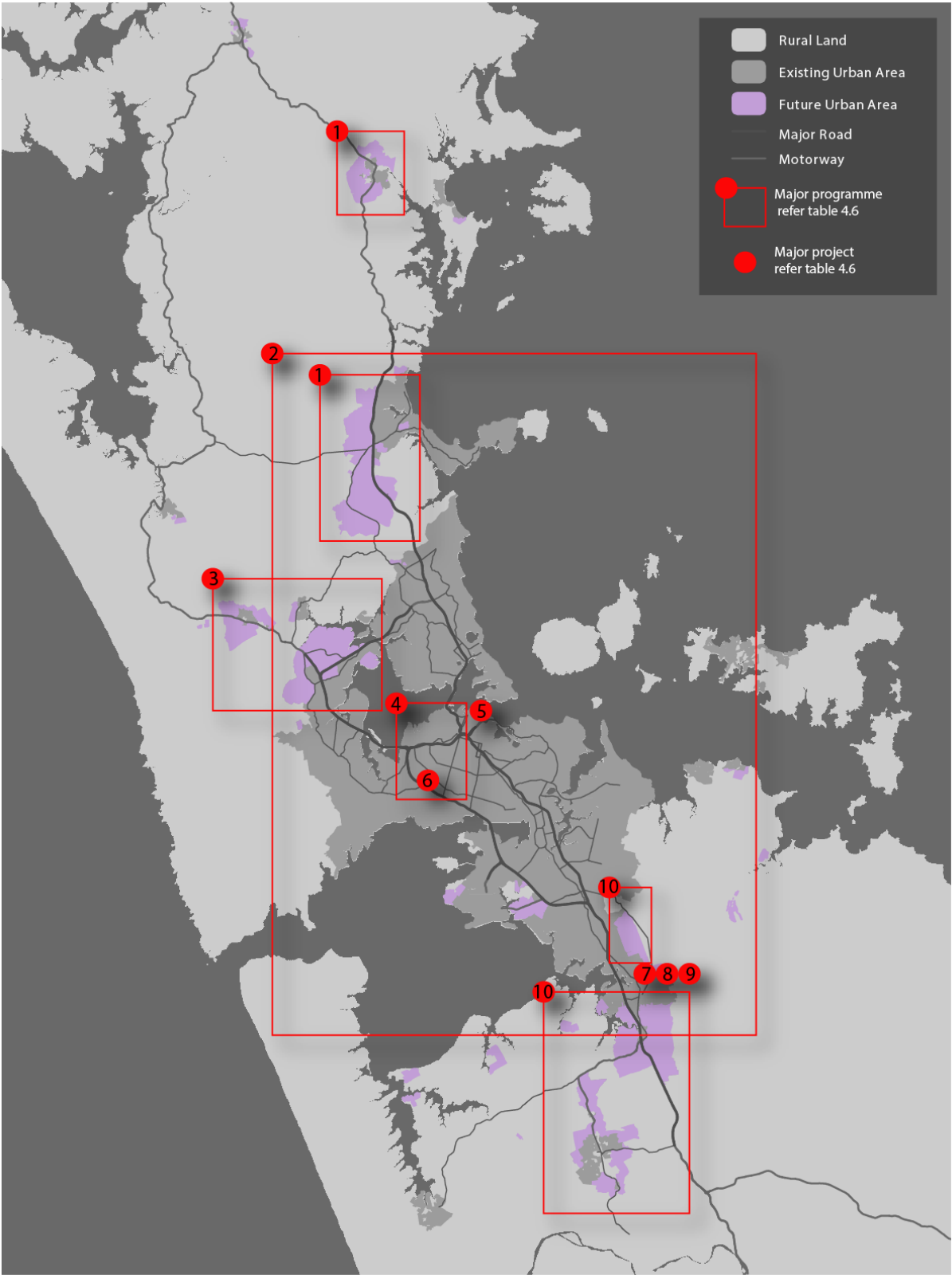


Chart 4.12: Projected operating expenditure



| Table 4.6: Stormwater - major programmes and projects   |                                                                                                                                                                                                                                                                 |               |                       |                       |                         |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|-------------------------|
| Project / Programme                                     | Description                                                                                                                                                                                                                                                     | Map reference | Nominal \$ (millions) |                       |                         |
|                                                         |                                                                                                                                                                                                                                                                 |               | Decade 1<br>2019-2028 | Decade 2<br>2029-2038 | Decade 3<br>2039 - 2048 |
| North future urban area programme                       | Provision of stormwater infrastructure to enable development of Warkworth, Wainui, Silverdale and Dairy Flat future urban areas                                                                                                                                 | 1             | \$35                  | \$99                  | \$49                    |
| Existing urban area growth programme                    | Provision of stormwater infrastructure to enable growth in the existing urban area                                                                                                                                                                              | 2             | \$209                 | \$461                 | \$329                   |
| North west future urban area programme                  | Provision of stormwater infrastructure to enable development of Whenuapai, Kumeu, Huapai, Riverhead and Red Hills future urban areas                                                                                                                            | 3             | \$45                  | \$85                  | \$49                    |
| Western Isthmus Water Quality Improvement programme     | A programme of wastewater and stormwater improvements to improve water quality and provide for growth.<br>Includes current projects: <ul style="list-style-type: none"> <li>Picton Street Separation</li> <li>St Marys Bay / Masefield Beach Upgrade</li> </ul> | 4             | \$395                 | TBC                   | TBC                     |
| Ports of Auckland Outfall Upgrade project               | Installation of new stormwater pipe from Quay Street across Ports of Auckland to the Waitematā Harbour.                                                                                                                                                         | 5             | \$39                  | \$0                   | \$0                     |
| Oakley Walmsley & Underwood Park stream upgrade project | Upgrading culverts and widening of Oakley Creek through Walmsley Park to convey flood flows to enable intensification and redevelopment in the upper catchment.<br>Total project cost is \$21m, remaining expenditure is \$6m                                   | 6             | \$6                   | \$0                   | \$0                     |
| Takanini Cascades and Grove Rd McLennan Culvert project | A new open channel and culvert to service the Takanini 2a and 2b Growth Areas.<br>Includes land purchase<br>Total project cost is \$82m, remaining expenditure is \$17m                                                                                         | 7             | \$17                  | \$0                   | \$0                     |
| Artillery Drive Tunnel to inlet project                 | A tunnel from McLennan Park to Pahurehure Inlet to service the Takanini Growth Areas.<br>Total project cost is \$25m, remaining expenditure is \$1m                                                                                                             | 8             | \$1                   | \$0                   | \$0                     |
| Takanini School Rd Area 6A_6B and Popes Rd project      | A pipeline along Takanini School Road and a stormwater pond<br>Total project cost is \$22m, remaining expenditure is \$6m                                                                                                                                       | 9             | \$6                   | \$0                   | \$0                     |
| South future urban area programme                       | Provision of stormwater infrastructure to enable development of Pukekohoe, Paerata, Drury West, Drury/ Opaheke and Takanini future urban areas                                                                                                                  | 10            | \$69                  | \$117                 | \$980                   |

Figure 4.5: Stormwater - major programmes and projects





## Community services

Chart 4.13 - Projected capital expenditure

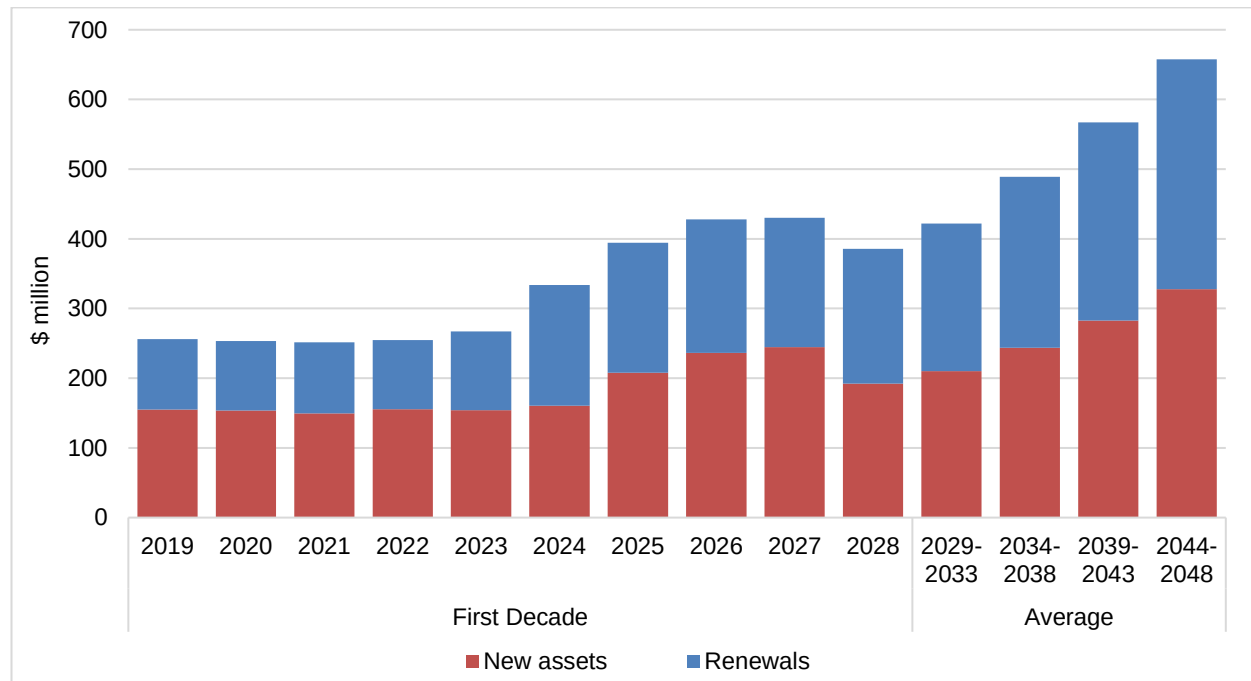
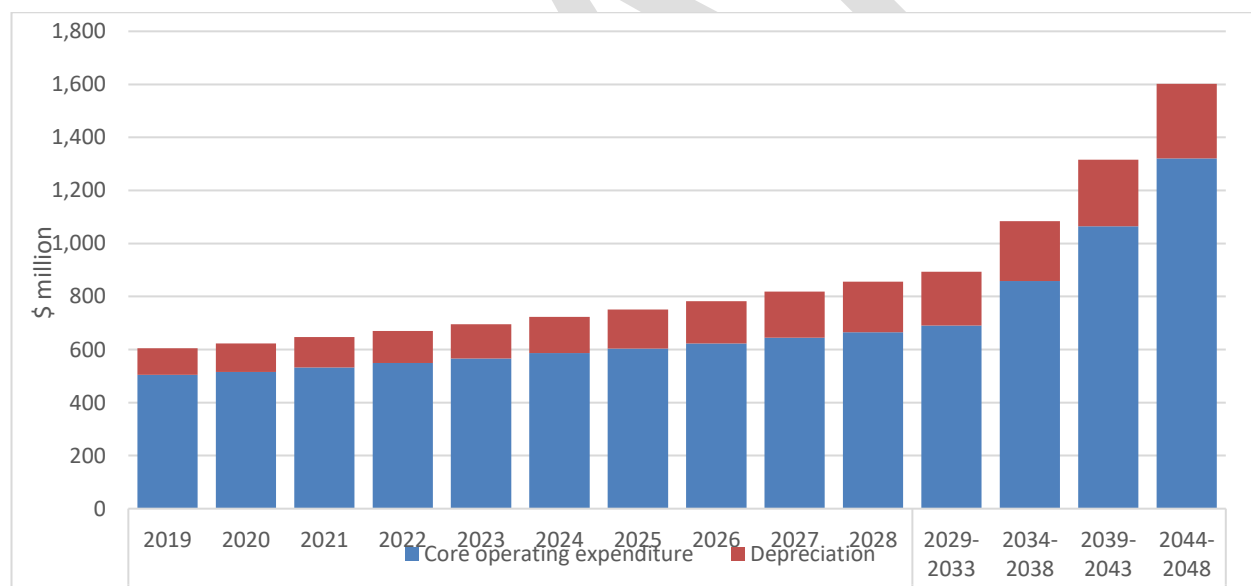
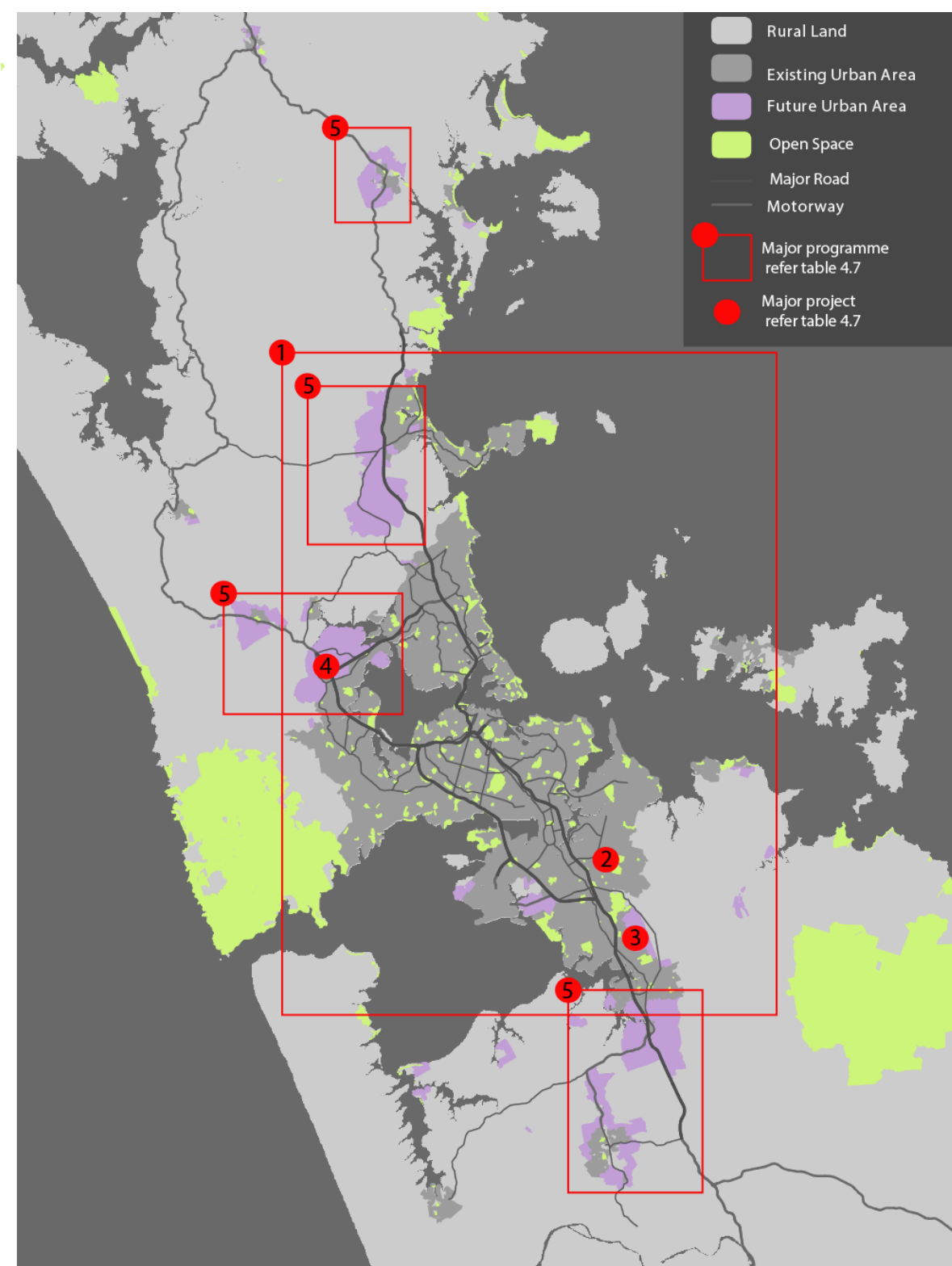


Chart 4.14 - Projected operating expenditure



| Table 4.7: Community services – major programmes and projects |                                                                                                                                                                                                           |               |                       |                       |                       |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------|-----------------------|-----------------------|
| Project / Programme                                           | Description                                                                                                                                                                                               | Map Reference | Nominal \$ (millions) |                       |                       |
|                                                               |                                                                                                                                                                                                           |               | Decade 1<br>2019-2028 | Decade 2<br>2029-2038 | Decade 3<br>2039-2048 |
| Community assets (open space and community facilities)        | Renewal and optimisation of existing assets with a focus on supporting key priority growth in urban areas, including the investment of multi-purpose facilities to support key new urban areas including: | 1             | \$2671                | \$3248                | \$3041                |
|                                                               | • Flat Bush                                                                                                                                                                                               | 2             |                       |                       |                       |
|                                                               | • Takanini.                                                                                                                                                                                               | 3             |                       |                       |                       |
|                                                               | • Westgate                                                                                                                                                                                                | 4             |                       |                       |                       |
|                                                               | Acquisition and development of open space in growth areas including Whenuapai, Wainui/Silverdale and Paerata, Opaheke/Drury to provide for parks and recreation                                           | 5             |                       |                       |                       |
| Coastal Asset renewals                                        | Renewal of limited coastal assets and excluding Orewa Seawall                                                                                                                                             |               | \$15                  | TBC                   | TBC                   |

Figure 4.6: Community services – major programmes and projects



## 5 Supporting assumptions

### Asset life cycles

Asset life-cycle assumptions inform forecasts of future maintenance and renewal requirements. Renewals and maintenance are interrelated. Maintenance levels can hasten or delay the need for renewals, and if renewals are deferred, this can increase maintenance costs to ensure assets continue to deliver agreed levels of service.

Although there are specific asset renewal and maintenance strategies for different asset classes, a similar performance risk approach is used across the council and CCOs. This focuses planned renewal programmes on critical assets and places less priority on non-critical assets, which may be renewed or replaced once they fail.

There is a degree of uncertainty with asset data across the council group due to issues such as the quality of historical records, the costs and practicality of inspecting underground assets, unknown effective lifespans (the length of time the asset functions adequately) for some types of assets. The reliability of asset data for transport and water assets is generally good, with less certainty for some community assets. This may result in less certainty in forecasts of future operational and renewal costs for community assets.

The wide range of asset lives in the tables below reflects the variety of assets within each asset group.

### Transport

The future life cycle costs of transport are dominated by the road network which represents 88 per cent of Auckland Transport's depreciable assets as at June 2017.

Within the road network the main assets are the road carriageway, which has a life of 50 years for arterials and 100 years for local roads, and the associated pavement surface which has a life of between 10 and 15 years. Footpaths have a life of between 25 and 50 years and bridges 99 years.

Auckland Transport uses a condition-based forecasting model to optimise long-term renewals investment across its asset portfolio. Renewal work is focused on critical or highly utilised asset groups, particularly structures including bridges, retaining walls, ferry facilities, bus shelters and rail assets. Non-critical assets are assessed less frequently, which may result in earlier asset failure than forecast.

**Table 5.1: Transport asset values and useful lives**

| Asset group                          | Number / length                         | Current value (\$m) | Asset life (years) |
|--------------------------------------|-----------------------------------------|---------------------|--------------------|
| <b>Roads and footpaths</b>           |                                         |                     |                    |
| Roads                                | 7415 km                                 | 6135                | 10-120             |
| Bridges, major culverts, underpasses | 1262                                    | 836                 | 25-110             |
| Footpaths                            | Footpaths – 7104 km<br>Cycleways 319 km | 806                 | 15-43              |
| Traffic systems                      | Signs – 112,200                         | 81                  | 10-100             |
| Street lighting                      | Traffic systems – 42,841                | 124                 | 15-30              |
| Parking                              | Buildings -16<br>Open carparks – 415    | 169                 | 7 -100             |
| <b>Public transport</b>              |                                         |                     |                    |
| Train stations                       | 43                                      | 580                 | 5-99               |
| Rolling Stock (trains)               | 57 electric trains<br>10 diesel trains  | 435                 | 2-35               |
| Bus Stations                         | 11 bus stations<br>2337 bus shelters    | 80                  | 10-99              |
| Wharves                              | 21 ferry wharves                        | 67                  | 50-100             |

## Water

Pipe assets account for a high proportion of the total value of Auckland's water assets, being approximately 70 per cent for stormwater and 64 per cent for water and wastewater. Considerable emphasis is placed on understanding the condition of pipe networks to address the uncertainty surrounding buried assets. Stormwater assets owned by Auckland Transport are also identified in table 5.2.

| Table 5.2: Water asset values and useful lives |                                                                                   |                        |                    |
|------------------------------------------------|-----------------------------------------------------------------------------------|------------------------|--------------------|
| Asset group                                    | Number / length                                                                   | Current value (\$m)    | Asset life (years) |
| <b>Water supply</b>                            |                                                                                   |                        |                    |
| Water supply dams                              | 11                                                                                | 285                    | 200                |
| Raw water aqueducts and tunnels                | 36                                                                                | 100                    | 80 to 150          |
| Water mains                                    | 9,171                                                                             | 2468                   | 36 to 100          |
| Water reservoirs                               | 89                                                                                | 191                    | 80 to 100          |
| Valves                                         | 94,251                                                                            | 113                    | 30 to 100          |
| Hydrants                                       | 51,651                                                                            | 51                     | 30 to 100          |
| <b>Wastewater</b>                              |                                                                                   |                        |                    |
| Wastewater Pipes                               | 7,999km                                                                           | 2,726                  | 50 to 167+         |
| Manholes                                       | 166,293                                                                           | 740                    | 90                 |
| <b>Stormwater</b>                              |                                                                                   |                        | (see note)         |
| Pipes and culverts (minor)                     | AT = 244km<br>AC = 6200 km                                                        | AT = 167<br>AC = 2,766 | 128                |
| Channels (including kerbs)                     | AT = 4,097 km, (Surface water channel), 8,566 km (kerb and channel)<br>AC = 377km | AT = 691<br>AC = 77    | 148                |
| Manholes                                       | AT = 6,233<br>AC = 145,238                                                        | AT = 25<br>AC = 608    | 128                |
| Catchpits                                      | AT = 59,715<br>AC = 6,673                                                         | AT = 146<br>AC = 10    | 104                |
| Pump Stations                                  | AC = 3                                                                            | AC = 1                 | 90                 |
| Inlets and outlets                             | AC = 25,019                                                                       | AC = 120               | 114                |
| Soakholes                                      | AT = 2,467<br>AC = 361                                                            | AT = 34<br>AC = 5      | 80                 |
| Ponds                                          | AC = 492                                                                          | AC = 238               | 100                |
| Water quality devices                          | AC = 436                                                                          | AC = 17                | 55                 |
| Service connections                            | AC = 127,235                                                                      | AC = 128               | 128                |

Note: asset life information for stormwater assets is the averaged effective asset life.

## Community services

**Table 5.3: Community Services asset values and useful lives**

| Community Services       | Number / length          | Current value (\$m) | Asset life (years) |
|--------------------------|--------------------------|---------------------|--------------------|
| Open Spaces              |                          |                     |                    |
| Regional Parks           | 11,060 assets, 40,988 ha | 8,600               | 10-50              |
| Cemeteries               | 6,537 assets, 290 ha     |                     | 10-50              |
| Coastal assets           | 1590 assets, 21.9 ha     |                     | 10-50              |
| Utilities                | 23 assets                |                     | 60-100             |
| Sports and local parks   | 43,073 assets, 5,141 ha  |                     | 3-40               |
| Community Infrastructure |                          |                     |                    |
| Buildings                | 2,009 assets, 209 ha     |                     | 30-80              |

## Demand for services

A common driver for Auckland's demand for infrastructure services is the significant population, household and employment growth forecast to occur between 2018- 2048. Additionally, the expansion of the urban area by approximately 15,000 hectares during this period will necessitate investment in infrastructure networks to service future urban areas.

A consistent growth model has been used across the council group for the 10-year budget that distributes future population, household and employment growth into approximately 557 sub-areas across the region.<sup>1</sup> The model version used for forecasts in this strategy and 10-year budget 2018-2028 is ART i11v3. There is some uncertainty with long-term growth projections, including where growth is expected to occur within the region. The council monitors growth and updates its long-term infrastructure plans to address variations in the rate or location of growth.

**Table 5.4: Demand for transport services**

|                                          | 2018       | 2048       |
|------------------------------------------|------------|------------|
| Road network                             |            |            |
| Daily AM Vehicle trips                   | 484,000    | 740,000    |
| Total vehicle kilometres travelled       | 28,900,000 | 44,200,000 |
| Public transport network                 |            |            |
| Daily AM public transport trips          | 61,000     | 169,000    |
| Modelled AM bus service Km               | 24,000     | 61,000     |
| Modelled AM rail service Km              | 1,780      | 7,700      |
| Modelled AM ferry service Km             | 1,100      | 1,500      |
| Active transport network                 |            |            |
| Daily active (cycling and walking) trips | 500,000    | 940,000    |

<sup>1</sup> Includes two sub-areas that are now located in the Waikato following the Auckland local government reforms in 2010.



**Table 5.5: Demand for water services**

|                                                         | 2018                                                                                                                                                                                                                                                                             | 2048      |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>Water supply</b>                                     |                                                                                                                                                                                                                                                                                  |           |
| Population Served                                       | 1,500,000                                                                                                                                                                                                                                                                        | 2,150,000 |
| Annual Average Demand (Metropolitan Source Abstraction) | 413 MLD                                                                                                                                                                                                                                                                          | 545 MLD   |
| <b>Wastewater</b>                                       |                                                                                                                                                                                                                                                                                  |           |
| Population Served                                       | 1,550,000                                                                                                                                                                                                                                                                        | 2,230,000 |
| Annual Demand                                           | 451 MLD                                                                                                                                                                                                                                                                          | 610 MLD   |
| <b>Stormwater</b>                                       |                                                                                                                                                                                                                                                                                  |           |
| Impervious coverage in Auckland region                  | 6% <sup>2</sup>                                                                                                                                                                                                                                                                  | 20%       |
| Impervious coverage in urban area                       | 31%                                                                                                                                                                                                                                                                              | 64%       |
| Environmental changes                                   | <ul style="list-style-type: none"> <li>• average annual rainfall patterns decreasing by 1-3% by 2040 and 3-5% by 2090</li> <li>• more frequent heavy rainfall events and westerly winds</li> <li>• a rise in sea-level of between 0.28 and 0.98 between 1990 and 2100</li> </ul> |           |

**Table 5.6: Demand for community services**

|                                                          | 2018        | 2048             |
|----------------------------------------------------------|-------------|------------------|
| Weekly visits to leisure centres                         | 175,000     | See notes below: |
| Weekly participants in active sports                     | 89,732      |                  |
| Weekly visits to community centres, halls and facilities | 92,000      |                  |
| Annual visits to regional parks                          | 6,450,000   |                  |
| Annual visits to libraries                               | 118,000,000 |                  |
| Annual visits to arts and cultural centres               | 272,000     |                  |

Future demand for services provided by parks and community assets are not currently quantified. While demand is expected to increase over the period of this strategy, there is a high degree of uncertainty of future demand for community services due to:

- the rate and distribution of population growth
- demographic changes, such as increasingly diverse communities
- changes in recreational trends
- a higher proportion of medium and high density housing, which typically have less private open space.

<sup>2</sup> Based on most recent data using 2008 aerial photography

## Levels of service

Level of service statements and performance measures illustrate the expected performance of Auckland's infrastructure under the baseline scenario. Future levels of service for transport and community services are less confident due to uncertainty about future funding levels in these areas. Additional information on levels of service is available in asset management plans.

| Table 5.7: Transport levels of service              |                                                                                                                      |                    |                    |             |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|-------------|
|                                                     |                                                                                                                      | 2018 - 2028        | 2028 - 2038        | 2038 - 2048 |
| Prioritise rapid, high frequency public transport   | Total public transport boardings                                                                                     | Increasing to 140m | Increasing to 200m |             |
| Transform and elevate customer focus and experience | Public transport punctuality (weighted average across all modes)                                                     | 95%                | 90 - 95%           | 90 – 95%    |
|                                                     | Customer satisfaction – public transport                                                                             | 85%                | 80-85%             | 80%         |
| Build network optimisation and resilience           | Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all urban and rural roads: |                    |                    |             |
|                                                     | Rural                                                                                                                | 90%                | 80-87%             | 75-80%      |
|                                                     | Urban                                                                                                                | 80%                | 70-77%             | 65-70%      |

| Table 5.8: Water levels of service                              |                                                                                                                                                                                                                                                                                                                                                                                        |             |             |             |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
|                                                                 |                                                                                                                                                                                                                                                                                                                                                                                        | 2018 - 2028 | 2028 - 2038 | 2038 - 2048 |
| Water supply                                                    |                                                                                                                                                                                                                                                                                                                                                                                        |             |             |             |
| Provide uninterrupted access to safe, clean and drinkable water | The extent to which Watercare's drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)                                                                                                                                                                                                                                              | 100%        | 100%        | 100%        |
|                                                                 | The extent to which Watercare's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)                                                                                                                                                                                                                                             | 100%        | 100%        | 100%        |
|                                                                 | The total annual number of complaints received by Watercare about any of the following:<br>a) drinking water clarity<br>b) drinking water taste<br>c) drinking water odour<br>d) drinking water pressure or flow<br>e) continuity of supply<br>f) Watercare's response to any of these issues<br>expressed per 1000 connections to the local authority's networked reticulation system | ≤10         | ≤10         | ≤10         |
|                                                                 | The percentage of real water loss from Watercare's networked reticulation system                                                                                                                                                                                                                                                                                                       | 13%         | 13%         | 13%         |

Table 5.8: Water levels of service

|                                                                                                                 |                                                                                                                                                                                                                                                                                          | 2018 - 2028                     | 2028 - 2038                     | 2038 - 2048                     |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                                                                                                 | The average consumption of drinking water per day per resident                                                                                                                                                                                                                           | Decreasing from 266 to 253      | 253                             | 253                             |
| <b>Wastewater</b>                                                                                               |                                                                                                                                                                                                                                                                                          |                                 |                                 |                                 |
| Provide reliable wastewater services and manage discharges to maintain or improve the health of the environment | The annual number of dry weather overflows from Watercare's sewerage system, expressed per 1000 sewerage connections to that sewerage system                                                                                                                                             | ≤10                             | ≤10                             | ≤10                             |
|                                                                                                                 | Compliance with the Watercare's resource consents for discharge from its sewerage system measured by the annual number of:<br>a) abatement notices<br>b) infringement notices<br>c) enforcement orders<br>d) convictions<br>received by Watercare in relation to those resource consents | a) ≤2<br>b) ≤2<br>c) ≤2<br>d) 0 | a) ≤2<br>b) ≤2<br>c) ≤2<br>d) 0 | a) ≤2<br>b) ≤2<br>c) ≤2<br>d) 0 |
| <b>Stormwater</b>                                                                                               |                                                                                                                                                                                                                                                                                          |                                 |                                 |                                 |
| Manage the stormwater network and flood protection schemes to minimise the risk of flooding to Aucklanders      | The number of flooding events that occur and the associated number of habitable floors affected per 1000 properties connected to Auckland Councils stormwater network                                                                                                                    | < 1 per 1000                    | < 1 per 1000                    | < 1 per 1000                    |
|                                                                                                                 | The median response time to attend a flooding event, measured from the time that Auckland Council receives notification to the time that service personnel reach the site                                                                                                                | < 2 hours                       | < 2 hours                       | < 2 hours                       |
|                                                                                                                 | The number of complaints (reported blockage in stormwater network ) received about the performance of the stormwater system per 1000 properties connected to Auckland Councils stormwater system                                                                                         | < 3 per 1000 per annum          | < 3 per 1000 per annum          | < 3 per 1000 per annum          |
|                                                                                                                 | Percentage of Stormwater Manholes that are made safe within three hours after being dislodged in a storm event                                                                                                                                                                           | 100%                            | 100%                            | 100%                            |
| Enhance and protect our harbours and waterways through sustainable management of the stormwater network         | Auckland Council Stormwater compliance with resource consents for discharge from its stormwater system, measured by the number of:                                                                                                                                                       | None                            | None                            | None                            |

**Table 5.8: Water levels of service**

|                                                                                                                  |                                                                                                                                                                     | 2018 - 2028 | 2028 - 2038 | 2038 - 2048 |
|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
|                                                                                                                  | a) abatement notices; and<br>b) infringement notices; and<br>c) enforcement orders; and<br>d) successful prosecutions, received in relation those resource consents |             |             |             |
| Provide stormwater technical engineering advice and solutions that provides value for money and supports growth. | Percentage of formal requests for stormwater engineering and technical advice supporting growth in the Auckland Region provided on time                             | 85%         | 85%         | 85%         |

**Table 5.9: Community services levels of service**

|                                                                                                                                                            |                                                                                                                                                  | 2018 - 2028                  | 2028 - 2038                  | 2038 - 2048                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|
| Provide and maintain cemeteries, memorial areas and facilities for families, friends and visitors                                                          | Percentage of visitors satisfied with the presentation of cemeteries                                                                             | 83%                          | 83%                          | 83%                          |
| Manage regional parks as part of the open space network for the use and enjoyment of the community                                                         | Percentage of the public who have used a regional park in the last 12 months                                                                     | 76%                          | 76%                          | 76%                          |
|                                                                                                                                                            | Percentage of park visitors satisfied with the overall quality of their visit                                                                    | 96%                          | 96%                          | 96%                          |
| Provide safe, accessible, welcoming library facilities that support the delivery of quality learning programmes and services relevant to local communities | Number of visits to library facilities per capita (regionwide)                                                                                   | Decreasing from 7.98 to 6.65 | Below 6.65                   | Below 6.65                   |
|                                                                                                                                                            | Percentage of customers satisfied with the quality of library service delivery (regional average)                                                | 85%                          | 85%                          | 85%                          |
| Provide safe, reliable and accessible social infrastructure for Aucklanders that contributes to placemaking and thriving communities                       | Facility Utilisation - utilisation at peak times and off-peak times for council managed community centres and venues for hire (regional average) | 27% (peak)<br>14% (off-peak) | 27% (peak)<br>14% (off-peak) | 27% (peak)<br>14% (off-peak) |
|                                                                                                                                                            | Number of visitors to community centres and venues for hire (per annum)                                                                          | 4,300,000                    | Above 4,300,000              | Above 4,300,000              |

## 1.2 Draft Financial Strategy

### Introduction

This strategy sets out the approach for achieving the balance between investing in the assets and services for Auckland's progress and ensuring that the costs of supporting those investments are acceptable to the community.

Part one provides context around Auckland's growth and infrastructure. Infrastructure investment is the most significant driver of all council group costs currently and will continue to be so for the foreseeable future. This strategy should be read in conjunction with infrastructure strategy which sets out the drivers of infrastructure investment and the choices that need to be made in prioritising that investment.

Part two looks at the key financial challenges the council faces and how we plan to respond. These challenges are around balancing the investment needs against the acceptability of costs to the community and the sustainability of our borrowing. This includes our key strategic settings around limits on rates increases and debt levels.

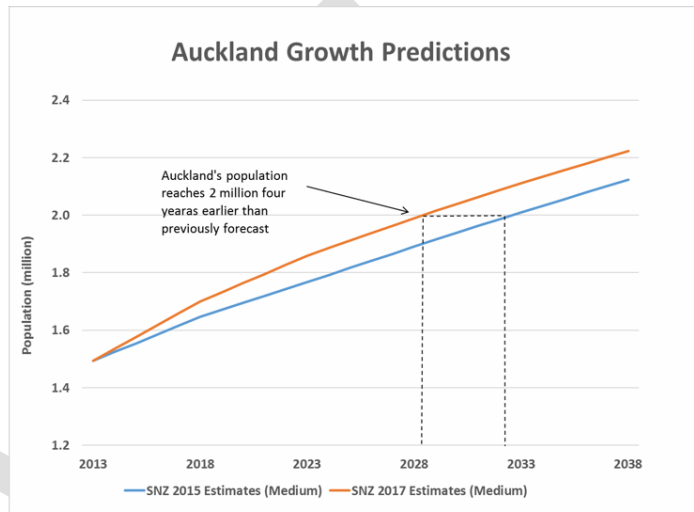
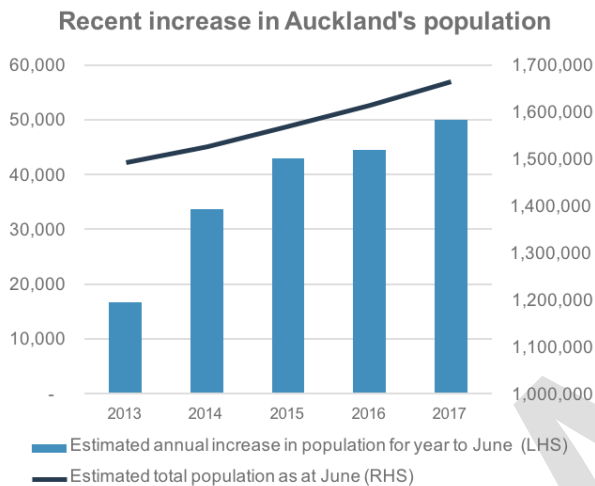
Part three looks at the key question of an appropriate level of investment that responds to the infrastructure challenges raised in the Infrastructure Strategy while remaining acceptable to the community. Our response to this involves the proposal of a number of changes to our funding mechanisms to increase our investment capacity.

Part four shows how these proposals reflect into the capital investment programme, our balance sheet position and the makeup of our operating expenditure and funding sources. This section also identifies the key assumptions behind these projections.

## Part one: Growth and infrastructure context

Auckland is experiencing significant population growth and this is expected to continue. Over the next 30 years our population is projected to grow by over 720,000 people, with 293,000 of these people arriving in the next 10 years. We anticipate that to accommodate this growth, 120,000 new dwellings and 5.1 million square meters of business space will need to be built over the next 10 years.

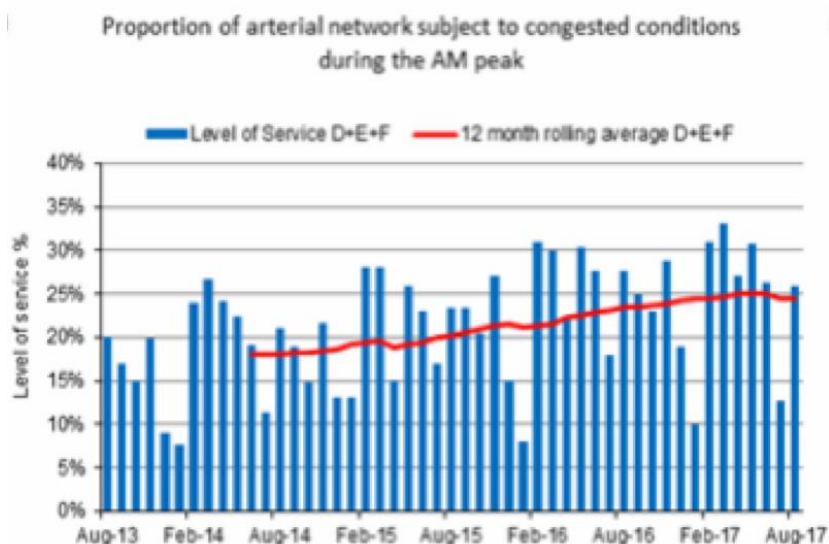
While Auckland's growth is not a new phenomenon, the pace of this growth has increased dramatically with growth of around 170,000 people over the last three years. Auckland's population is now anticipated to reach 2 million people four years earlier than previously forecast.



In 2016 Auckland Council adopted the first Unitary Plan for Auckland. The Unitary Plan enables the forecast population growth to be housed and employed through major land use change. Intensification of existing urban areas and development of new urban areas are envisaged through the plan and will place significant demand on the council for new and upgraded infrastructure.

Our 30-year infrastructure strategy describes how we intend to manage this growth driven demand, as well as addressing existing issues such as congestion and environmental degradation. Without an appropriate infrastructure investment response, there will be a significant reduction in council service levels in key areas such as transport, water quality and access to community amenities.

For example, 25 per cent of Auckland's arterial roading network is now congested in the afternoon compared to 18 per cent three years ago. Congestion outside peak times and on weekends is also becoming more frequent and we have seen a more than 10 per cent increase in local road deaths and serious injuries.



These projected changes in population and land use are therefore the primary drivers of the capital investment outlined in this strategy, and as a consequence, the primary drivers of our 10-year operating expenditure budgets and financial plans overall. As outlined in our draft infrastructure strategy, up to \$30 billion of capital expenditure may be needed over this period to achieve all of the community's service level expectations in the areas of transport, housing, water quality, community facilities and the development of the city and town centres.



## Part two: Financial Challenges and Responses

The rapid growth of Auckland and its resulting demand for new and enhanced infrastructure, the historic underinvestment in assets and high level of expectation from the community for improved service levels have created two significant financial challenges. These involve balancing the need for investment with:

- acceptable costs to the community, and
- prudent management of debt and sustainable financial management.

This section of the strategy sets out the current responses to these two issues. It also outlines the capacity for ongoing infrastructure investment within current settings

### Cost acceptability

Previous feedback has told us that Aucklanders clearly support making progress, particularly with fixing Auckland's transport problems and improving the quality of Auckland's urban and natural environment. However we are also conscious of the community's ability to pay for the significant investments that need to be made. A key challenge is how to enable faster progress without unacceptably high general rates increases.

Our current response to balancing the demand for investment with acceptable cost increases can be summarised as follows:

- setting revenue parameters that reflect acceptable levels of increases
- maximising the value of the revenue received
- managing our investments to optimise returns.

Potential changes to our current response that are aimed at improving this balance are discussed later on in this strategy.

### Revenue parameters

Using only our current funding mechanisms, the following parameters represent the existing approach to the balance between progress and acceptability to the community:

- average general rates increases of 2.5 per cent for the next two years and 3.5 per cent thereafter
- water charges that are currently projected to increase at an average of 2.5 per cent per annum
- wastewater charges projected to increase by 3.3 per cent per annum
- development contribution charges that increase with inflation
- user charges that are standardised across the region, adjusted to represent appropriate levels of cost recovery and then increased with inflation each year.

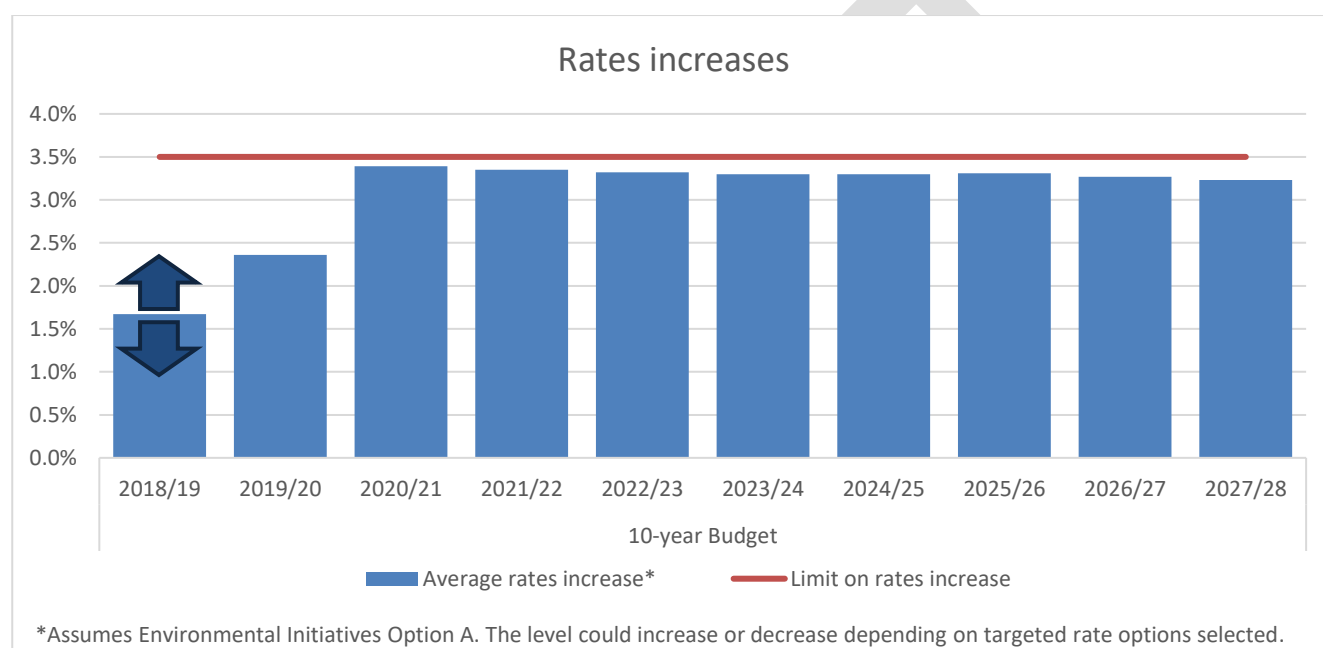
Previous community feedback has indicated no appetite for larger rate increases, although there has been a willingness to pay more to progress specific outcomes. To provide certainty and predictability to ratepayers around general council expenditure, Auckland Council is proposing to continue to limit average rates increases for existing ratepayers to 3.5 per cent per annum. This limit includes targeted rates that apply generally across Auckland<sup>1</sup> and refers to the overall average increase across all ratepayers (including different ratepayer groups such as business, farm and lifestyle ratepayers). Targeted rates that apply to specific groups of ratepayers are excluded.

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<sup>1</sup> Should the proposed regional fuel tax be significantly delayed, this may mean the existing Interim Transport Levy (ITL) is continued in its current form as a temporary measure. Given this would be a temporary measure, it would be excluded from the rates limit.

|                                | 2018/19     | 2019/20     | 2020/21     | 2021/22     | 2022/23     | 2023/24     | 2024/25     | 2025/26     | 2026/27     | 2027/28     |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Rates increase limit</b>    | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> | <b>3.5%</b> |
| <b>Growth in rating base</b>   | 2%          | 2%          | 2%          | 2%          | 2%          | 2%          | 2%          | 2%          | 2%          | 2%          |
| <b>Total increase</b>          | 5.5%        | 5.5%        | 5.5%        | 5.5%        | 5.5%        | 5.5%        | 5.5%        | 5.5%        | 5.5%        | 5.5%        |
| <b>Rates limit (\$billion)</b> | <b>1.69</b> | <b>1.78</b> | <b>1.88</b> | <b>1.98</b> | <b>2.09</b> | <b>2.21</b> | <b>2.33</b> | <b>2.46</b> | <b>2.59</b> | <b>2.74</b> |

We are proposing to keep average rates increases below this policy limit for the next two years. Beyond that we will review the average rates increase each year through our annual plan and try to find further cost or revenue gains that may allow us to keep it below the 3.5 per cent limit while maintaining our planned investment and services.



Rates for individual properties are not restricted by the 3.5 average rates increase limit and will vary depending on a range of factors including property revaluations and whether the property is used for business, residential or farming purposes<sup>2</sup>.

Targeted rates are considered separately where the charges relate to a specific group of ratepayers who benefit from the associated expenditure, for example targeted rates for refuse collections that are charged to the houses that receive the service or Business Improvement District targeted rates that fund the activities that benefit a local business association.

We do not have a quantified limit on these targeted rates because the acceptability of their cost is viewed differently by the community. They are specifically consulted on, along with the associated investment that they enable, and as a result provide greater transparency.

In addition, limiting these kinds of targeted rates would restrict the ability of specific groups of ratepayers (such as local communities or specific business sectors) to invest in increased service levels that they aspire to and are willing to contribute towards.

<sup>2</sup> For further information on Auckland Council's rating policy, please refer to section 9

Another key issue for this 10-year budget is the proposed regional fuel tax. This is not included in our rates increase limit as it is not a rate. In addition, the cost impact of this tax is highly variable between businesses and residents and based on their fuel consumption rather than property value. Nevertheless, the introduction of this tax represents an additional cost for Auckland households and businesses and their willingness to pay this additional cost to see faster progress on transport issues is a key question for community feedback and decision making in this LTP.

Development contributions are another important revenue source for council. We will be consulting on changes to our development contribution policy separately to the LTP consultation process. We may also make greater use of development contributions as part of our proposed alternative approach to financing growth infrastructure outlined later in this strategy.

## Maximising the value from every dollar collected

Given these revenue parameters, we have sought to ensure that we get the most value out of every dollar we collect to help us address Auckland's investment needs. The primary ways we have done this are:

- maximising efficiency savings
- maximising the disposal of non-strategic surplus assets
- partnering with others and investigating alternative funding mechanisms.

### 1. Efficiency savings

In an environment where we cannot afford to do everything today it is essential that we make sure that every dollar we do spend provides value for money. In recent years we have been successful in finding sufficient additional efficiency savings to allow us to reduce average annual general rates rises below our 3.5 per cent cap.

Some of the ways we do this include improving business processes, using better procurement and tendering processes, better utilising technology and bringing work in-house where it is more cost-effective to do so.

Because interest and depreciation costs are determined by our investment in assets and not able to be directly controlled through operating activities, our efficiency programmes focus on core operating expenditure (total group operating expenditure less interest and depreciation expense).

Core operating expenditure might normally be expected to rise annually by a combination of inflation (price movement) and population growth (as a measure of demand). Our target is to deliver savings that keep this growth below 3.5 per cent per annum.

### 2. Disposal of non-strategic surplus assets

Auckland Council has a very large holding of land and buildings, some of which are not needed for providing council services, are not providing a market rental income, are poorly utilised or simply located in the wrong place. Because we will not have sufficient funding to provide all the new infrastructure we would like over the next 10 years, disposing of surplus assets will help maximise what we can provide. The following table shows the amount of disposals we are targeting for the next 10 years. These disposals are additional to projected assets sales associated with specific urban development programmes.

#### Disposal of non-strategic surplus assets

| Financial year ending 30 June (\$ million) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|--------------------------------------------|------|------|------|------|------|------|------|------|------|------|
| Net proceeds from disposal                 | 24   | 24   | 24   | 20   | 20   | 20   | 20   | 20   | 20   | 20   |

### 3. Partnering and new funding mechanisms

Auckland Council recognises that we can achieve greater progress by partnering with other organisations including the private sector, central government, charitable organisations and community groups. Examples of this include recent collaboration with central government in the establishment of City Rail Link Limited, Housing Infrastructure Fund, Crown Infrastructure Partners, and on transport programme alignment through the Auckland Transport Alignment Project (ATAP).

## Investment management

The council is expecting \$1.2 billion in revenue from financial investments over the next 10 years. The three key types of investments, the council's objectives for holding them and target returns are discussed below. More information on how council manages its investment is contained in our Treasury Management Policy which can be found on the [Auckland Council website > Plans, policies, bylaws, reports and projects > Our policies > Treasury Management Policy](#).

### 1. Equity investments in commercial activities

The council has significant shareholdings in Ports of Auckland Limited and Auckland International Airport Limited, which are currently managed by Auckland Council Investment Limited (ACIL). ACIL manages these activities to maximise financial returns while supporting the realisation of the council's broader strategic objectives. The targeted return on investment for major investments managed by ACIL is projected to be between 7.6 and 13.5 per cent over the next 10 years.

### 2. Trusts and reserves

The council has a number of trusts and reserves to fund specific activities. The trusts are mainly endowments from private individuals and organisations to help fund specified activities. The council manages these and uses the returns to fund the relevant activities. For the purposes of this LTP, revenue from trusts and reserves is assumed to be utilised for specified activities in the year it is received. Accordingly, no movement in trusts and reserves balances is forecast.

The council has set a target on the Trust and Reserves portfolio to exceed the average 2 year mid swap rate over the previous 12 months.

### 3. Shareholding in the New Zealand Local Government Funding Agency (NZLGFA)

The council is a shareholder in the New Zealand Local Government Funding Agency (NZLGFA). The council expects to fund some of its borrowings from the NZLGFA at interest rates lower than other borrowing sources, which will reduce the council's overall borrowing costs.

The NZLGFA's Board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to NZLGFA's cost of funds plus 2% over the medium term.

## Prudent financial management

Our Revenue and Financing policy identifies that a major funding stream for investment in infrastructure is borrowings the Draft Revenue and Financing Policy can be found in Section 4.1 of this Supporting Information document. Our current tools for ensuring prudent financial management are debt management and funding depreciation.

## Debt management

The use of debt allows the costs of infrastructure to be spread over the life of the asset and paid for by all users of the asset across generations. The management of debt to ensure sustainable financial management presents a major challenge. Council's approach to manage this challenge is to maintain an AA credit from Standard and Poor's (or similar rating from an independent rating agency).

Our projected debt of \$12.6 billion by June 2028 will remain at a prudent level relative to our assets and income. This is reflected in council's very high credit rating (an independent evaluation of our ability to repay debt and the likelihood of defaulting on our obligations).

| Entity                                      | S&P credit rating |
|---------------------------------------------|-------------------|
| New Zealand Government                      | AA+               |
| New Zealand Local Government Funding Agency | AA+               |
| <b>Auckland Council</b>                     | <b>AA</b>         |
| Bank of New Zealand (BNZ)                   | AA-               |
| Fonterra                                    | A-                |
| Spark                                       | A-                |

To ensure that debt levels continue to remain prudent and sustainable, the council has set a prudential limit of group debt being less than 270 per cent of group revenue. For the purpose of assessing our debt to revenue ratio in comparison to this limit, a number of adjustments are made which are consistent with the approach used by Standard and Poor's when they undertake their credit rating assessment<sup>3</sup>.

This limit is an indicator of the ability of council to cover its borrowing costs from its different revenue sources. We will ensure that debt levels will remain within this limit over the 10-year horizon. To avoid normal variability in our key forecasting assumptions triggering a breach of this limit, we will apply a 5 per cent "safety margin" and ensure that our budget decisions do not result in us projecting a debt to revenue ratio in excess of 265 per cent in any future year.

Higher debt levels increase the council's interest costs. The council uses a combination of operating income sources to pay for interest including rates, fees and charges such as water and wastewater tariffs, and investment income such as commercial rental revenue and ports revenue.

The council faces a number of key risks in relation to its borrowings. Our Treasury Management Policy details how we manage those risks for further information this policy can be found on the [Auckland Council website > Plans, policies, bylaws, reports and projects > Our policies > Treasury Management Policy](#). Two of the most significant risks are the risk of rising interest rates and risk that we are unable to borrow funds when needed.

In a similar way to how you might fix your mortgage, we protect the council from rises in interest rates through the use of fixed interest rates. To a large extent, this locks in council's future borrowing cost for a certain period of time to protect us from rising interest rates.

To ensure that we are not too dependent on the state of global financial markets, we ensure that we always have sufficient cash, liquid investments and committed lines of credit available to allow us to pay our bills for at least the next six months. We also make sure that we borrow from a range of domestic and international lenders so that a problem with any one source of borrowings does not have too large an impact.

In general, the council will provide rates revenue as security for its borrowings including its borrowings through the New Zealand Local Government Funding Agency (NZLGFA), domestic and offshore borrowing programmes. However, in specific cases, the council may consider whether alternative security is appropriate, for example security over property that is specifically connected with the borrowing.

## Funding depreciation

To ensure that council debt remains at prudent levels, we will fully fund depreciation by 2025. Depreciation is a non-cash charge that reflects the reduction in the usability of our assets over time. Because this is a non-cash

<sup>3</sup> The main adjustments are the exclusion of revenue related to capital expenditure, development contributions, vested assets and the sale of assets to total revenue and inclusion of the present value of lease commitments to debt.

expense, any revenue raised to cover depreciation generates a cash surplus which is used to fund capital expenditure.

Fully funding depreciation from rates and current revenue would mean that on average, over the long run, we are not relying on borrowing to fund asset replacement expenditure. This represents a sustainable approach. Unfortunately, the legacy councils only funded 63 per cent of depreciation so we propose to progressively move to 100 per cent by 2025.

The council currently projects to balance its budget in every year of this plan. However, because depreciation is included in our budget as an expense item (even though it is a non-cash expense), our policy of moving towards fully funding depreciation by 2025 means that our budget may not completely balance in each of the years from 2018 to 2024. Nevertheless, we consider that situation is prudent and sustainable as long as we continue moving towards that fully-balanced end point of the policy.

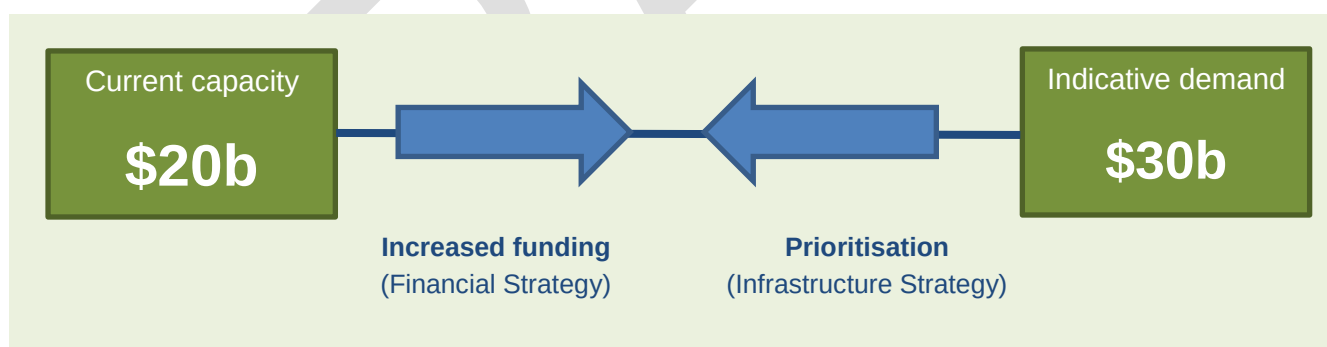
## Key Decisions

In order to arrive at final decisions for the 10-year Budget 2018-2028 the council needs to determine the appropriate level of future infrastructure investment, and balance that with the amount which it believes the community will be prepared to pay.

The Infrastructure Strategy outlines the issues and choices for investment. It identifies that to meet community expectations of service levels, and to facilitate the expected growth of Auckland, investment of up to \$30 billion could be required over the 10-year period. In considering these choices the council also needs to consider how the investments will be funded and the impact on the community of those funding decisions.

Without new funding sources (such as a regional fuel tax or new targeted rates) our current infrastructure investment capacity over the next ten years would be about \$20 billion.

The diagram below shows conceptually how the key choices from the infrastructure and financial strategies will fit together to arrive at the final programme size.



## Potential funding changes

The \$20 billion current capacity represent what can be achieved with our current funding mechanisms and policy settings.

As outlined in our infrastructure strategy, some of the key areas where additional investment capacity may be needed are:

- additional transport infrastructure to support housing and congestion outcomes
- upgraded water infrastructure to support growth and address water quality issues
- additional investment in parks and community facilities to support growth and meet community expectations
- redevelopment of the waterfront, city centre and priority town centres across the region.



Depending on the timing of this investment, up to \$10 billion of additional capital expenditure may be required, on top of the \$20 billion investment capacity available with current funding mechanisms and policy settings. With an additional \$10 billion, community expectations for service levels could be almost fully met over the next 10 years. However, given funding constraints and implementation challenges some trade-offs will be necessary.

While the need to invest in infrastructure to support growth is becoming increasingly urgent, the need to balance this with the overall cost to the community, both now and into the future, remains important. For example, if we were simply to increase general rates in 2018/2019 to enable \$10 billion of infrastructure, the average rates increase would need to be of the order of 40-50 per cent. Clearly this would be neither affordable nor acceptable to Aucklanders.

We are therefore not proposing any increase in our limits on general rates or borrowings for this long-term plan. However, we are proposing to make greater use of other revenue and financing tools to help provide the lift in investment capacity that Auckland needs. We are seeking community feedback on whether these other tools are acceptable in order to deliver faster progress on key outcomes and service level enhancements.

The key proposed changes are summarised in the table below:

| Funding source                           | Implications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Regional fuel tax</b>                 | <ul style="list-style-type: none"> <li>Regional fuel tax of 10 cents plus GST per litre on petrol and diesel from 1 July 2018, with a rebate or refund for fuel used for non-transport purposes</li> <li>This is expected to raise \$1.3-1.5 billion of new revenue to enable additional transport infrastructure and services to be delivered over the next 10 years (compared to the baseline budget). This additional funding from Aucklanders is expected to be matched by central government funding. The additional operating revenue will also generate additional borrowing capacity of over \$300 million.</li> <li>While key focus areas would include transport safety, addressing congestion, enhancing public transport and supporting housing, there are choices to be made about the relative priorities for this spending. These choices will be the subject of a separate consultation once we have agreed the priorities with government.</li> <li>Depending on those priorities, the use of the tax could provide a significant enhancement in service levels compared to the status quo in areas such as congestion, public transport patronage, transport safety and access to employment.</li> <li>For more information on transport funding options please refer to Section 7.1 of this Supporting Information document.</li> </ul> |
| <b>Water Quality Targeted Rate</b>       | <ul style="list-style-type: none"> <li>A targeted rate to fund acceleration of the water quality improvement programme be set on capital value. This would be \$66 per year for the average residential property and \$308 per year for the average business property</li> <li>Within 10 years, our water quality service levels would be significantly improved through a number of programmes across the region, most notably the reduction of waste water overflows into the Waitematā Harbour from the western isthmus</li> <li>For more information please refer to Section 7.9 of this Supporting Information document.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Natural Environment Targeted Rate</b> | <ul style="list-style-type: none"> <li>Two options for a targeted rate to be set on capital value. <ul style="list-style-type: none"> <li>\$21 per year for the average residential property and \$98 per year for the average business property would fund \$136 million of additional cost over 10 years</li> <li>\$47 per year for the average residential property and \$219 per year for the average business property would fund \$311 million of additional cost over 10 years</li> </ul> </li> <li>Additional investment spent on improving our natural environment, focusing on areas such as kauri dieback and the control of pest plants and animals.</li> <li>Would result in significant increases in environmental service levels relative to the status quo funding levels</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |



| Funding source                         | Implications                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                        | <ul style="list-style-type: none"> <li>For more information please refer to Section 7.4 of this Supporting Information document.</li> </ul>                                                                                                                                                                                                                                                                                                                |
| <b>Growth infrastructure financing</b> | <ul style="list-style-type: none"> <li>Use special purpose vehicles and the government's Housing Infrastructure Fund to finance growth infrastructure in key development areas</li> <li>Use higher growth charges and/or new infrastructure targeted rates to ultimately recover the cost of the infrastructure from those development areas</li> <li>For more information please refer to Section 7.2 of this Supporting Information document.</li> </ul> |

The council will continue to investigate other options to enable a further lift in our investment capacity:

| Funding source                          | Implications                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Special purpose vehicles</b>         | <ul style="list-style-type: none"> <li>Use of special purpose vehicles to deliver specific, large infrastructure projects such as the Central Interceptor wastewater project.</li> </ul>                                                                                                                                                                                                                                                                            |
| <b>Sale of non-strategic assets</b>     | <ul style="list-style-type: none"> <li>Increased targets for property disposals by \$300-400m over 10 years, with proceeds recycled back into local communities or urban redevelopment programmes</li> <li>Additional sales of non-strategic assets such as car parks and office buildings</li> </ul>                                                                                                                                                               |
| <b>Development contribution charges</b> | <ul style="list-style-type: none"> <li>Increase average development contribution for each housing unit to fund additional proposed growth-related infrastructure investments as set out in the infrastructure strategy.</li> </ul>                                                                                                                                                                                                                                  |
| <b>Non-rates revenue</b>                | <ul style="list-style-type: none"> <li>Currently our non-rates revenue is projected to grow at a much slower rate than our rates revenue. Setting a target for a faster rate of growth that is more in line with the rate of growth in rates revenue could raise \$300-400m of additional revenue over the next 10 years</li> <li>Additional revenue could fund additional proposed infrastructure investments as set out in the infrastructure strategy</li> </ul> |

## Summary

By using the additional funding tools described above and applying the funds generated to the specific projects and programmes described, we can move closer to the desired \$30 billion of investment in assets that has been identified in the Infrastructure Strategy.

Without implementing the new funding tools, or a general rates increase of the order indicated, the level of capital investment will be limited to the current baseline position of \$20 billion over the 10 years of the plan and existing levels of service for programmes such as protecting the natural environment. Specifically the following programmes will be impacted:

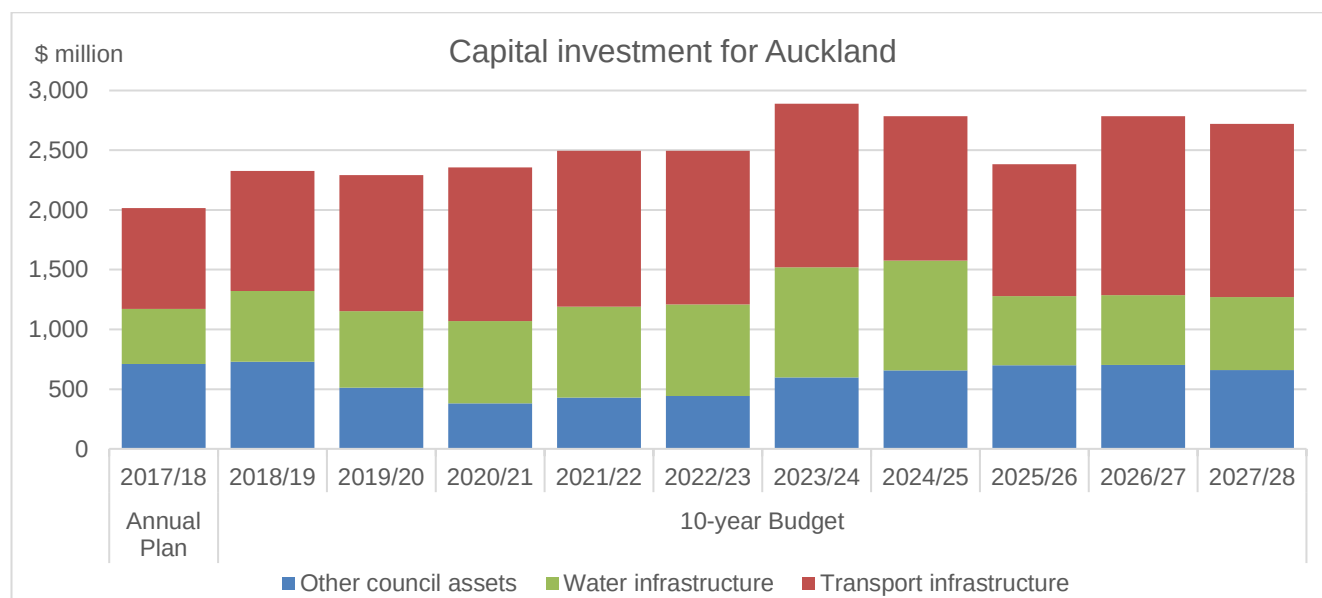
- Transport expenditure will be limited to committed new projects and renewals of existing assets, new investments to improve congestion and fast track new development will not be possible
- Improvement of water quality in harbours and streams will be a 30 year project and existing issues of contamination will exist for many years
- The natural environment will continue to experience existing levels of decline in species and pest incursions
- The ability to fast track the infrastructure required for new development will be curtailed with a consequent impact on the provision of new housing
- Greater provision of parks and open space will not be viable and community facility renewals will require a higher degree of prioritisation.

The following section describes the key elements of the proposed budget.

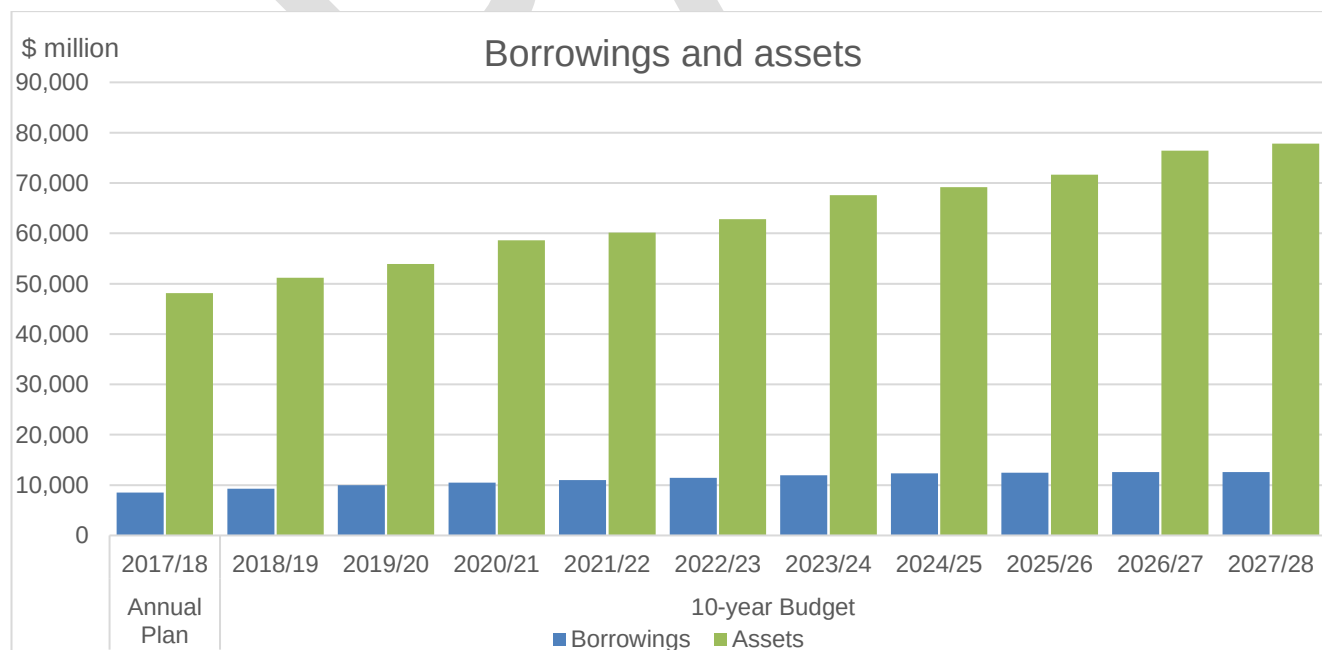
## Proposed budget

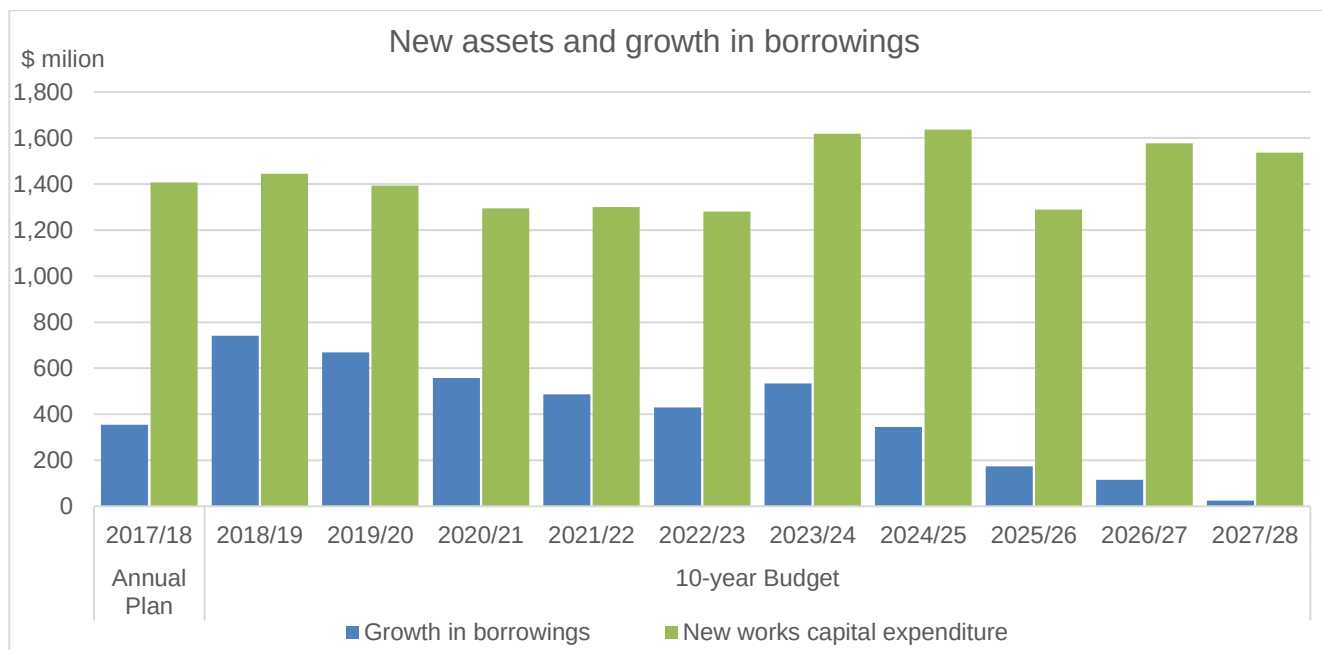
The proposed new funding sources enable a capital programme for Auckland of \$24-25 billion over the next 10 years. This would support maintenance of existing service levels and a response to population growth without breaching the rates and borrowing limits in this strategy. The additional investment would drive continued growth in our operating expenditure from \$3.9 billion in 2018/2019 to \$5.4 billion in 2027/2028.

The following chart shows the split of the capital programme between the two key types of network infrastructure and other areas of investment.

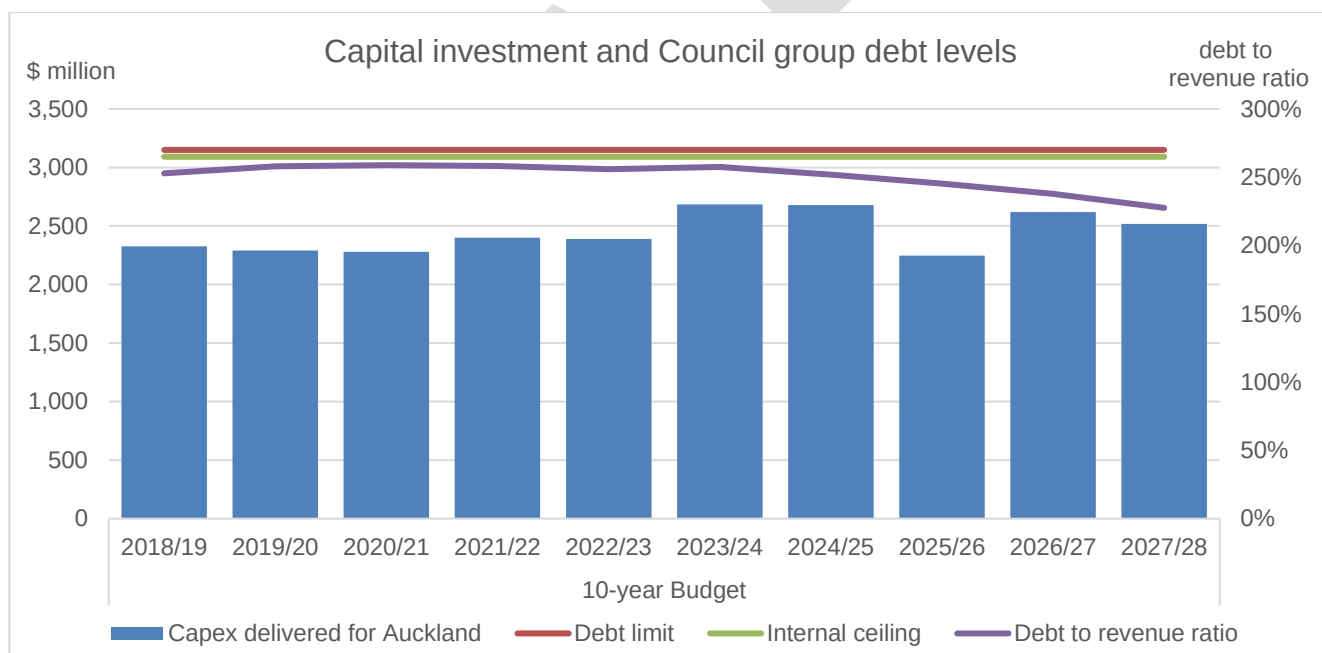


This level of spend would result in council debt growing by \$3.9 billion over the next 10 years, from \$8.7 billion in June 2018 to \$12.6 billion by June 2028. The following charts show how this projected debt level compares with our asset projections and how the growth in debt compares with our investment in new assets.

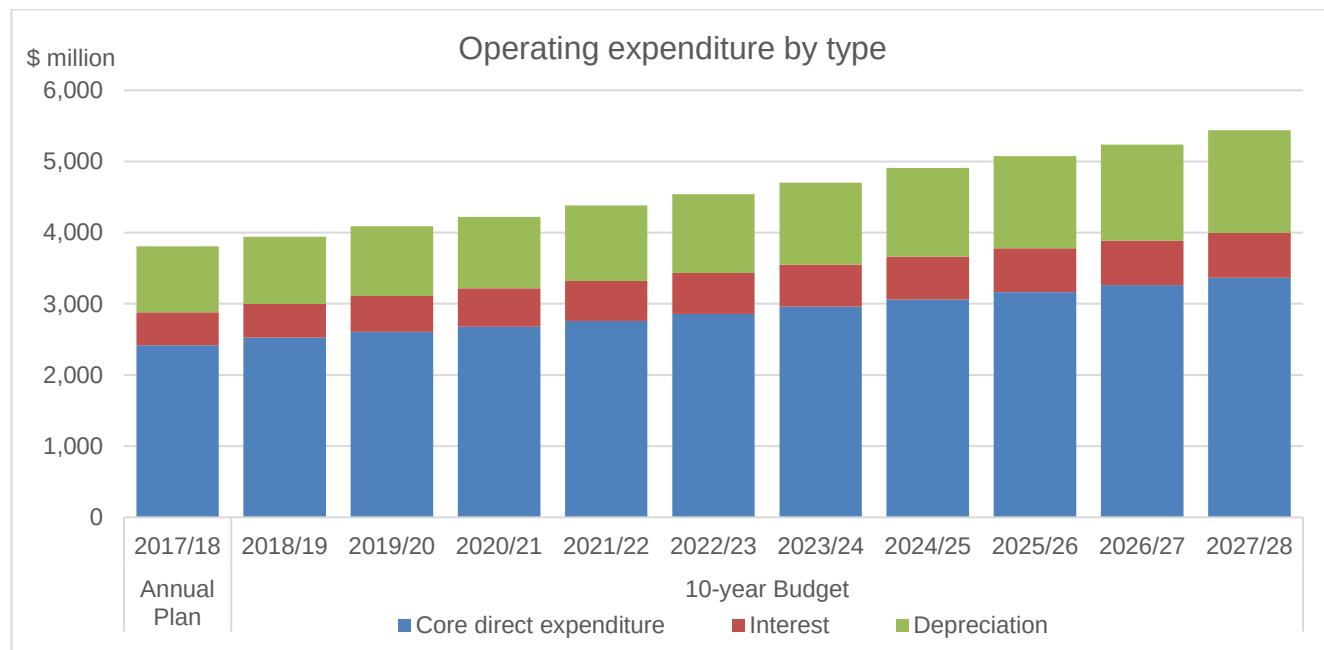




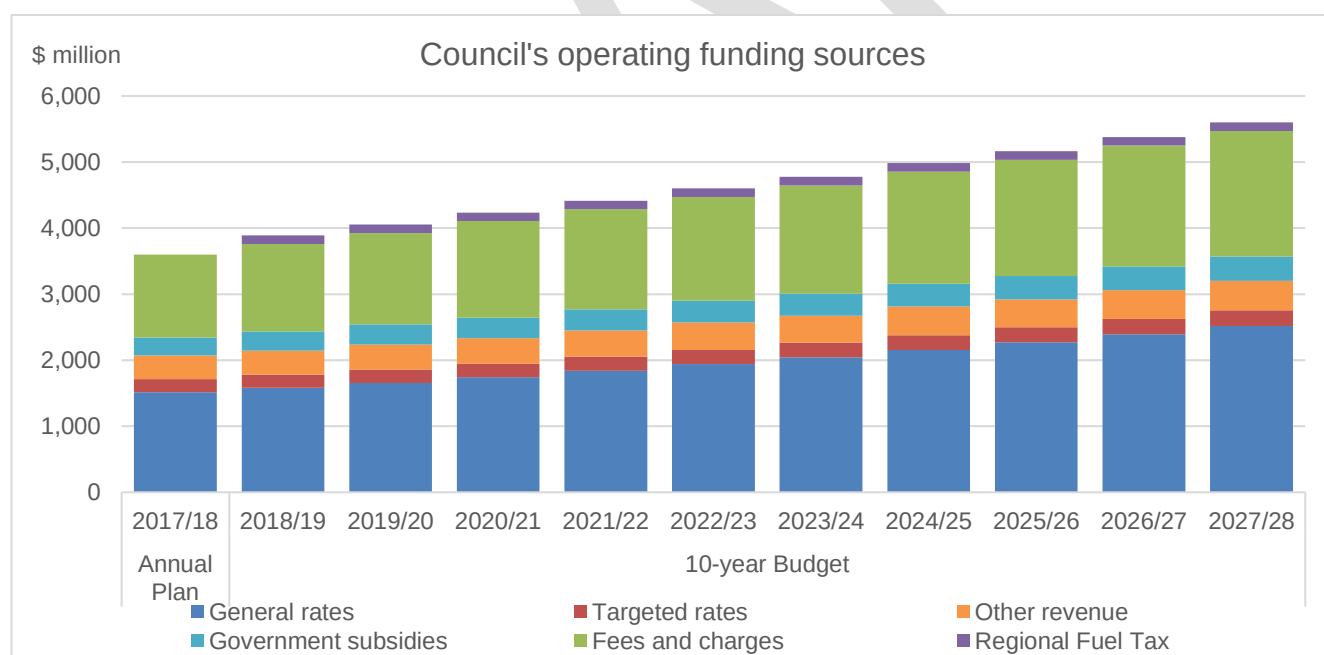
The following chart shows how the capital budget of \$24-25 billion would result in projected debt to revenue ratio within the limits stated in this strategy.



The parameters and targets outlined in this strategy will also currently enable us to spend \$47 billion over 10 years on the operational cost of delivering council services and initiatives. This includes the interest and ownership cost of new assets. The following chart shows the make-up of this spend over the next 10 years.



The following chart shows the projected path of councils different operating revenue sources including general and targeted rates, user charges, government subsidies and the proposed regional fuel tax.



As set out in our infrastructure strategy, these levels of spending will be sufficient to maintain the condition of our major types of assets over the medium to long term with the exception of community facility assets (libraries, swimming pools, playgrounds etc). We can't fully meet the costs of renewing these assets to the standards we would like and will need to choose what are the most important things to do.

These levels of capital and operating expenditure will also be sufficient to maintain existing service levels in many areas and provide some response to growth pressures. However, the pressure of Auckland's rapid growth is such that a \$24-25 billion 10-year capital investment programme will not be sufficient to fully meet community

expectations of service levels in all areas. The Infrastructure Strategy sets out a summary of the major projects that can be delivered within the baseline scenario.

### Key Assumptions

The levels of capital and operating expenditure outlined in the previous section are highly dependent on some key assumptions which are subject to differing degrees of uncertainty. These critical assumptions are:

- A regional fuel tax of 10 cents plus GST per litre on both petrol and diesel will be able to be implemented by 1 July 2018
- The proposed new targeted rates for water quality improvement and natural environment programmes (at the lower level) will be agreed and implemented by 30 June 2018.
- The assumed central government contribution towards transport capital and operating expenditure will be confirmed following the release of their GPS 2018 and our joint review of the ATAP work
- Projected growth and development will occur, and consequently revenue forecasts for rates, consenting revenue, development contribution and growth-related user charges (e.g water charges) will eventuate
- Inflation and interest rates will turn out as projected

The full set of our significant financial assumptions are available in Section 2.2 of this Supporting Information document, along with an assessment of the level and impact of uncertainty on each assumption.

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# Section 2: Financial Information





## 2. 1 Financial overview

### Introduction

This section provides a high-level overview of our key financial information and explains how we fund our activities. This should be read in conjunction with the prospective financial statements in section 2.2, the financial information for individual groups of activities in section 3 of this supporting information document and the revenue and financing policy in section 4.

### Key financial parameters for 2018-2028

| (\$ million)                   | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | Total  |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|
| Total capital expenditure      | 2,002   | 1,950   | 1,880   | 1,951   | 2,014   | 2,575   | 2,623   | 2,214   | 2,558   | 2,517   | 22,284 |
| Total operating expenditure    | 3,944   | 4,089   | 4,219   | 4,383   | 4,540   | 4,702   | 4,909   | 5,075   | 5,238   | 5,442   | 46,541 |
| Rates revenue                  | 1,774   | 1,855   | 1,941   | 2,043   | 2,148   | 2,258   | 2,371   | 2,492   | 2,619   | 2,751   |        |
| Average general rates increase | 2.5%    | 2.5%    | 3.5%    | 3.5%    | 3.5%    | 3.5%    | 3.5%    | 3.5%    | 3.5%    | 3.5%    |        |
| Total assets                   | 51,184  | 53,914  | 58,622  | 60,171  | 62,828  | 67,623  | 69,189  | 71,648  | 76,444  | 77,799  |        |
| Total borrowing                | 9,285   | 9,953   | 10,511  | 10,996  | 11,426  | 11,960  | 12,304  | 12,477  | 12,592  | 12,617  |        |
| Total equity                   | 38,383  | 40,474  | 44,348  | 45,376  | 47,517  | 51,304  | 52,455  | 54,807  | 58,995  | 60,294  |        |
| Debt to revenue ratio          | 253%    | 258%    | 259%    | 258%    | 256%    | 257%    | 252%    | 245%    | 238%    | 228%    |        |

### Capital investment and debt levels

Capital expenditure is for purchasing, building, replacing or developing the city's assets (for example roads, libraries, parks and sports fields). The assets of the Auckland Council group are expected to grow from \$50 billion to \$78 billion over the period of this plan.

Over the next ten years we plan to invest \$14.4 billion in new and improved assets for Auckland. Combined with \$7.9 billion to restore and replace existing assets, our total capital expenditure programme for 2018-2028 is \$22.3 billion.

The following table shows how we plan to fund our capital expenditure and other capital outflows over the course of the Long-term Plan.

| Capital expenditure and other outflows |             | Funding sources           |             |
|----------------------------------------|-------------|---------------------------|-------------|
| 2017/2018 – 2027/2028                  | \$ billion  | 2015/2016 – 2024/2025     | \$ billion  |
| Growth                                 | 6.6         | Capital subsidies         | 4.8         |
| Service level improvement              | 7.8         | Development contributions | 2.6         |
| Renewals                               | 7.9         | Asset sales               | 0.4         |
| Weathertightness claims                | 0.3         | Operating cash surplus    | 12.2        |
| Other                                  | 1.3         | Borrowings                | 3.9         |
| <b>Total</b>                           | <b>23.9</b> | <b>Total</b>              | <b>23.9</b> |

### Operating expenditure and revenue sources

Operating expenditure covers the council's day-to-day operations and services, from collecting rubbish to maintaining parks and issuing building consents. It includes costs related to the capital expenditure programme such as interest, maintenance and depreciation.

It is forecast that the Auckland Council group will spend \$46.5 billion in operating expenditure to support service delivery over the next 10 years, of which \$3.9 billion is budgeted for 2018/2019.

The \$47.1 billion of operating funding sources includes a surplus of \$12.1 billion to fund capital expenditure.

| Operating expenditure         |             | Funding sources       |             |
|-------------------------------|-------------|-----------------------|-------------|
| 2018/2019 – 2027/2028         | \$ billion  | 2018/2019 – 2027/2028 | \$ billion  |
| Staff                         | 9.8         | Rates                 | 22.3        |
| Depreciation and amortisation | 11.6        | Fees and user charges | 16.1        |
| Interest                      | 5.7         | Subsidies and grants  | 3.3         |
| Other                         | 19.5        | Other                 | 5.4         |
| <b>Total</b>                  | <b>46.6</b> | <b>Total</b>          | <b>47.1</b> |

## 2.2 Prospective financial statements and notes

### Prospective Statement of comprehensive revenue and expenditure

#### Auckland Council group consolidated

| \$000<br>Financial year ending 30 June            | Annual<br>Plan<br>2017/18 | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|---------------------------------------------------|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Revenue</b>                                    |                           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Rates                                             | 1,710,004                 | 1,774,416        | 1,854,508        | 1,941,413        | 2,042,882        | 2,147,674        | 2,257,566        | 2,371,251        | 2,492,157        | 2,618,506        | 2,750,504        |
| Fees and user charges                             | 1,255,681                 | 1,321,758        | 1,382,834        | 1,459,427        | 1,515,374        | 1,572,059        | 1,635,441        | 1,697,400        | 1,761,454        | 1,830,975        | 1,901,586        |
| Grants and subsidies                              | 676,788                   | 652,933          | 716,047          | 724,928          | 718,253          | 739,326          | 875,022          | 880,408          | 834,127          | 1,002,019        | 989,081          |
| Development and financial contributions           | 214,359                   | 251,719          | 251,185          | 300,962          | 288,020          | 274,698          | 258,841          | 262,363          | 254,323          | 253,068          | 252,187          |
| Other revenue                                     | 277,405                   | 414,893          | 429,833          | 438,120          | 447,606          | 451,796          | 455,862          | 468,055          | 477,017          | 481,586          | 497,624          |
| Vested assets                                     | 201,594                   | 275,286          | 274,066          | 358,694          | 342,135          | 296,369          | 371,740          | 328,324          | 293,870          | 314,448          | 296,057          |
| Finance revenue                                   | 8,171                     | 11,935           | 9,903            | 9,907            | 9,833            | 9,715            | 9,705            | 9,725            | 9,655            | 9,663            | 9,668            |
| <b>Total revenue</b>                              | <b>4,344,002</b>          | <b>4,702,940</b> | <b>4,918,376</b> | <b>5,233,451</b> | <b>5,364,103</b> | <b>5,491,637</b> | <b>5,864,177</b> | <b>6,017,526</b> | <b>6,122,603</b> | <b>6,510,265</b> | <b>6,696,707</b> |
| <b>Expenditure</b>                                |                           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Employee benefits                                 | 864,197                   | 878,421          | 898,043          | 921,684          | 942,169          | 964,870          | 987,965          | 1,010,462        | 1,035,568        | 1,062,555        | 1,088,594        |
| Depreciation and amortisation                     | 924,899                   | 945,460          | 977,373          | 999,819          | 1,059,304        | 1,104,532        | 1,150,753        | 1,244,232        | 1,294,313        | 1,350,742        | 1,444,898        |
| Grants, contributions and sponsorship             | 134,426                   | 131,452          | 134,590          | 137,848          | 141,182          | 144,624          | 148,149          | 151,743          | 155,442          | 159,241          | 163,145          |
| Other operating expenses                          | 1,418,551                 | 1,515,885        | 1,572,586        | 1,618,200        | 1,677,219        | 1,749,888        | 1,825,673        | 1,898,449        | 1,972,713        | 2,041,018        | 2,114,700        |
| Finance costs                                     | 464,802                   | 472,462          | 506,798          | 541,777          | 562,912          | 576,301          | 589,661          | 604,458          | 617,208          | 624,514          | 630,640          |
| <b>Total expenditure</b>                          | <b>3,806,875</b>          | <b>3,943,680</b> | <b>4,089,390</b> | <b>4,219,328</b> | <b>4,382,786</b> | <b>4,540,215</b> | <b>4,702,201</b> | <b>4,909,344</b> | <b>5,075,244</b> | <b>5,238,070</b> | <b>5,441,977</b> |
| <b>Operating surplus</b>                          | <b>537,127</b>            | <b>759,260</b>   | <b>828,986</b>   | <b>1,014,123</b> | <b>981,317</b>   | <b>951,422</b>   | <b>1,161,976</b> | <b>1,108,182</b> | <b>1,047,359</b> | <b>1,272,195</b> | <b>1,254,730</b> |
| Share of surplus in associates and joint ventures | 61,449                    | 65,717           | 66,977           | 68,923           | 71,247           | 70,335           | 69,337           | 71,404           | 71,462           | 71,522           | 71,582           |

Section 2: Financing information  
2.2 Prospective financial statements

| \$000<br>Financial year ending 30 June                   | Annual<br>Plan<br>2017/18 | LTP<br>2018/19 | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|----------------------------------------------------------|---------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Surplus before income tax</b>                         | <b>598,576</b>            | <b>824,977</b> | <b>895,963</b>   | <b>1,083,046</b> | <b>1,052,564</b> | <b>1,021,757</b> | <b>1,231,313</b> | <b>1,179,586</b> | <b>1,118,821</b> | <b>1,343,717</b> | <b>1,326,312</b> |
| Income tax expense                                       | 30,825                    | 22,937         | 30,639           | 27,880           | 23,930           | 32,152           | 34,542           | 28,178           | 27,497           | 27,497           | 27,497           |
| <b>Surplus after income tax</b>                          | <b>567,751</b>            | <b>802,040</b> | <b>865,324</b>   | <b>1,055,166</b> | <b>1,028,634</b> | <b>989,605</b>   | <b>1,196,771</b> | <b>1,151,408</b> | <b>1,091,324</b> | <b>1,316,220</b> | <b>1,298,815</b> |
| <b>Surplus after income tax is attributable to:</b>      |                           |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Ratepayers of Auckland Council                           | 567,751                   | 802,040        | 865,324          | 1,055,166        | 1,028,634        | 989,605          | 1,196,771        | 1,151,408        | 1,091,324        | 1,316,220        | 1,298,815        |
| <b>Other comprehensive revenue/ (expenditure)</b>        |                           |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Net gain on revaluation of property, plant and equipment | 1,309,459                 | 0              | 1,226,172        | 3,130,141        | 0                | 1,150,754        | 2,919,424        | 0                | 1,260,544        | 3,268,972        | 0                |
| Tax on revaluation of property, plant and equipment      | (126,398)                 | 0              | 0                | (311,790)        | 0                | 0                | (328,943)        | 0                | 0                | (397,478)        | 0                |
| <b>Total other comprehensive revenue</b>                 | <b>1,183,061</b>          | <b>0</b>       | <b>1,226,172</b> | <b>2,818,351</b> | <b>0</b>         | <b>1,150,754</b> | <b>2,590,481</b> | <b>0</b>         | <b>1,260,544</b> | <b>2,871,494</b> | <b>0</b>         |
| <b>Total comprehensive revenue</b>                       | <b>1,750,812</b>          | <b>802,040</b> | <b>2,091,496</b> | <b>3,873,517</b> | <b>1,028,634</b> | <b>2,140,359</b> | <b>3,787,252</b> | <b>1,151,408</b> | <b>2,351,868</b> | <b>4,187,714</b> | <b>1,298,815</b> |

## Prospective Statement of Changes in Equity

### Auckland Council group consolidated

| \$000<br>Financial year ending 30 June | Annual<br>Plan<br>2017/18 | LTP<br>2018/19    | LTP<br>2019/20    | LTP<br>2020/21    | LTP 2021/22       | LTP 2022/23       | LTP 2023/24       | LTP 2024/25       | LTP 2025/26       | LTP 2026/27       | LTP 2027/28       |
|----------------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Contributed equity</b>              |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Opening balance                        | 26,728,538                | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        |
| Surplus after income tax               | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Other comprehensive revenue            | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total comprehensive revenue</b>     | <b>0</b>                  | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          |
| Transfer to/ (from) reserves           | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Balance as at 30 June</b>           | <b>26,728,538</b>         | <b>26,728,538</b> | <b>26,728,538</b> | <b>26,728,538</b> | <b>26,728,538</b> | <b>26,728,538</b> | <b>26,728,538</b> | <b>26,728,538</b> | <b>26,728,538</b> | <b>26,728,538</b> | <b>26,728,538</b> |
| <b>Accumulated funds</b>               |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Opening balance                        | 579,769                   | 1,521,775         | 2,320,730         | 3,189,708         | 4,235,097         | 5,256,898         | 6,240,303         | 7,436,008         | 8,596,526         | 9,699,734         | 11,019,821        |
| Surplus/ (deficit) after income tax    | 567,751                   | 802,041           | 865,324           | 1,055,166         | 1,028,634         | 989,606           | 1,196,770         | 1,151,409         | 1,091,325         | 1,316,219         | 1,298,816         |
| Other comprehensive revenue            | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total comprehensive revenue</b>     | <b>567,751</b>            | <b>802,041</b>    | <b>865,324</b>    | <b>1,055,166</b>  | <b>1,028,634</b>  | <b>989,606</b>    | <b>1,196,770</b>  | <b>1,151,409</b>  | <b>1,091,325</b>  | <b>1,316,219</b>  | <b>1,298,816</b>  |
| Transfer to/ (from) reserves           | 9,224                     | (3,086)           | 3,654             | (9,777)           | (6,833)           | (6,201)           | (1,065)           | 9,109             | 11,883            | 3,868             | 4,634             |
| <b>Balance as at 30 June</b>           | <b>1,156,744</b>          | <b>2,320,730</b>  | <b>3,189,708</b>  | <b>4,235,097</b>  | <b>5,256,898</b>  | <b>6,240,303</b>  | <b>7,436,008</b>  | <b>8,596,526</b>  | <b>9,699,734</b>  | <b>11,019,821</b> | <b>12,323,271</b> |
| <b>Reserves</b>                        |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Opening balance                        | 6,861,523                 | 9,330,443         | 9,333,529         | 10,556,047        | 13,384,175        | 13,391,008        | 14,547,963        | 17,139,509        | 17,130,400        | 18,379,061        | 21,246,687        |
| Surplus after income tax               | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Other comprehensive revenue            | 1,183,061                 | 0                 | 1,226,172         | 2,818,351         | 0                 | 1,150,754         | 2,590,481         | 0                 | 1,260,544         | 2,871,494         | 0                 |
| <b>Total comprehensive revenue</b>     | <b>1,183,061</b>          | <b>0</b>          | <b>1,226,172</b>  | <b>2,818,351</b>  | <b>0</b>          | <b>1,150,754</b>  | <b>2,590,481</b>  | <b>0</b>          | <b>1,260,544</b>  | <b>2,871,494</b>  | <b>0</b>          |
| Transfer to/ (from) reserves           | (9,224)                   | 3,086             | (3,654)           | 9,777             | 6,833             | 6,201             | 1,065             | (9,109)           | (11,883)          | (3,868)           | (4,634)           |

Section 2: Financing information  
2.2 Prospective financial statements

| \$000<br>Financial year ending 30 June | Annual<br>Plan<br>2017/18 | LTP<br>2018/19    | LTP<br>2019/20    | LTP<br>2020/21    | LTP 2021/22       | LTP 2022/23       | LTP 2023/24       | LTP 2024/25       | LTP 2025/26       | LTP 2026/27       | LTP 2027/28       |
|----------------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Balance as at 30 June</b>           | <b>8,035,360</b>          | <b>9,333,529</b>  | <b>10,556,047</b> | <b>13,384,175</b> | <b>13,391,008</b> | <b>14,547,963</b> | <b>17,139,509</b> | <b>17,130,400</b> | <b>18,379,061</b> | <b>21,246,687</b> | <b>21,242,053</b> |
| <b>Total equity<sup>(1)</sup></b>      |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Opening balance</b>                 | <b>34,169,830</b>         | <b>37,580,756</b> | <b>38,382,797</b> | <b>40,474,293</b> | <b>44,347,810</b> | <b>45,376,444</b> | <b>47,516,804</b> | <b>51,304,055</b> | <b>52,455,464</b> | <b>54,807,333</b> | <b>58,995,046</b> |
| Surplus after income tax               | 567,751                   | 802,041           | 865,324           | 1,055,166         | 1,028,634         | 989,606           | 1,196,770         | 1,151,409         | 1,091,325         | 1,316,219         | 1,298,816         |
| Other comprehensive revenue            | 1,183,061                 | 0                 | 1,226,172         | 2,818,351         | 0                 | 1,150,754         | 2,590,481         | 0                 | 1,260,544         | 2,871,494         | 0                 |
| <b>Total comprehensive revenue</b>     | <b>1,750,812</b>          | <b>802,041</b>    | <b>2,091,496</b>  | <b>3,873,517</b>  | <b>1,028,634</b>  | <b>2,140,360</b>  | <b>3,787,251</b>  | <b>1,151,409</b>  | <b>2,351,869</b>  | <b>4,187,713</b>  | <b>1,298,816</b>  |
| Transfer to/ (from) reserves           | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Balance as at 30 June</b>           | <b>35,920,642</b>         | <b>38,382,797</b> | <b>40,474,293</b> | <b>44,347,810</b> | <b>45,376,444</b> | <b>47,516,804</b> | <b>51,304,055</b> | <b>52,455,464</b> | <b>54,807,333</b> | <b>58,995,046</b> | <b>60,293,862</b> |



## Prospective Statement of Financial Position

### Auckland Council group consolidated

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18 | LTP<br>2018/19    | LTP<br>2019/20    | LTP<br>2020/21    | LTP<br>2021/22    | LTP<br>2022/23    | LTP<br>2023/24    | LTP<br>2024/25    | LTP<br>2025/26    | LTP<br>2026/27    | LTP<br>2027/28    |
|----------------------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Assets</b>                                |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Current assets</b>                        |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Cash and cash equivalents                    | 240,000                   | 200,000           | 200,000           | 200,000           | 200,000           | 200,000           | 200,000           | 200,000           | 200,000           | 200,000           | 200,000           |
| Receivables and prepayments                  | 281,657                   | 406,455           | 427,778           | 445,435           | 461,105           | 479,404           | 509,887           | 528,873           | 543,422           | 579,290           | 599,476           |
| Other financial assets                       | 101,812                   | 50,850            | 50,850            | 50,850            | 50,850            | 50,850            | 50,850            | 50,850            | 50,850            | 50,850            | 50,850            |
| Inventories                                  | 29,418                    | 36,772            | 37,691            | 38,633            | 39,599            | 40,589            | 41,604            | 42,644            | 43,710            | 44,803            | 45,923            |
| Non-current assets held-for-sale             | 114,504                   | 34,550            | 50,871            | 49,883            | 35,112            | 36,211            | 36,795            | 36,795            | 36,795            | 36,795            | 36,795            |
| <b>Total current assets</b>                  | <b>767,391</b>            | <b>728,627</b>    | <b>767,190</b>    | <b>784,801</b>    | <b>786,666</b>    | <b>807,054</b>    | <b>839,136</b>    | <b>859,162</b>    | <b>874,777</b>    | <b>911,738</b>    | <b>933,044</b>    |
| <b>Non-current assets</b>                    |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Receivables and prepayments                  | 78,840                    | 10,603            | 11,159            | 11,620            | 12,029            | 12,506            | 13,301            | 13,796            | 14,176            | 15,112            | 15,639            |
| Derivative financial instruments             | 263,000                   | 170,000           | 170,000           | 170,000           | 170,000           | 170,000           | 170,000           | 170,000           | 170,000           | 170,000           | 170,000           |
| Other financial assets                       | 151,982                   | 164,261           | 173,663           | 177,209           | 180,807           | 184,825           | 188,472           | 190,957           | 193,215           | 196,082           | 198,527           |
| Property, plant and equipment                | 44,763,460                | 47,214,071        | 49,638,636        | 53,962,202        | 55,171,086        | 57,505,446        | 62,201,645        | 63,897,052        | 66,363,964        | 71,152,202        | 72,526,154        |
| Intangible assets                            | 352,534                   | 512,467           | 509,569           | 504,768           | 494,921           | 481,238           | 463,635           | 438,103           | 408,324           | 373,758           | 331,206           |
| Investment property                          | 681,000                   | 735,000           | 735,000           | 735,000           | 735,000           | 735,000           | 735,000           | 735,000           | 735,000           | 735,000           | 735,000           |
| Investments in associates and joint ventures | 1,082,610                 | 1,637,549         | 1,898,030         | 2,265,405         | 2,609,850         | 2,921,189         | 3,000,483         | 2,874,243         | 2,877,502         | 2,878,805         | 2,878,092         |
| Other non-current assets                     | 2,000                     | 11,000            | 11,000            | 11,000            | 11,000            | 11,000            | 11,000            | 11,000            | 11,000            | 11,000            | 11,000            |
| <b>Total non-current assets</b>              | <b>47,375,426</b>         | <b>50,454,951</b> | <b>53,147,057</b> | <b>57,837,204</b> | <b>59,384,693</b> | <b>62,021,204</b> | <b>66,783,536</b> | <b>68,330,151</b> | <b>70,773,181</b> | <b>75,531,959</b> | <b>76,865,618</b> |
| <b>Total assets</b>                          | <b>48,142,817</b>         | <b>51,183,578</b> | <b>53,914,247</b> | <b>58,622,005</b> | <b>60,171,359</b> | <b>62,828,258</b> | <b>67,622,672</b> | <b>69,189,313</b> | <b>71,647,958</b> | <b>76,443,697</b> | <b>77,798,662</b> |
| <b>Liabilities</b>                           |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Current liabilities</b>                   |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Payables and accruals                        | 757,124                   | 833,233           | 842,030           | 845,831           | 878,073           | 919,738           | 1,023,308         | 1,051,978         | 973,639           | 1,036,505         | 1,040,880         |
| Employee entitlements                        | 96,859                    | 97,831            | 100,016           | 102,649           | 104,930           | 107,458           | 110,030           | 112,535           | 115,331           | 118,338           | 121,238           |

Section 2: Financing information  
2.2 Prospective financial statements

| \$000<br>Financial year ending 30 June | Annual<br>Plan<br>2017/18 | LTP<br>2018/19    | LTP<br>2019/20    | LTP<br>2020/21    | LTP<br>2021/22    | LTP<br>2022/23    | LTP<br>2023/24    | LTP<br>2024/25    | LTP<br>2025/26    | LTP<br>2026/27    | LTP<br>2027/28    |
|----------------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Borrowings                             | 1,363,488                 | 1,258,497         | 1,349,071         | 1,424,619         | 1,490,484         | 1,548,671         | 1,621,080         | 1,667,735         | 1,691,192         | 1,706,733         | 1,710,153         |
| Derivative financial instruments       | 7,000                     | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             |
| Provisions                             | 70,483                    | 65,806            | 47,705            | 30,411            | 21,983            | 18,375            | 15,633            | 12,942            | 10,700            | 9,314             | 8,662             |
| <b>Total current liabilities</b>       | <b>2,294,954</b>          | <b>2,262,367</b>  | <b>2,345,822</b>  | <b>2,410,510</b>  | <b>2,502,470</b>  | <b>2,601,242</b>  | <b>2,777,051</b>  | <b>2,852,190</b>  | <b>2,797,862</b>  | <b>2,877,890</b>  | <b>2,887,933</b>  |
| <b>Non-current liabilities</b>         |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Payables and accruals                  | 82,892                    | 92,738            | 103,207           | 112,385           | 127,272           | 155,315           | 172,343           | 197,609           | 190,940           | 201,055           | 201,444           |
| Employee entitlements                  | 5,381                     | 5,149             | 5,264             | 5,403             | 5,523             | 5,656             | 5,791             | 5,923             | 6,070             | 6,228             | 6,381             |
| Borrowings                             | 7,179,966                 | 8,026,417         | 8,604,076         | 9,085,910         | 9,505,959         | 9,877,086         | 10,338,890        | 10,636,444        | 10,786,039        | 10,885,169        | 10,906,968        |
| Derivative financial instruments       | 1,207,000                 | 865,000           | 865,000           | 865,000           | 865,000           | 865,000           | 865,000           | 865,000           | 865,000           | 865,000           | 865,000           |
| Provisions                             | 198,187                   | 327,676           | 264,512           | 203,244           | 173,018           | 159,331           | 148,232           | 137,196           | 127,731           | 121,350           | 117,619           |
| Deferred tax liabilities               | 1,253,795                 | 1,221,434         | 1,252,073         | 1,591,743         | 1,615,673         | 1,647,825         | 2,011,310         | 2,039,488         | 2,066,985         | 2,491,960         | 2,519,457         |
| <b>Total non-current liabilities</b>   | <b>9,927,221</b>          | <b>10,538,414</b> | <b>11,094,132</b> | <b>11,863,685</b> | <b>12,292,445</b> | <b>12,710,213</b> | <b>13,541,566</b> | <b>13,881,660</b> | <b>14,042,765</b> | <b>14,570,762</b> | <b>14,616,869</b> |
| <b>Total liabilities</b>               | <b>12,222,175</b>         | <b>12,800,781</b> | <b>13,439,954</b> | <b>14,274,195</b> | <b>14,794,915</b> | <b>15,311,455</b> | <b>16,318,617</b> | <b>16,733,850</b> | <b>16,840,627</b> | <b>17,448,652</b> | <b>17,504,802</b> |
| <b>Net assets</b>                      | <b>35,920,642</b>         | <b>38,382,797</b> | <b>40,474,293</b> | <b>44,347,810</b> | <b>45,376,444</b> | <b>47,516,803</b> | <b>51,304,055</b> | <b>52,455,463</b> | <b>54,807,331</b> | <b>58,995,045</b> | <b>60,293,860</b> |
| <b>Equity</b>                          |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Contributed equity                     | 26,728,538                | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        | 26,728,538        |
| Accumulated funds                      | 1,156,744                 | 2,320,729         | 3,189,707         | 4,235,096         | 5,256,897         | 6,240,301         | 7,436,007         | 8,596,524         | 9,699,731         | 11,019,819        | 12,323,268        |
| Reserves                               | 8,035,360                 | 9,333,530         | 10,556,048        | 13,384,176        | 13,391,009        | 14,547,964        | 17,139,510        | 17,130,401        | 18,379,062        | 21,246,688        | 21,242,054        |
| <b>Total equity</b>                    | <b>35,920,642</b>         | <b>38,382,797</b> | <b>40,474,293</b> | <b>44,347,810</b> | <b>45,376,444</b> | <b>47,516,803</b> | <b>51,304,055</b> | <b>52,455,463</b> | <b>54,807,331</b> | <b>58,995,045</b> | <b>60,293,860</b> |

## Prospective Statement of Cash Flows

### Auckland Council group consolidated

| \$000<br>Financial year ending 30 June                                               | Annual<br>Plan<br>2017/18 | LTP<br>2018/19     | LTP<br>2019/20     | LTP<br>2020/21     | LTP<br>2021/22     | LTP<br>2022/23     | LTP<br>2023/24     | LTP<br>2024/25     | LTP<br>2025/26     | LTP<br>2026/27     | LTP<br>2027/28     |
|--------------------------------------------------------------------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                                          |                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Receipts from rates revenue                                                          | 1,710,004                 | 1,774,416          | 1,854,508          | 1,941,413          | 2,042,882          | 2,147,674          | 2,257,566          | 2,371,251          | 2,492,157          | 2,618,506          | 2,750,504          |
| Receipts from customers and other services                                           | 2,391,762                 | 2,628,101          | 2,767,923          | 2,914,225          | 2,965,839          | 3,044,446          | 3,203,560          | 3,312,077          | 3,310,906          | 3,536,485          | 3,618,672          |
| Interest received                                                                    | 8,171                     | 11,935             | 9,903              | 9,907              | 9,833              | 9,715              | 9,705              | 9,725              | 9,655              | 9,663              | 9,668              |
| Dividends received                                                                   | 59,805                    | 60,544             | 60,596             | 60,648             | 60,702             | 62,496             | 64,343             | 66,244             | 68,203             | 70,219             | 72,295             |
| Payments to suppliers and employees                                                  | (2,380,242)               | (2,555,585)        | (2,683,094)        | (2,753,769)        | (2,782,819)        | (2,854,843)        | (2,924,004)        | (3,058,006)        | (3,209,034)        | (3,237,548)        | (3,364,934)        |
| Income tax refund/(paid)                                                             | (7,763)                   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Interest paid                                                                        | (457,207)                 | (467,987)          | (504,694)          | (540,684)          | (562,746)          | (576,976)          | (590,871)          | (605,792)          | (618,590)          | (625,896)          | (632,022)          |
| <b>Net cash inflow from operating activities</b>                                     | <b>1,324,530</b>          | <b>1,451,424</b>   | <b>1,505,142</b>   | <b>1,631,740</b>   | <b>1,733,691</b>   | <b>1,832,512</b>   | <b>2,020,299</b>   | <b>2,095,499</b>   | <b>2,053,297</b>   | <b>2,371,429</b>   | <b>2,454,183</b>   |
| <b>Cash flows from investing activities</b>                                          |                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Sale of property, plant and equipment, investment property and intangible assets     | 114,505                   | 49,337             | 34,550             | 50,871             | 49,883             | 35,111             | 36,211             | 36,794             | 36,794             | 36,794             | 36,794             |
| Purchase of property, plant and equipment, investment property and intangible assets | (2,016,720)               | (1,999,017)        | (1,944,422)        | (1,877,347)        | (1,931,990)        | (1,989,419)        | (2,512,776)        | (2,605,417)        | (2,260,885)        | (2,520,027)        | (2,513,752)        |
| Acquisition of other financial assets                                                | (6,497)                   | (3,772)            | (3,125)            | (2,361)            | (2,082)            | (2,398)            | (1,910)            | (457)              | (67)               | (328)              | 0                  |
| Proceeds from sale of other financial assets                                         | 236,401                   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Investment in joint associates and ventures                                          | 0                         | (234,700)          | (254,100)          | (359,100)          | (333,900)          | (303,500)          | (74,300)           | 131,400            | 0                  | 0                  | 0                  |
| Advances of loans to external parties                                                | (8,876)                   | (9,962)            | (10,162)           | (6,000)            | (7,000)            | (7,000)            | (7,000)            | (7,000)            | (7,000)            | (7,000)            | (7,000)            |
| Proceeds from community loan repayments                                              | 2,350                     | 3,025              | 3,885              | 4,815              | 5,484              | 5,380              | 5,263              | 4,972              | 4,809              | 4,461              | 4,555              |
| <b>Net cash outflow from investing activities</b>                                    | <b>(1,678,837)</b>        | <b>(2,195,089)</b> | <b>(2,173,374)</b> | <b>(2,189,122)</b> | <b>(2,219,605)</b> | <b>(2,261,826)</b> | <b>(2,554,512)</b> | <b>(2,439,708)</b> | <b>(2,226,349)</b> | <b>(2,486,100)</b> | <b>(2,479,403)</b> |
| <b>Cash flows from financing activities</b>                                          |                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Proceeds from borrowings                                                             | 1,965,961                 | 1,751,813          | 1,926,729          | 1,906,453          | 1,910,533          | 1,919,798          | 2,082,884          | 1,965,289          | 1,840,787          | 1,805,863          | 1,731,953          |
| Repayment of borrowings                                                              | (1,611,654)               | (1,181,148)        | (1,258,497)        | (1,349,071)        | (1,424,619)        | (1,490,484)        | (1,548,671)        | (1,621,080)        | (1,667,735)        | (1,691,192)        | (1,706,733)        |
| <b>Net cash inflow from financing activities</b>                                     | <b>354,307</b>            | <b>570,665</b>     | <b>668,232</b>     | <b>557,382</b>     | <b>485,914</b>     | <b>429,314</b>     | <b>534,213</b>     | <b>344,209</b>     | <b>173,052</b>     | <b>114,671</b>     | <b>25,220</b>      |

Section 2: Financing information  
2.2 Prospective financial statements

| \$000<br>Financial year ending 30 June                                          | Annual<br>Plan<br>2017/18 | LTP<br>2018/19   | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22 | LTP<br>2022/23 | LTP<br>2023/24 | LTP<br>2024/25 | LTP<br>2025/26 | LTP<br>2026/27 | LTP<br>2027/28 |
|---------------------------------------------------------------------------------|---------------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net increase/(decrease) in cash and cash equivalents and bank overdrafts</b> | <b>0</b>                  | <b>(173,000)</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Opening cash and cash equivalents and bank overdrafts                           | 240,000                   | 373,000          | 200,000        | 200,000        | 200,000        | 200,000        | 200,000        | 200,000        | 200,000        | 200,000        | 200,000        |
| <b>Closing cash and cash equivalents and bank overdrafts</b>                    | <b>240,000</b>            | <b>200,000</b>   | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> |

## Notes to the prospective financial statements

### Note 1: Statement of significant accounting policies

#### Basis of reporting

Auckland Council (the council) is a local authority domiciled in New Zealand and governed by the Local Government Act 2002 (LGA 2002), the Local Government (Auckland Council) Act 2009 (LGACA 2009) and Local Government (Rating) Act 2002. The council is a FMC Reporting entity under the Financial Markets Conducts Act (FMCA) 2013. The council's principal address is 135 Albert Street, Auckland Central, New Zealand.

Financial information within this Consultation Document is prepared and disclosed on a full group basis (except where specifically stated otherwise). The Auckland Council Group (the Group) consists of the council, its Council Controlled Organisations (CCOs), associates and joint ventures. A summary of substantive CCOs is provided in the table below. All entities are domiciled in New Zealand. The council considers that presenting group information enhances transparency of information about cost of services provided to Auckland ratepayers and enables ratepayers to make more informed decisions about the impact of delivering the Auckland plan.

The primary objective of the Group and the council is to provide services and facilities to the Auckland community for social benefit rather than to make a financial return. Accordingly, the council has designated itself and the Group as public benefit entities (PBEs) and applies New Zealand Tier 1 Public Benefit Entity accounting standards (PBE Accounting Standards). These standards are based on International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand environment.

The council has a balance date of 30 June and these prospective financial statements are for the period from 1 July 2018 to 30 June 2028. The actual results achieved for the period covered by this plan are likely to vary from the information presented in this document, and these variances may be material. The council does not intend to update the prospective financial statements after publication.

## The substantive CCOs within the Group comprise the following:

| Name                                                      | Principal activity and nature of relationship where there is no direct ownership                                                                                                                                                                                                                                                                                              | Percentage ownership % |      |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------|
|                                                           |                                                                                                                                                                                                                                                                                                                                                                               | 2018                   | 2017 |
| Auckland Transport                                        | Owns the public transport network and manages the transport infrastructure and services in Auckland.<br><i>*Auckland Transport is a body corporate with perpetual succession and is treated under the LGACA 2009 as if the council is its sole shareholder.</i>                                                                                                               | *                      | *    |
| Auckland Council Investments Limited (ACIL)               | Holds and manages the Group's major investments, including: <ul style="list-style-type: none"> <li>Ports of Auckland Ltd (POAL) (100% owned)</li> <li>Auckland International Airport Ltd (22.33% owned).</li> </ul>                                                                                                                                                           | 100                    | 100  |
| Auckland Tourism, Events and Economic Development Limited | Manages projects for economic development, tourism and events promotion in the Auckland region.                                                                                                                                                                                                                                                                               | 100                    | 100  |
| Panuku Development Auckland Limited                       | Facilitates the redevelopment of urban locations. Contributes to accommodating residential and commercial growth. Optimises the council's property portfolio. Continues to lead the development of the Auckland waterfront.                                                                                                                                                   | 100                    | 100  |
| Regional Facilities Auckland (RFA)                        | Supports and promotes the engagement of the Auckland community in arts, culture, heritage, leisure, sports and entertainment activities and develops, owns and manages the venues for these activities.<br><i>*Regional Facilities Auckland is a charitable trust of which Regional Facilities Auckland Ltd, a 100% owned subsidiary of the council, is the sole trustee.</i> | *                      | *    |
| Watercare Services Limited (Watercare)                    | Owns and manages the Auckland region's water and wastewater assets.<br><i>Watercare is restricted by LGACA 2009 section 57(1)(b) from paying any dividend or distributing any surplus directly or indirectly to the council.</i>                                                                                                                                              | 100                    | 100  |

## BASIS OF PREPARATION

These consolidated prospective financial statements are prepared:

- For the purposes of meeting the council's requirements under the LGA 2002, the LGACA 2009 and the Local Government (Financial Reporting and Prudence) Regulations 2014 ;
- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and comply with PBE Accounting Standards. In particular, these prospective financial statements have been prepared in accordance with PBE Financial Reporting Standard 42: *Prospective Financial Statements*;
- on a going concern basis and the accounting policies have been applied consistently throughout the planned period;
- on a historical cost basis with the exception of certain items identified in specific accounting policies below; and,
- in New Zealand dollars (NZD) and are rounded to the nearest thousand dollars, unless otherwise stated.

This information may not be suitable for use in any other context.

These consolidated prospective financial statements were adopted by the governing body of Auckland Council on 21 February 2018.

The governing body is responsible for the prospective financial statements included in this plan, including the appropriateness of the significant financial assumptions these are based on, and the other disclosures in the document.

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST invoiced.

## COMPARATIVE INFORMATION

The Annual Plan 2017/2018 adopted by the council on 30 June 2017 has been provided as a comparator for these consolidated prospective financial statements. The closing balance in this comparative differs from the opening position used to prepare these consolidated prospective financial statements which is based on the most up-to-date forecast information.

## BASIS OF CONSOLIDATION

The prospective consolidated financial statements include the forecasts of the council and its subsidiaries which are added on a line-by-line basis adding together like items. Transactions and balances between the council and its CCOs are eliminated on consolidation. Investments in subsidiaries are carried at cost less any accumulated impairment. Where necessary, adjustments are made to the financial information of subsidiaries, associates and joint ventures to bring their accounting policies in line with the Group.

## **SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires judgements, estimates and assumptions. Application is based on future expectations as well as historical experience and other factors, as appropriate to the particular circumstances.

Significant judgements, estimates and assumptions have been applied in measuring certain provisions and property, plant and equipment revaluations.

Refer to note 2 for significant forecasting assumptions.

## **IMPLEMENTATION OF NEW AND AMENDED STANDARDS**

PBE International Financial Reporting Standard (IFRS) 9 Financial Instruments is effective from periods beginning on or after 1 January 2021. PBE IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and relaxes current requirements for hedge accounting. The Group and the council intend to early adopt the standard when it becomes effective for for-profit entities from period beginning on 1 July 2018. The Group and the council are currently assessing the impact of PBE IFRS 9 on the Group and the council. The impact of the PBE IFRS 9 will be included in the prospective financial statements post consultation document.

The five new standards, PBE IPSAS 34 Separate Financial Statements, PBE IPSAS 35 Consolidated Financial Statements, PBE IPSAS 36 Investment in Associates and Joint Ventures, PBE IPSAS 37 Joint Arrangements and PBE IPSAS 38 Disclosure of Interests in Other Entities, are effective from periods beginning on or after 1 January 2019. The Group and the council are yet to assess the impact of these new standards, although the impact is unlikely to be material.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to the Group and the council or are not expected to have a material impact on the financial statements of the Group and the council and, therefore, have not been disclosed.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

| Item                                                                  | Policy |
|-----------------------------------------------------------------------|--------|
| <b>Prospective statement of comprehensive revenue and expenditure</b> |        |

### Revenue

The Group and the council derive its revenue from exchange or non-exchange transactions. Exchange transaction revenue arises when the Group provides goods or services to a third party and directly receives approximately equal value in return. Non-exchange transaction revenue arises when the Group receives value from another party without giving approximately equal value directly in exchange for the value received. Non-exchange revenue comprises rates, and transfer revenue. Transfer revenue includes grants and subsidies and fees and user charges derived from activities that are partially funded by rates. Revenue is measured at fair value which is usually the cash value of a transaction.

| Type                               | Recognition & measurement                                                                                                                                                                                                                                                       |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Rates</b>                       | In full at point of issuance of the ratings notice and measured at the amount assessed, which is the fair value of the cash received or receivable.                                                                                                                             |
| <b>Grants and subsidies</b>        | When they become receivable unless there is an obligation in substance to return the funds. If there is such an obligation, the grants are initially recorded at fair value as grants received in advance and recognised as revenue when conditions of the grant are satisfied. |
| <b>Development contributions</b>   | When the council is capable of providing the service for which the contribution was levied.                                                                                                                                                                                     |
| <b>Financial contributions</b>     | When they are expended on the activity for which the contribution was levied.                                                                                                                                                                                                   |
| <b>Vested assets<sup>1</sup></b>   | When control of the asset is transferred to the Group at its fair value.                                                                                                                                                                                                        |
| <b>Fines and infringements</b>     | When the infringement notice is issued.                                                                                                                                                                                                                                         |
| <b>Finance revenue<sup>2</sup></b> | Using the effective interest method.                                                                                                                                                                                                                                            |
| <b>Dividend revenue</b>            | When the Group's right to receive the dividend is established.                                                                                                                                                                                                                  |
| <b>Regional fuel tax</b>           | When it becomes receivable.                                                                                                                                                                                                                                                     |
| <b>Fees and user charges</b>       |                                                                                                                                                                                                                                                                                 |
| Water and wastewater               | When invoiced or accrued in the case of unbilled services at fair value of cash received or receivable.                                                                                                                                                                         |
| Sale of goods                      | When the substantial risks and rewards of ownership have been passed to the buyer.                                                                                                                                                                                              |
| Sale of services                   | On a percentage of completion basis over the period of the service supplied.                                                                                                                                                                                                    |
| Port operations                    | In the period the services are rendered, by reference to the percentage of completion of the specific transaction.                                                                                                                                                              |
| Consents                           | By reference to the percentage of completion of the transaction at balance date based on the actual service rendered                                                                                                                                                            |
| Licences and permits               | On receipt of application as these are non-refundable.                                                                                                                                                                                                                          |

1. Arise when property developers undertake development which requires them to build infrastructure in the development area. When the development is complete these are vested to the Group.
2. Includes interest revenue and realised gains from the early close-out of derivative positions.

| Item                                               | Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Expenditure</b>                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Employee benefits                                  | Employee entitlements for salaries and wages, annual leave, long service leave and other similar benefit are recognised as an expense and liability when they accrue to employees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Grants, contributions and sponsorship expense      | Where grants and subsidies are discretionary, the expense is recognised when the Group has advised its decision to pay and when conditions, if any, are satisfied. Non-discretionary grants are recognised on receipt of application that meets the specified criteria.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Finance Costs                                      | Finance costs include interest expense, the unwinding of discounts on provisions and financial assets; and net realised losses on the early close-out of derivatives. Interest expense is recognised using the effective interest rate method. Interest expense includes the amortisation of borrowing costs recognised over the borrowing term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Income tax</b>                                  | <p>The Group and the council are exempt from income tax under the Income Tax Act 2007 except for certain income received from CCOs and port-related earnings.</p> <p>Income tax comprises current tax and deferred tax calculated using the tax rate that has been enacted or substantively enacted by the reporting date. Income tax is charged or credited to the surplus or deficit, except when it relates to items that are recognised in other comprehensive revenue and expenditure or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive revenue and expenditure or directly in equity.</p> <p>Current tax is the amount of income tax payable in the current period, plus any adjustments to income tax payable in respect of prior periods. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.</p> |
| <b>Operating Leases</b>                            | <p><b>Lessee</b></p> <p>The Group and the council lease property, plant and equipment from third parties in the normal course of business with lease terms vary from 1 month to 70 years. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the lease term.</p> <p><b>Lessor</b></p> <p>The Group and the council lease certain property, plant and equipment to third parties including land and buildings and some commercial and residential property. The leases have non-cancellable periods ranging from 1 month to 100 years with subsequent renewals negotiated with the lessee. Rental revenue (net of any incentives given to lessees) is recognised as income on a straight-line basis over the lease term.</p>                                                                                                                                                      |
| <b>Prospective statement of financial position</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Cash and cash equivalents</b>                   | Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments. The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Item                                    | Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Receivables and prepayments</b>      | <p>Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.</p> <p><b>Provision for impairment of receivables</b></p> <p>The provision for impairment of receivables is calculated by a review of large specific overdue receivables and a collective assessment of smaller receivables. Assessment is done on an ongoing basis. For the collective assessment, expected losses were determined by a historical analysis of previously incurred losses. Individual debts which are known to be uncollectible are written off.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Derivative financial instruments</b> | <p>The Group and the council do not hold or issue derivative financial instruments for trading purposes. The Group uses derivative financial instruments, such as forward foreign currency contracts and interest rate swaps to mitigate risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit, except for the effective portion of derivatives designated in cash flow hedges.</p> <p>Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.</p> <p>Derivative assets and derivative liabilities are classified as non-current when the remaining maturity is more than 12 months, or as current when the remaining maturity is less than 12 months.</p>                                            |
| <b>Other financial assets</b>           | <p>The Group's other financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.</p> <p>Other financial assets of the Group include unit trusts, loans to related parties, credit support annex, bonds, borrower notes, community loans and listed and unlisted shares.</p> <p>For those financial instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:</p> <p>Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the Group is the bid price at reporting date.</p> <p>Level 2- Inputs other than quoted prices included within level 1 using observable market inputs for the asset or liability, either directly or indirectly.</p> <p>Level 3- Inputs for the asset or liability that are not based on observable market data.</p> |
| <b>Non-current assets held for sale</b> | <p>Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.</p> <p>Any impairment losses for write-downs are recognised in the surplus or deficit.</p> <p>Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.</p> <p>Non-current assets are not depreciated or amortised while they are classified as held for sale.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Property, plant and equipment</b>    | <p>The property, plant and equipment of the Group are classified into three categories:</p> <ul style="list-style-type: none"> <li><b>Infrastructure assets</b> include land under roads and systems and networks integral to the city's infrastructure and intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded;</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Item                      | Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                      |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                           | <ul style="list-style-type: none"><li>• <b>Operational assets</b> include property, plant and equipment used to provide core council services, either for administration, as a community service or as a business activity. Other operational assets include landfills, motor vehicles, office equipment, library books and furniture and fittings; and,</li><li>• <b>Restricted assets</b> include property and improvement where the use or transfer of title outside of the Group is legally restricted.</li></ul> <p><b>Initial recognition and subsequent measurement</b></p> <p>Property, plant and equipment is recognised initially at cost, unless acquired through a non-exchange transaction, in which case the asset is recognised at fair value at the date of acquisition. Subsequent costs that extend or expand the asset's future economic benefits and service potential are capitalised. After initial recognition, certain classes of property, plant and equipment are revalued. Capital work in progress is recognised at cost less impairment and is not depreciated.</p> <p><b>Revaluation</b></p> <p>Infrastructure assets (except land), restricted assets (except improvements) and operational assets (except heritage assets and other operational assets) are revalued with sufficient regularity at least three years to ensure that their carrying amounts do not differ materially from fair value. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. Revaluations are carried out on an asset class basis. Net revaluation gains are recognised in other comprehensive revenue and are accumulated to the asset revaluation reserve in equity for that class of asset. Revaluation loss that results in a debit balance in the asset revaluation reserve is recognised in surplus or deficit. Any subsequent gain on revaluation is recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expenditure.</p> <p><b>Depreciation</b></p> <p>Depreciation is provided on all property, plant and equipment except for land, works of art and specified cultural heritage assets.. Depreciation is calculated to write down the cost of assets on a straight line basis over their useful economic lives.</p> |                                                                                                                                                                                                                      |
| Asset class               | Estimated useful life (years)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Revaluation method                                                                                                                                                                                                   |
| <b>Infrastructure</b>     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                      |
| Land                      | Indefinite                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Cost less accumulated impairment losses                                                                                                                                                                              |
| Roads                     | 10-120                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Depreciated replacement cost                                                                                                                                                                                         |
| Water and wastewater      | 3-200                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Depreciated replacement cost                                                                                                                                                                                         |
| Machinery                 | 3-200                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Depreciated replacement cost                                                                                                                                                                                         |
| Stormwater                | 10-200                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Depreciated replacement cost                                                                                                                                                                                         |
| Other infrastructure      | 10-120                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Depreciated replacement cost                                                                                                                                                                                         |
| <b>Operational</b>        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                      |
| Land and buildings        | Land – Indefinite<br>Buildings –1-101                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Market value based on recent equivalent sales information. Depreciated replacement cost is used where no market exists for operational buildings with allowance for age and condition of building, and configuration |
| Marina structures         | 40-100                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Depreciated replacement cost and cash flow method                                                                                                                                                                    |
| Train stations            | 5-99                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Depreciated replacement cost                                                                                                                                                                                         |
| Bus stations and shelters | 10-99                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                      |

| Item | Policy                       |            |
|------|------------------------------|------------|
|      | Works of art                 | Indefinite |
|      | Rolling stock                | 2-35       |
|      | Wharves                      | 2-100      |
|      | Cultural and heritage assets | various    |
|      | Other operational            | 1-100      |
|      | <b>Restricted</b>            |            |
|      | Parks and reserves           | Indefinite |
|      | Improvements                 | 3-100      |
|      | Buildings                    | 5-90       |

#### Disposals

Gains and losses on disposal of property, plant and equipment are recognised in surplus or deficit. Any amount included in the asset revaluation reserve in respect of the disposed item is transferred from the reserve to accumulated funds.

#### Service concession assets

Where the Group recognises an asset for the upgrades to the existing service concession assets, the Group also recognises a liability at the same amount as the asset. The liability recognised is reduced over the remaining period of the service concession arrangement.

| Item                         | Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                   |                               |                        |                   |      |                                                   |                       |      |                                                   |                         |      |                                                   |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------|------------------------|-------------------|------|---------------------------------------------------|-----------------------|------|---------------------------------------------------|-------------------------|------|---------------------------------------------------|
| Intangible assets            | <p><b>Initial recognition and subsequent measurement</b></p> <p>Purchased intangible assets are initially recognised at cost. For internally generated intangible assets the cost includes direct employee costs, a reasonable portion of overhead and other direct costs that are incurred within the development phase of the asset only. Intangible assets acquired at no cost are initially recognised at fair value where that can be reliably measured. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. After initial recognition intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.</p> <p><b>Amortisation</b></p> <p>Amortisation is provided on intangible assets, except rights to acquire, and is calculated to write down the cost of the assets on a straight-line basis over the estimated useful economic life.</p> <table><tr><th>Asset class</th><th>Estimated useful life (years)</th><th>Subsequent measurement</th></tr><tr><td>Computer software</td><td>1-15</td><td>Cost less accumulated amortisation and impairment</td></tr><tr><td>Intellectual property</td><td>4-35</td><td>Cost less accumulated amortisation and impairment</td></tr><tr><td>Other intangible assets</td><td>1-63</td><td>Cost less accumulated amortisation and impairment</td></tr></table> <p><b>Disposals</b></p> <p>Realised gains and losses from the disposal of intangible assets are recognised in surplus or deficit.</p> | Asset class                                       | Estimated useful life (years) | Subsequent measurement | Computer software | 1-15 | Cost less accumulated amortisation and impairment | Intellectual property | 4-35 | Cost less accumulated amortisation and impairment | Other intangible assets | 1-63 | Cost less accumulated amortisation and impairment |
| Asset class                  | Estimated useful life (years)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Subsequent measurement                            |                               |                        |                   |      |                                                   |                       |      |                                                   |                         |      |                                                   |
| Computer software            | 1-15                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Cost less accumulated amortisation and impairment |                               |                        |                   |      |                                                   |                       |      |                                                   |                         |      |                                                   |
| Intellectual property        | 4-35                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Cost less accumulated amortisation and impairment |                               |                        |                   |      |                                                   |                       |      |                                                   |                         |      |                                                   |
| Other intangible assets      | 1-63                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Cost less accumulated amortisation and impairment |                               |                        |                   |      |                                                   |                       |      |                                                   |                         |      |                                                   |
| Investment property          | Investment property includes land, commercial buildings and water space licences held to generate income. Investment property is initially recognised at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Gains or losses arising from fair value changes are included in surplus or deficit. Investment properties are valued individually and not depreciated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                   |                               |                        |                   |      |                                                   |                       |      |                                                   |                         |      |                                                   |
| Investment in other entities | Investment in associates and joint ventures is accounted for using the equity method in the Group and council financial statements. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the surplus or deficit of the associate or joint venture after the date of acquisition. Distributions received reduce the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with the Group.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                   |                               |                        |                   |      |                                                   |                       |      |                                                   |                         |      |                                                   |
| Asset impairment             | <p><b>Impairment of property, plant and equipment and intangible assets</b></p> <p>Intangible assets subsequently measured at cost that have indefinite useful life are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.</p> <p>An impairment loss is recognised in surplus or deficit for the amount by which the asset's carrying amount exceeds its recoverable amount.</p> <p>Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows.</p> <p>For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost.</p> <p>Property, plant and equipment that is measured at fair value, is not required to be separately tested for impairment.</p>                                                                                                                                                                                                                                                                               |                                                   |                               |                        |                   |      |                                                   |                       |      |                                                   |                         |      |                                                   |

| Item                                 | Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      | <p><b>Impairment of financial assets</b></p> <p>Financial assets are assessed for impairment at each reporting date for impairment. Impairment is recognised in surplus or deficit.</p>                                                                                                                                                                                                                                                                                                                                            |
| <b>Payables and accruals</b>         | Current payables and accruals are recognised at cost, are non-interest bearing and normally settled on 30-day terms; therefore the carrying value approximates fair value. Non-current payables and accruals are measured at the present value of the estimated future cash outflows.                                                                                                                                                                                                                                              |
| <b>Employee entitlements</b>         | Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported at the present value of estimated future cash outflows.                                                                                                                                                                                                                                                                                                         |
| <b>Borrowings</b>                    | Borrowings are initially recognised at face value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Provisions</b>                    | Provisions are recognised in the statement of financial position only where the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Provisions are measured at the present value of the expected future cash outflows required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance cost in surplus or deficit. |
| <b>Ratepayer equity</b>              | Ratepayer equity is the Auckland community's interest in the Group. Ratepayer equity has been classified into various components to identify those portions of equity held for specific purposes. Contributed equity is the net asset and liability position excluding restricted reserves at the time the council was formed.                                                                                                                                                                                                     |
| <b>Other policies</b>                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Foreign currency transactions</b> | Foreign currency transactions are translated into NZD using the spot rate at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation, using the exchange rates at balance date, of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.                                                                                                                                                                     |

## Note 2: Significant forecasting assumptions

The level of uncertainty for each assumption refers to the difficulty of predicting outcomes because of limited or inexact knowledge. Council cannot control all of the variables that affect future outcomes, such as the wider economy and changes in legislation.

- Low level of uncertainty – information available to council point to a high likelihood of the assumption being accurate and/ or most of the variables are under council's control.
- Medium level of uncertainty – council has most of the information available on the assumption but variables outside of council's control may still affect the accuracy of the assumption.
- High level of uncertainty – council has some of the information on the assumption but there is a high likelihood that variables outside of council's control will impact on the accuracy of the assumption.

| Assumption                                                                     | Assumption data for LTP 2018-2028 and source                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Risks and impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Population and development growth (including growth in the rating base)</b> | <p>Population growth and the consequential demand for residential housing is a key driver for many of the council's activities and asset management plans (for example the number and type of community facilities the council provides).</p> <p>For this Long-term Plan 2018-2028, the council has used the 2013 census (updated February 2017) population growth data to estimate the population growth in the future. The council has estimated that the population will increase by around 292,530 people (17.7 per cent) by 30 June 2028.</p> <p>The population projections are used to forecast the level and location of development growth (the number of dwellings and floor space area). This information is key driver for some of the council's activities such managing the stormwater from developed properties.</p> <p>Growth in the rating base is driven by property development, including new building and subdivision, which increases the size of the rating base over which the rates requirement is spread. The council adjusts this for prudence and timing lag and uses this projection as an indicative adjustment to the total nominal rates increase to provide an indication of the average rates increase to existing ratepayers.</p> | <p><b>Risk</b> - Growth differs significantly from forecasted</p> <p><b>Level of uncertainty</b> - Moderate</p> <p><b>Impacts</b> - If actual population and/or development growth is higher, it may put pressure on the council to provide additional infrastructure and services. If actual population growth is lower it may result in surplus capacity in existing or planned infrastructure and services.</p> <p>Population and development growth is affected by a range of external factors, most of which are outside the council's control or influence. The council will continue to monitor growth on an annual basis. If there is a significant change, appropriate amendments will be made as part of subsequent annual plan or long-term processes. Depending on infrastructure contracts, the council may be able to reduce or delay some of the capital expenditure to cater for growth.</p> <p>Growth in the rating base has no financial impact on the total rates requirement. Lower than anticipated growth in the rating base would result in slightly higher average rates increases for existing ratepayers than forecast over the period of this plan, due to a lower than expected rating base over which to spread the rates requirement. Conversely higher growth in the rating base would result in slightly lower average rates increases than forecast.</p> |



| Assumption | Assumption data for LTP 2018-2028 and source | Risks and impacts |
|------------|----------------------------------------------|-------------------|
|------------|----------------------------------------------|-------------------|

Growth projections summary table

| Inflator                                                     | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025       | 2026       | 2027       | 2028       |
|--------------------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Population                                                   | 1,656,646  | 1,694,624  | 1,732,601  | 1,770,579  | 1,796,395  | 1,822,212  | 1,848,028  | 1,873,844  | 1,899,660  | 1,924,418  | 1,949,176  |
| Dwellings                                                    | 554,061    | 568,738    | 583,416    | 598,094    | 608,846    | 619,598    | 630,349    | 641,101    | 651,853    | 662,490    | 673,128    |
| Business floor space (sq meters)                             | 31,897,471 | 32,475,723 | 33,053,975 | 33,632,227 | 34,112,132 | 34,592,038 | 35,071,944 | 35,551,849 | 36,031,755 | 36,502,910 | 36,974,065 |
| Separately used or inhabited part (SUIP) rateable properties | 601,625    | 613,056    | 625,010    | 637,511    | 650,006    | 662,486    | 675,073    | 687,900    | 701,000    | 714,038    | 727,034    |
| Rating units (rateable properties)                           | 542,172    | 552,473    | 563,246    | 574,511    | 585,772    | 597,019    | 608,362    | 619,921    | 631,726    | 643,476    | 655,188    |
| Growth in the rating base (GIRB)                             | 1.87%      | 2.44%      | 2.38%      | 2.33%      | 2.28%      | 1.68%      | 1.66%      | 1.63%      | 1.60%      | 1.58%      | 1.54%      |
| Adjusted GIRB for revenue modelling                          | 1.69%      | 1.90%      | 1.95%      | 2.00%      | 1.96%      | 1.92%      | 1.90%      | 1.90%      | 1.90%      | 1.86%      | 1.82%      |
| Development contribution revenue (\$m)                       | 214        | 252        | 251        | 301        | 288        | 275        | 259        | 262        | 254        | 253        | 252        |

#### Economic growth and return on investments

Employment numbers and gross domestic product indicate how well the region's economy is doing.

How well the economy is doing could influence the council's return on its investments:

1. 22.35 per cent shareholding in Auckland International Airport Limited
2. 100 per cent shareholding in Ports of Auckland, Auckland Council Investments Limited (ACIL) manages these investments for the council. Dividends are forecast based on market analyst three year forecasts extrapolated for the 10 years of this plan.

**Risk** - That economic growth differs significantly from that forecasted in this plan

**Level of uncertainty** – moderate

**Impacts** - New Zealand's economic outlook, while outside the council's control, will affect the council's commercial investments such as Ports of Auckland Limited and Auckland International Airport. Economic growth also impacts on affordability of the council rates and the utilisation of services with a user charge funding component as discretionary income is impacted. This in turn may drive changes to both operational and capital expenditure. The economic outlook also affects local businesses, the region's level of employment and the rate of development.

Note: Council does not use economic growth as an underlying assumption in developing the LTP financials. Economic growth is considered in the population and GIRB rates that REMU calculates.

| Assumption             | Assumption data for LTP 2018-2028 and source                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Risks and impacts      |       |       |       |       |       |       |       |       |       |      |                     |            |       |       |       |       |       |       |       |       |       |                       |       |               |       |       |       |       |       |       |       |       |             |       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|---------------------|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------------|-------|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------------|-------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|-------|------|------|------|------|------|------|------|------|------|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Inflation</b>       | <p>Auckland Council uses a number of information sources (both internal and external) to inform projections of inflationary impacts on its costs and revenues. This includes projections for both the consumer price index (CPI) and other specific price movements faced by council.</p> <p><b>Inflation projections</b></p> <table><tr><th>Inflator</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th><th>2026</th><th>2027</th><th>2028</th></tr><tr><td>Capital expenditure</td><td>4.0%</td><td>4.0%</td><td>3.0%</td><td>3.0%</td><td>3.0%</td><td>3.0%</td><td>3.0%</td><td>3.0%</td><td>3.0%</td><td>3.0%</td></tr><tr><td>Operating expenditure</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Staff costs</td><td>1.7%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td></tr><tr><td>Other</td><td>1.7%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td></tr></table>                            | Inflator               | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028 | Capital expenditure | 4.0%       | 4.0%  | 3.0%  | 3.0%  | 3.0%  | 3.0%  | 3.0%  | 3.0%  | 3.0%  | 3.0%  | Operating expenditure |       |               |       |       |       |       |       |       |       |       | Staff costs | 1.7%  | 2.0%  | 2.0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | Other | 1.7% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | <p><b>Risk</b> - Actual inflation is different from forecast inflation</p> <p><b>Level of uncertainty</b> – Moderate</p> <p><b>Impacts</b> - If inflation is higher than projected the cost of providing services would be higher than planned. If inflation is lower than projected the cost of providing services would be lower.</p> <p>The council will continue to monitor price movements on an annual basis and any significant changes will be addressed in subsequent annual plans or long-term plans.</p> |
| Inflator               | 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2020                   | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  |       |      |                     |            |       |       |       |       |       |       |       |       |       |                       |       |               |       |       |       |       |       |       |       |       |             |       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Capital expenditure    | 4.0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 4.0%                   | 3.0%  | 3.0%  | 3.0%  | 3.0%  | 3.0%  | 3.0%  | 3.0%  | 3.0%  |       |      |                     |            |       |       |       |       |       |       |       |       |       |                       |       |               |       |       |       |       |       |       |       |       |             |       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Operating expenditure  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                        |       |       |       |       |       |       |       |       |       |      |                     |            |       |       |       |       |       |       |       |       |       |                       |       |               |       |       |       |       |       |       |       |       |             |       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Staff costs            | 1.7%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2.0%                   | 2.0%  | 2.0%  | 2.0%  | 2.0%  | 2.0%  | 2.0%  | 2.0%  | 2.0%  |       |      |                     |            |       |       |       |       |       |       |       |       |       |                       |       |               |       |       |       |       |       |       |       |       |             |       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Other                  | 1.7%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2.0%                   | 2.0%  | 2.0%  | 2.0%  | 2.0%  | 2.0%  | 2.0%  | 2.0%  | 2.0%  |       |      |                     |            |       |       |       |       |       |       |       |       |       |                       |       |               |       |       |       |       |       |       |       |       |             |       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Interest rates</b>  | <p>Auckland Council's Treasury department has provided interest rate projections for the ten-year period of the plan, based on an assessment of market yields and anticipated borrowing requirements.</p> <p>The council manages its risk to interest rate increases in the short-term to provide some certainty for cost of its borrowings.</p> <p>The council has assumed that it maintains its AA credit rating in preparing the interest rate projections. The following average interest rates have been assumed in this plan:</p> <p><b>Projected interest rates</b></p> <table><tr><th>Average interest rates</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th><th>2026</th><th>2027</th><th>2028</th></tr><tr><td>Borrowings</td><td>5.40%</td><td>5.22%</td><td>5.28%</td><td>5.36%</td><td>5.32%</td><td>5.23%</td><td>5.12%</td><td>5.04%</td><td>5.03%</td><td>5.01%</td><td>5.00%</td></tr><tr><td>Cash holdings</td><td>2.00%</td><td>2.00%</td><td>2.00%</td><td>2.00%</td><td>2.00%</td><td>2.00%</td><td>2.00%</td><td>2.00%</td><td>2.00%</td><td>2.00%</td><td>2.00%</td></tr></table> | Average interest rates | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027 | 2028                | Borrowings | 5.40% | 5.22% | 5.28% | 5.36% | 5.32% | 5.23% | 5.12% | 5.04% | 5.03% | 5.01%                 | 5.00% | Cash holdings | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00%       | 2.00% | 2.00% | <p><b>Risk</b> - Prevailing interest rates differ significantly from forecasted</p> <p><b>Level of uncertainty</b> - moderate</p> <p><b>Impacts</b> - For every one notch change from the current credit rating we would expect a change in interest rates of between 0.05 per cent and 0.15 per cent per annum. Increases in interest rates flow through to higher debt servicing costs and higher rates funding requirements. The council's treasury group has mitigated these risks with a prudent hedging programme. For every 100 basis point (1.0 per cent) change in the council's average interest rate, the council's debt servicing costs would change by approximately \$65 million to \$85 million per annum dependent upon the amount of debt outstanding and the level of hedging in place.</p> |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Average interest rates | 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2019                   | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  |      |                     |            |       |       |       |       |       |       |       |       |       |                       |       |               |       |       |       |       |       |       |       |       |             |       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Borrowings             | 5.40%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 5.22%                  | 5.28% | 5.36% | 5.32% | 5.23% | 5.12% | 5.04% | 5.03% | 5.01% | 5.00% |      |                     |            |       |       |       |       |       |       |       |       |       |                       |       |               |       |       |       |       |       |       |       |       |             |       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Cash holdings          | 2.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2.00%                  | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |      |                     |            |       |       |       |       |       |       |       |       |       |                       |       |               |       |       |       |       |       |       |       |       |             |       |       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |      |      |      |      |      |      |       |      |      |      |      |      |      |      |      |      |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Assumption                           | Assumption data for LTP 2018-2028 and source                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Risks and impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Crown Infrastructure Partners</b> | <p>On 24 July 2017 the government announced the renaming and repurposing of Crown Fibre Holdings to Crown Infrastructure Partners (CIP). This company was tasked with working alongside the private sector to invest in infrastructure to support new housing developments.</p> <p>The first areas to be assessed by CIP for investment were Wainui in Auckland's north and areas in Auckland's south including Paerata, Pukekohe, Drury West and Drury South.</p> <p>The government announcement identified \$201 million of investment required in the north that could provide capacity for 5500 houses and \$387 million in the south that could provide 17800 more houses (total \$588 million).</p> <p>For this plan we have assumed that CIP will proceed with investing in the specified infrastructure. Given the nature of the assets, being network infrastructure, we then assume that these assets are vested in the Auckland Council group and the council is responsible for ongoing maintenance and renewals.</p> | <p><b>Risk</b> - That the crown remove their support for CIP<br/>- That CIP does not invest in the specified infrastructure</p> <p><b>Level of uncertainty</b> – Moderate</p> <p><b>Impacts</b> – If CIP does not invest in the two identified areas Auckland Council would need to incorporate the projects into its capital investment prioritisation process. Given the constrained funding environment this could result in either a delay to the enabling of housing development in these areas or other projects being delayed to provide capacity for their delivery.</p>                                                                                                         |
| <b>Housing Infrastructure Fund</b>   | <p>In July of 2016 the government announced the creation of a Housing Infrastructure Fund (HIF). The aim of the fund was to provide financing capacity for growth councils to deliver the infrastructure needed to support their growth.</p> <p>Auckland Council submitted an application to this fund in March 2017 and was notified in July 2017 that \$300 million of investment was supported in principle. Subsequent negotiations with central government, NZTA and developers have advanced our understanding of how this will work.</p> <p>For this plan we have assumed that the financing for transport projects is provided by way of an adjustment to subsidy levels (\$80m) and for other projects via an interest-free loan from the crown of \$120m, repaid during the period of this plan.</p>                                                                                                                                                                                                                    | <p><b>Risk</b> - That the funding arrangement is not completed between Auckland Council Group and the relevant crown agencies.</p> <p><b>Level of uncertainty</b> – Moderate</p> <p><b>Impacts</b> – Given the HIF effectively provides favourable terms for financing infrastructure investment if the arrangement does not go ahead the impact would be a reduction in the council's overall capacity to invest. This would reduce the amount of new infrastructure we could provide for Auckland, particularly in the earlier years of the plan.</p>                                                                                                                                  |
| <b>Government transport funding</b>  | <p>The Auckland Transport Alignment Project (ATAP) was established in 2015 to improve local and central government collaboration on transport planning and funding for Auckland. The ATAP working group is comprised of representatives from the council and Crown agencies. A revision of the ATAP work is underway and all parties are highly committed to this partnership approach.</p> <p>Outcomes from the ATAP will inform the Government Policy Statement on land transport (GPS) and the RLTP. The GPS outlines key investment priorities and broadly allocates funding across types of activities (for example state highways, local roads, public transport). The GPS that will apply from the start of this planning period is still under development following the election of the new government. The Minister has indicated a desire to revise the GPS to take account of different priorities (notably related to public transport, walking and cycling, and road safety).</p>                                   | <p><b>Risk</b> - Given the continued development of the GPS and the ongoing work with central government to refresh the Auckland Transport Alignment Project (ATAP) it is highly likely that there will be changes to the level of funding available to Auckland.</p> <p>- The availability of this level of funding is likely to be reliant on alignment of our transport programme with the agreements formulated through ATAP.</p> <p>- Specifically, there is a risk that central government does not provide additional funding which would mean that, even with the proposed regional fuel tax, the transport capital investment programme would be less than \$11-12 billion.</p> |

| Assumption | Assumption data for LTP 2018-2028 and source                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Risks and impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|            | <p><u>Capital expenditure</u></p> <p>For this consultation the council has assumed central government will provide \$4.8b of funding for capital projects to Auckland Transport at a level that matches the investment by Auckland Council (see table below). This funding could include contributions from different Crown sources including the National Land Transport Fund through NZTA and/or direct funding from the Crown.</p> <p>There are several ways these projects could be funded and delivered. Our assumption is that the projects are delivered by Auckland Council and that central government contributions are by way of capital grant. Some projects could equally be delivered by a crown agency (such as NZTA), through joint arrangements, or through third parties.</p> <p>The assumption results in a higher projected level of government funding than has been the case historically. However, the resulting level of capital investment in transport is still notably below the level Auckland requires as identified through the ATAP work completed to date.</p> <p><u>Operating expenditure</u></p> <p>Subsidies for transport operating expenditure are provided by NZTA. Decisions on specific subsidy rates for different activities are made by the NZTA board with reference to the GPS.</p> <p>Operating subsidy rates used to support this consultation are based on historical averages.</p> | <p><b>Level of uncertainty – High</b></p> <p><b>Impact</b></p> <p><u>Capital expenditure</u></p> <ul style="list-style-type: none"> <li>- If the contribution level is lower than assumed then transport capital expenditure would be less than projected. For example, under current settings the only funding available would be NZTA subsidies estimated to be about \$3 billion, rather than the assumed level of NZTA and/or direct funding from the Crown of \$4.8 billion. This would result in a \$1.8 billion reduction in capital expenditure compared to planned.</li> <li>- Conversely, if the level of capital contribution is higher than assumed this would enable an increase in transport capital expenditure.</li> <li>- A change to the GPS priorities may drive a change to the prioritisation of the transport capital programme to maximise the level of investment capacity.</li> <li>- The employment of different delivery or funding mechanisms could impact our financial statements. Some delivery entities might need to be equity accounted (like CRLL) and capital investment would be replaced by investment, while others (like CIP) are entirely independent and would result in a reduction in the capital investment level recorded in council's financial statements.</li> </ul> <p><u>Operating expenditure</u></p> <ul style="list-style-type: none"> <li>- If the level of operating subsidy available increases this would reduce the amount of rates funding required for OPEX and free up this funding to invest in additional infrastructure or services. A reduction may necessitate reduced services or investment, or additional funding from another source such as increased borrowing or rates.</li> </ul> |

| Assumption | Assumption data for LTP 2018-2028 and source |  |  |  |  |  | Risks and impacts |  |  |  |  |
|------------|----------------------------------------------|--|--|--|--|--|-------------------|--|--|--|--|
|------------|----------------------------------------------|--|--|--|--|--|-------------------|--|--|--|--|

| Financial year ending 30 June          | 2019   | 2020   | 2021   | 2022   | 2023   | 2024     | 2025     | 2026   | 2027     | 2028     | Total  |
|----------------------------------------|--------|--------|--------|--------|--------|----------|----------|--------|----------|----------|--------|
| Council investment                     | \$362m | \$412m | \$412m | \$397m | \$410m | \$537m   | \$535m   | \$482m | \$643m   | \$623m   | \$4.8b |
| Central government contribution        | \$362m | \$412m | \$412m | \$397m | \$410m | \$537m   | \$535m   | \$482m | \$643m   | \$623m   | \$4.8b |
| Auckland Transport capital expenditure | \$724m | \$824m | \$824m | \$794m | \$820m | \$1,075m | \$1,071m | \$965m | \$1,287m | \$1,245m | \$9.6b |
| NZTA Operating subsidy                 | \$267m | \$279m | \$287m | \$295m | \$302m | \$310m   | \$317m   | \$323m | \$329m   | \$336m   | \$3.0b |

Note: Both Auckland Council and central government contributions exclude the investments in CRL Limited.

## Regional Fuel Tax

One of the key issues presented to Aucklanders in the Consultation Document is whether they favour the introduction of a regional fuel tax to support investment in additional transport infrastructure and services. The proposed tax would be set at 10 cents plus GST per litre of fuel (both petrol and diesel), with appropriate rebates for non-transport and off-road uses.

The government have committed to the introduction of a regional fuel tax within 2018.

For this plan we have included revenue from a regional fuel tax within our operating revenue. This assumes that the legislation does not limit too specifically what the tax can be spent on.

Our initial projections of annual revenue are approximately \$130-\$150 million. For financial forecasting purposes we have used \$130 million per annum.

**Risk** - That the government does not introduce and pass the necessary legislation to allow the tax.

- That the legislation is not introduced in time for the tax to be effective from 1 July 2018
- The legislation is highly restrictive in what the tax can be spent on.

**Level of uncertainty** – Moderate

**Impacts** – If the legislation required is not passed the council will tax will not go ahead and the council will not receive the revenue. This will result in a reduced capacity to invest in transport infrastructure and activities and potentially a lower service levels than otherwise projected.

- If the legislation is passed too late to begin the tax from 1 July 2018 this will result in reduced revenue for council for the period until it commences. This will have consequential impacts on our ability to invest for this period.
- If the delay is likely to be significant the council may choose to extend the Interim Transport Levy temporarily to ensure continued investment in transport.
- If the restrictions on what the fuel tax revenue can be spent on are too specific this could limit the ability of Auckland Council to recognise it as operating revenue and use it to fund the whole-of-life costs of new transport infrastructure or new services. This would also have the effect of not enabling additional borrowing secured against the revenue.

| Assumption                                  | Assumption data for LTP 2018-2028 and source                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Risks and impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |             |             |             |             |             |             |             |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Revaluation of PPE and investments</b>   | <p>Auckland Council’s accounting policy provides for most fixed assets to be revalued with sufficient regularity (at least every three years) to ensure that the carrying value does not differ materially from fair value. Land under roads are held at cost and not revalued. Where significant the projected impact of asset revaluation on fixed assets values and depreciation expense has been reflected in this plan.</p> <p>Auckland Council would normally expect to recognise income from a gain in value from its investment properties and assets of its associate entities. For the purposes of this plan, the council does not have sufficiently reliable market information on which to forecast this income. Accordingly no such income is forecast in the prospective financial statements.</p>                                      | <p><b>Risk</b> - That actual revaluation movements differ significantly from those forecasted in this plan.</p> <p><b>Level of uncertainty</b> – Moderate</p> <p><b>Impact</b> - If the revaluations are different from those forecasted it will affect asset values and total comprehensive income. In the case of depreciable assets this will flow through to changed levels of depreciation expense.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |             |             |             |             |             |             |             |
| <b>Timing of capital expenditure</b>        | <p>This 10-year budget has been developed on the basis of the best available information on the likely timing of capital projects and programmes.</p> <p>These timing estimates are reflected in the activity statements presented and the consequential impact of this is reflected in the operating expenditure figures for the project’s relevant activity.</p> <p>In addition, council has assumed that \$290 million of capital expenditure will not be delivered within the forecast timeframes due to constraints on its overall capacity for capex delivery. This assumed \$290 million timing change is phased as follows:</p> <p>The values in the table below have not been adjusted for inflation. As council does not yet know the projects that will comprise these amounts, they are shown in the Organisational support activity.</p> | <p><b>Risk</b> – That the actual timing of the capital programme is different from that forecasted.</p> <p><b>Level of uncertainty</b> – moderate</p> <p><b>Impact</b> – Delivery of capital expenditure to a different time frame than projected would impact interest expense, depreciation expense and consequential operating expenditure.</p> <p>The financial implications would depend on the planned funding sources for the relevant capital expenditure and its associated expenses.</p> <p>Delivering less capital expenditure than planned would result in a reduction in the funding required, usually resulting in a decrease in borrowing from than forecasted. Delivering more capital expenditure than planned would result in an increase in the funding required, usually increasing the borrowing requirement.</p> <p>The actual timing of capital expenditure will be impacted by a number of factors. One of the key areas under the control of council is the quality of project management. The council has a Project Management Office to develop, monitor and improve project management capability and performance.</p> |             |             |             |             |             |             |             |             |
| <b>Timing change of capital expenditure</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |             |             |             |             |             |             |             |             |
| <b>\$million</b>                            | <b>2019</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>2020</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> |
| Forecast                                    | - 97                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | - 76                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | - 56        | - 39        | - 21        | 21          | 39          | 56          | 76          | 97          |



| Assumption                                                                 | Assumption data for LTP 2018-2028 and source                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Risks and impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |      |      |      |      |      |      |      |      |      |      |      |                                  |    |    |    |    |    |    |    |    |    |    |    |                                           |    |    |    |    |    |    |    |    |    |    |    |                                                                                                                                                                                                                                                                                                                                                                             |
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| <b>Asset sales</b>                                                         | <p>Auckland Council plans disposal of certain non-strategic assets over the next 10 years. These are primarily land and buildings which are not needed for providing the council services, not providing a market rental income, are poorly utilised or simply located in the wrong place.</p> <p>The council has adjusted these targets for prudence and used lower forecasts when projecting debt and interest costs.</p> <p><b>Asset sales</b></p> <table><tr><th>\$million</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th><th>2026</th><th>2027</th><th>2028</th></tr><tr><td>Sale of non-strategic and assets</td><td>53</td><td>24</td><td>24</td><td>24</td><td>20</td><td>20</td><td>20</td><td>20</td><td>20</td><td>20</td><td>20</td></tr><tr><td>Sale of specific urban development assets</td><td>62</td><td>25</td><td>11</td><td>27</td><td>30</td><td>15</td><td>16</td><td>17</td><td>17</td><td>17</td><td>17</td></tr></table> | \$million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Sale of non-strategic and assets | 53 | 24 | 24 | 24 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | Sale of specific urban development assets | 62 | 25 | 11 | 27 | 30 | 15 | 16 | 17 | 17 | 17 | 17 | <p><b>Risk</b> - That sufficient disposals are not identified or realised to achieve the targets set.</p> <p><b>Level of uncertainty</b> – moderate</p> <p><b>Impact</b> - If the level of asset sales is higher or lower than forecast it will result in changes to the levels of debt repayments that can be made and consequentially to the council's interest cost.</p> |
| \$million                                                                  | 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |      |      |                                  |    |    |    |    |    |    |    |    |    |    |    |                                           |    |    |    |    |    |    |    |    |    |    |    |                                                                                                                                                                                                                                                                                                                                                                             |
| Sale of non-strategic and assets                                           | 53                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 24                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 24   | 24   | 20   | 20   | 20   | 20   | 20   | 20   | 20   |      |      |                                  |    |    |    |    |    |    |    |    |    |    |    |                                           |    |    |    |    |    |    |    |    |    |    |    |                                                                                                                                                                                                                                                                                                                                                                             |
| Sale of specific urban development assets                                  | 62                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 25                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 11   | 27   | 30   | 15   | 16   | 17   | 17   | 17   | 17   |      |      |                                  |    |    |    |    |    |    |    |    |    |    |    |                                           |    |    |    |    |    |    |    |    |    |    |    |                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Useful lives of assets</b>                                              | <p>The useful lives of significant assets are shown in the statement of significant accounting policies.</p> <p>The useful life is used to determine the timing of renewing the asset and the level of depreciation for the asset.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p><b>Risk</b> - Assets wear out and need to be replaced earlier than estimated.</p> <p><b>Level of uncertainty</b> – low</p> <p><b>Impact</b> - Depreciation costs would change with updated information about the remaining useful life of an asset and borrowing costs would increase if capital expenditure was required earlier than anticipated. However, these impacts could be mitigated by reprioritising the capital expenditure programme.</p>                                                                                                                                                                                                                                                                                                                           |      |      |      |      |      |      |      |      |      |      |      |                                  |    |    |    |    |    |    |    |    |    |    |    |                                           |    |    |    |    |    |    |    |    |    |    |    |                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Sources of funding of replacements (including depreciation funding)</b> | <p>The council believes it is financially prudent and fair to fully fund depreciation so that each generation pays for the assets it uses. This funded depreciation provides funding for replacement of assets.</p> <p>This needs to be balanced against other considerations such as affordability. The council has assumed that it will move to fully funding depreciation net of subsidies and contributions by 2024/2025.</p> <p>However, there are some exceptions to this assumption, namely</p> <ul style="list-style-type: none"><li>Watercare Services Limited will continue to fund depreciation to meet forecast average renewal requirements</li><li>Waterfront Development Agency's commercial operations will fund its depreciation from debt and commercial revenue.</li><li>Ports of Auckland will fully fund their depreciation from commercial revenues.</li></ul>                                                                                                                           | <p><b>Risk</b> - That the actual level of depreciation differs significantly from that forecasted in this plan.</p> <p>That funded depreciation is not sufficient to fund renewals.</p> <p><b>Level of uncertainty</b> – low</p> <p><b>Impacts</b> - If depreciation is lower than that forecast the council could choose to fund a higher proportion of depreciation expense than forecast allowing it to reduce debt or increase other expenditure.</p> <p>If depreciation is higher than that forecast the council will fund less depreciation than forecast requiring it to increase debt/and or rates or reduce other expenditure.</p> <p>The plan includes \$12billion depreciation, \$945 million of this in 2018/2019. A 1 per cent change in depreciation in 2018/2019</p> |      |      |      |      |      |      |      |      |      |      |      |                                  |    |    |    |    |    |    |    |    |    |    |    |                                           |    |    |    |    |    |    |    |    |    |    |    |                                                                                                                                                                                                                                                                                                                                                                             |

| Assumption                    | Assumption data for LTP 2018-2028 and source                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Risks and impacts                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |      |      |      |      |      |      |      |      |      |      |        |     |     |     |     |     |     |     |      |      |      |      |            |     |     |     |     |     |    |    |    |    |    |    |                                 |
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|                               | <p>For other activities the council will fund 78 per cent of depreciation, net of subsidies and contributions, for 2018/2019. The level of depreciation funding will increase by around 3.7 per cent each year, so it is fully funding depreciation in 2024/2025, net of subsidies and contributions.</p> <p>The table below sets out the minimum level of depreciation funding the council will apply when calculating its rates requirement.</p> <p><b>Proportion of depreciation funding</b></p> <table><tr><th>Financial year ending 30 June</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th><th>2026</th><th>2027</th><th>2028</th></tr><tr><td>Funded</td><td>74%</td><td>78%</td><td>82%</td><td>85%</td><td>89%</td><td>93%</td><td>96%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr><tr><td>Not funded</td><td>26%</td><td>22%</td><td>19%</td><td>15%</td><td>11%</td><td>7%</td><td>4%</td><td>0%</td><td>0%</td><td>0%</td><td>0%</td></tr></table> <p>The council receives some subsidies for renewing assets such as the NZTA subsidy for renewing some roads. The council uses a number of other funding sources to pay for the renewal of its assets such as general rates, targeted rates and user charges.</p> <p>The council's Revenue and financing policy has more details of the different types of funding used to pay for renewing assets.</p> | Financial year ending 30 June                                                                                                                                                                                                                                                                                                                                                                                                                        | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Funded | 74% | 78% | 82% | 85% | 89% | 93% | 96% | 100% | 100% | 100% | 100% | Not funded | 26% | 22% | 19% | 15% | 11% | 7% | 4% | 0% | 0% | 0% | 0% | <p>equates to \$9.5 million</p> |
| Financial year ending 30 June | 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |      |      |        |     |     |     |     |     |     |     |      |      |      |      |            |     |     |     |     |     |    |    |    |    |    |    |                                 |
| Funded                        | 74%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 78%                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 82%  | 85%  | 89%  | 93%  | 96%  | 100% | 100% | 100% | 100% |      |      |        |     |     |     |     |     |     |     |      |      |      |      |            |     |     |     |     |     |    |    |    |    |    |    |                                 |
| Not funded                    | 26%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 22%                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 19%  | 15%  | 11%  | 7%   | 4%   | 0%   | 0%   | 0%   | 0%   |      |      |        |     |     |     |     |     |     |     |      |      |      |      |            |     |     |     |     |     |    |    |    |    |    |    |                                 |
| Weathertightness claims       | <p>The council has considered the financial impact of weathertightness claims, including those already lodged and potential claims which may arise under the government's Weathertight Homes Financial Assistance Package.</p> <p>On the basis of an actuarial assessment, a provision was established at 1 November 2010 for future weathertightness claims. Based on an updated assessment completed in December 2018, the council is forecasting claim payments of \$296 million over the period of this plan.</p> <p>The cost of funding these settlements should not fall unfairly on ratepayers in the year of settlement. Rather than penalising current ratepayers with the full impact of these settlements, it is assumed they will be funded from borrowings and the repayment of these borrowings spread over 30 years.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p><b>Risk</b> - The council's exposure to claims is different than the potential liability forecasted in this plan.</p> <p><b>Level of uncertainty</b> – low</p> <p><b>Impact</b> - If claims are higher or lower than forecast, then the council's levels of borrowing and the associated borrowing costs will also be higher or lower than forecast. Depending on how large the variance is, it may affect future forecast rate requirements.</p> |      |      |      |      |      |      |      |      |      |      |      |        |     |     |     |     |     |     |     |      |      |      |      |            |     |     |     |     |     |    |    |    |    |    |    |                                 |
| Climate change                | <p>Climate change is expected to have a variety of implications for Auckland's infrastructure networks. The most recent climate change projections indicate warming temperatures, less annual rainfall in the north but more in the south and stronger winds. More frequent and severe weather events are expected. The specifications of some infrastructure may no longer be adequate to deal with more rainfall, or a warmer climate. Sea-level rise will increase risks for assets on the coast from inundation and erosion.</p> <p>Council is responding to the risk of climate change by increasing knowledge of risks to</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p><b>Risk</b> – If the impact of climate change is higher than anticipated there may be increased surface flooding, damage to infrastructure due to extreme weather events and greater risk to public safety and private property.</p> <p><b>Level of uncertainty</b> – moderate</p> <p><b>Impact</b> –Increased investment in new or improved infrastructure may be required and the timing of maintenance</p>                                     |      |      |      |      |      |      |      |      |      |      |      |        |     |     |     |     |     |     |     |      |      |      |      |            |     |     |     |     |     |    |    |    |    |    |    |                                 |



| Assumption                   | Assumption data for LTP 2018-2028 and source                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Risks and impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                              | <p>infrastructure networks, such as developing a Natural Hazards Risk Management Action Plan and undertaking new research on the impact of climate change on Auckland.</p> <p>An Auckland Council Coastal Management Framework was developed to help the council better manage its coastal assets, and to better mitigate the risks associated with coastal erosion and the combined effects of predicted climate change. This framework will enable the council to move from the current default position of reactionary 'like-for-like' renewals to a prioritised work programme that is based on improved asset management planning underpinned by business cases leading to improved asset investment.</p> | <p>and replacement of assets may be affected.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Foreign exchange risk</b> | <p>Council manages foreign currency risk of the group apart from Ports of Auckland. Foreign exchange risk of all entities under the group is managed through derivative financial instruments. The risk is mitigated by entering into forward foreign currency exchange contracts where the threshold is set by the treasury management policies. The risk on offshore borrowings is offset by cross-currency interest rate swaps over the life of the borrowings. The group and council are not planning to have any material exposure to foreign exchange as all foreign currency denominated borrowings and material purchases will be hedged.</p>                                                          | <p><b>Risk</b> – That group and council transactions that are denominated in a foreign currency other than NZD. The NZD may deteriorate against the relevant foreign currency from the period between when the transaction was entered and when foreign currency payments are made.</p> <p><b>Level of uncertainty</b> – low</p> <p><b>Impact</b> – The group and council are not planning to have any material exposure to foreign exchange as all foreign currency denominated borrowings and material purchases will be hedged.</p>                   |
| <b>Legislation</b>           | <p>The council has assumed there will be no material changes to existing legislation and other national standards applicable to Auckland Council, other than the expectation that central government will pass legislation to allow the collection of a regional fuel tax (refer to assumption on fuel tax earlier in this section).</p>                                                                                                                                                                                                                                                                                                                                                                       | <p><b>Risk</b> - New legislation or changes to existing legislation may alter the nature and scope of services currently being provided.</p> <p><b>Level of uncertainty</b> – low</p> <p><b>Impact</b> - If changes in legislation require the council's to provide further services, or significantly increase levels of compliance or operating costs then this will need to be offset by an increase in fees and charges and or an increase in rates. It is not possible to quantify the potential financial impact of such changes at this time.</p> |

### Note 3: Reconciliation between Prospective Statement of comprehensive revenue and Prospective Funding Impact Statement

This plan is prepared on a group basis. Under section 4(2) of the Local Government (Financial Reporting) Regulations 2011 the Council is required to provide information outlining differences between its statement of comprehensive revenue and funding impact statement. To meet this requirement this statement should be read in conjunction with the Prospective Funding Impact Statement (group consolidated).

| \$000<br>Financial year ending 30 June                                                                                                          | Annual<br>Plan<br>2017/18 | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23 | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------|----------------|------------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|
| <b>Operating surplus/ (deficit) after income tax per Prospective Statement of comprehensive revenue</b>                                         | <b>567,751</b>            | <b>802,040</b> | <b>865,324</b> | <b>1,055,166</b> | <b>1,028,634</b> | <b>989,605</b> | <b>1,196,771</b> | <b>1,151,408</b> | <b>1,091,324</b> | <b>1,316,220</b> | <b>1,298,815</b> |
| <b>Items recognised as income in Statement of comprehensive revenue and as capital expenditure funding sources in Funding Impact Statement:</b> |                           |                |                |                  |                  |                |                  |                  |                  |                  |                  |
| Capital subsidies                                                                                                                               | (403,083)                 | (362,000)      | (412,094)      | (412,245)        | (397,251)        | (410,242)      | (537,403)        | (535,494)        | (482,390)        | (643,395)        | (622,690)        |
| Development contributions                                                                                                                       | (214,359)                 | (251,719)      | (251,185)      | (300,962)        | (288,020)        | (274,698)      | (258,841)        | (262,363)        | (254,323)        | (253,068)        | (252,187)        |
| <b>Non-cash items recognised in Statement of comprehensive revenue and not included in Funding Impact Statement:</b>                            |                           |                |                |                  |                  |                |                  |                  |                  |                  |                  |
| Depreciation                                                                                                                                    | 925,591                   | 945,460        | 977,373        | 999,819          | 1,059,304        | 1,104,532      | 1,150,753        | 1,244,233        | 1,294,314        | 1,350,743        | 1,444,899        |
| Depreciation of make good provision added back in funding impact statement                                                                      | (2,211)                   | (2,213)        | (2,213)        | (2,213)          | (2,213)          | (2,213)        | (2,213)          | (2,213)          | (2,213)          | (2,213)          | (2,213)          |
| Discounting of provisions                                                                                                                       | 9,806                     | 6,687          | 4,318          | 3,306            | 2,379            | 1,537          | 1,002            | 881              | 832              | 831              | 831              |
| Recognition of revenue from vested assets                                                                                                       | (201,594)                 | (275,286)      | (274,066)      | (358,694)        | (342,135)        | (296,369)      | (371,740)        | (328,324)        | (293,870)        | (314,448)        | (296,057)        |
| Amortisation of prepaid leases                                                                                                                  | (1,000)                   | (589)          | (595)          | (649)            | (650)            | (717)          | (970)            | (984)            | (1,087)          | (1,091)          | (1,094)          |
| <b>Other reconciling items:</b>                                                                                                                 |                           |                |                |                  |                  |                |                  |                  |                  |                  |                  |
| Retro-fit your home targeted rate included in funding impact statement but not recognised as revenue in the statement of comprehensive income   | 4,706                     | 5,314          | 6,267          | 7,104            | 7,699            | 7,558          | 7,426            | 7,126            | 6,970            | 6,642            | 6,766            |
| Retro-fit your home targeted rate interest component recognised as revenue in the statement of comprehensive income                             | (2,356)                   | (2,289)        | (2,382)        | (2,289)          | (2,214)          | (2,178)        | (2,163)          | (2,154)          | (2,161)          | (2,181)          | (2,211)          |
| Share of equity accounted (surplus) /deficit from associates not distributed by way of dividends to Auckland Council                            | (4,644)                   | (5,173)        | (6,381)        | (8,275)          | (10,545)         | (7,839)        | (4,994)          | (5,160)          | (3,259)          | (1,303)          | 713              |

| \$000<br>Financial year ending 30 June                                                                   | Annual<br>Plan<br>2017/18 | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|----------------------------------------------------------------------------------------------------------|---------------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Prepaid lease revenue recognised in funding impact statement                                             | 18,015                    | 11,300         | 10,496         | 9,556            | 13,312           | 26,061           | 10,640           | 24,318           | 0                | 6,731            | 0                |
| Income tax recognised in statement of comprehensive revenue not included in the funding impact statement | 23,062                    | 22,937         | 30,639         | 27,880           | 23,930           | 32,152           | 34,542           | 28,178           | 27,497           | 27,497           | 27,497           |
| <b>Operating funding surplus/ (deficit) per Prospective Funding Impact Statement</b>                     | <b>719,684</b>            | <b>894,469</b> | <b>945,501</b> | <b>1,017,504</b> | <b>1,092,230</b> | <b>1,167,189</b> | <b>1,222,810</b> | <b>1,319,452</b> | <b>1,381,634</b> | <b>1,490,965</b> | <b>1,603,069</b> |

## Note 4: Reserve Funds

### Auckland Council group

The Local Government Act 2002 requires the annual plan to identify each reserve set aside by the council, the purpose of each fund, the activities to which each fund relates and funding flows for the period of the plan.

| Reserve                                             | Purpose                                                                                                                              | Activities                        |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Cash flow hedge reserve                             | Gains from revaluation of the Diversified Financial Assets portfolio                                                                 | Organisational support            |
| Available-for-sale investment revaluation reserve   | Recognition in group accounts of associated' reserves                                                                                | Organisational support            |
| Share of associates' reserves                       | Accumulated gains from asset revaluation                                                                                             | Investment                        |
| Asset revaluation reserve                           | Accumulated gains from asset revaluation                                                                                             | Various                           |
| <b>Restrict equity reserves</b>                     |                                                                                                                                      |                                   |
| Statutory funds (Off street parking)                | Funds accumulated under legislation (primarily related to subdivisions or off-street parking).                                       | Parking and enforcement           |
| Trust and bequests                                  | These trusts are primarily related to assets held by council. The trust deeds restrict council's action in relation to these assets. | Various                           |
| Other restricted equity                             | Reserve funds related to particular projects or assets whereby council is restricted in its decision-making ability.                 | Various                           |
| <b>Targeted rates reserves</b>                      |                                                                                                                                      |                                   |
| Central City targeted rate reserve                  | Targeted rate collected for enhancement of central business district as a place to work, live, visit and do business.                | Regional planning                 |
| Glorit Flood Gate Restoration targeted rate reserve | Targeted rate being collected to recover the costs of the restoration of the Glorit flood gate.                                      | Stormwater management             |
| Riverhaven Drive targeted rate reserve              | Targeted rate being collected to recover the costs of the construction of a road.                                                    | Roads and footpaths               |
| Jackson Crescent wastewater targeted rate reserve   | Targeted rate collected to recover the cost of the council providing financial assistance to connect to a wastewater scheme.         | Wastewater treatment and disposal |
| Point Wells wastewater targeted rate reserve        | Targeted rate collected to recover the cost of the council providing financial assistance to connect to a wastewater scheme.         | Wastewater treatment and disposal |
| Harbourview Orangihina Park targeted rate reserve   | Targeted rate collected for development of Harbourview Orangihina Park.                                                              | Regional community services       |
| Open space/ Volcanic cones                          | Legacy targeted rates. No longer levied.                                                                                             | Regional community services       |
| Araparera                                           | Araparera Forest harvest proceeds set aside for roading development in the area.                                                     | Development Auckland              |
| Water quality targeted rate reserve                 | Targeted Rate collected to help fund the capital costs of investment in cleaning up Auckland's waterways.                            | Stormwater management             |
| Natural environment targeted rate reserve           | Targeted Rate collected to help fund the capital and operating costs of investment to deliver enhanced environmental outcomes.       | Development Auckland              |

The funding flows for these reserves are:

| \$000<br>As at 30 June                              | Annual<br>Plan<br>2018 | Updated<br>2018  | Deposits          | Withdrawals      | Long-term plan 2028 |
|-----------------------------------------------------|------------------------|------------------|-------------------|------------------|---------------------|
| Cash flow hedge reserve                             | (3,000)                | 0                | 0                 | 0                | 0                   |
| Available-for-sale investment revaluation reserve   | 12,000                 | 23,000           | 0                 | 0                | 23,000              |
| Share of associates' reserves                       | 451,000                | 453,000          | 0                 | 0                | 453,000             |
| Asset revaluation reserve                           | 7,515,914              | 8,788,311        | 11,917,796        | 0                | 20,706,107          |
| <b>Restricted equity reserves</b>                   |                        |                  |                   |                  |                     |
| Statutory funds                                     | 9,834                  | 9,247            | 1,986             | (191)            | 11,042              |
| Trust and bequests                                  | 1,576                  | 1,576            | 327               | (195)            | 1,708               |
| Other restricted equity                             | 22,185                 | 25,914           | 59,167            | (60,729)         | 24,352              |
| <b>Total restricted equity</b>                      | <b>33,595</b>          | <b>36,737</b>    | <b>61,480</b>     | <b>(61,115)</b>  | <b>37,102</b>       |
| <b>Targeted rates reserves</b>                      |                        |                  |                   |                  |                     |
| Central City targeted rate reserve                  | 24,251                 | 24,533           | 189,375           | (196,188)        | 17,720              |
| Glorit Flood Gate Restoration targeted rate reserve | (36)                   | (36)             | 36                | 0                | 0                   |
| Riverhaven Drive targeted rate reserve              | (805)                  | (597)            | 597               | 0                | 0                   |
| Jackson Crescent wastewater targeted rate reserve   | (3)                    | (3)              | 3                 | 0                | 0                   |
| Point Wells wastewater targeted rate reserve        | (79)                   | (79)             | 79                | 0                | 0                   |
| Harbourview Orangihina Park targeted rate reserve   | 1,462                  | 1,342            | 293               | 0                | 1,635               |
| Open space/ Volcanic cones                          | 1,061                  | 1,374            | 0                 | (1,374)          | 0                   |
| Araparera                                           | 0                      | 2,863            | 627               | 0                | 3,490               |
| Water quality targeted rate reserve                 | 0                      | 0                | 452,404           | (452,404)        | 0                   |
| Natural environment targeted rate reserve           | 0                      | 0                | 141,529           | (141,529)        | 0                   |
| <b>Total targeted rates reserves</b>                | <b>25,851</b>          | <b>29,397</b>    | <b>191,010</b>    | <b>(197,562)</b> | <b>22,845</b>       |
| <b>Total reserves</b>                               | <b>8,035,360</b>       | <b>9,330,445</b> | <b>12,170,286</b> | <b>(258,677)</b> | <b>21,242,054</b>   |

## Note 5: Auckland Council (Parent) financial statements

### Prospective Statement of comprehensive revenue and expenditure

#### Auckland Council parent

| \$000<br>Financial year ending 30 June           | Annual<br>Plan<br>2017/18 | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|--------------------------------------------------|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Revenue</b>                                   |                           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Rates                                            | 1,721,646                 | 1,787,040        | 1,867,430        | 1,954,547        | 2,056,235        | 2,161,263        | 2,271,439        | 2,385,458        | 2,507,070        | 2,634,170        | 2,766,951        |
| Fees and user charges                            | 267,315                   | 272,410          | 277,214          | 305,180          | 313,008          | 320,775          | 328,786          | 338,157          | 347,957          | 356,651          | 365,582          |
| Grants and subsidies                             | 249,409                   | 20,874           | 21,395           | 21,952           | 22,526           | 23,127           | 23,746           | 24,378           | 25,033           | 25,712           | 26,417           |
| Development and financial contributions          | 214,359                   | 251,719          | 251,185          | 300,962          | 288,020          | 274,698          | 258,841          | 262,363          | 254,323          | 253,068          | 252,187          |
| Other revenue                                    | 164,436                   | 155,787          | 163,468          | 170,235          | 174,223          | 181,533          | 185,449          | 196,586          | 203,658          | 207,367          | 213,340          |
| Vested assets                                    | 502,445                   | 94,486           | 93,866           | 97,894           | 74,635           | 75,369           | 77,240           | 77,324           | 87,870           | 89,448           | 91,057           |
| Finance revenue                                  | 108,545                   | 131,272          | 139,082          | 151,800          | 163,481          | 173,918          | 185,605          | 201,681          | 212,132          | 212,196          | 213,312          |
| <b>Total revenue</b>                             | <b>3,228,155</b>          | <b>2,713,588</b> | <b>2,813,640</b> | <b>3,002,570</b> | <b>3,092,128</b> | <b>3,210,683</b> | <b>3,331,106</b> | <b>3,485,947</b> | <b>3,638,043</b> | <b>3,778,612</b> | <b>3,928,846</b> |
| <b>Expenditure</b>                               |                           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Employee benefits                                | 525,978                   | 532,424          | 547,375          | 561,303          | 573,497          | 587,076          | 601,979          | 615,135          | 629,648          | 645,548          | 659,834          |
| Depreciation and amortisation                    | 263,831                   | 281,964          | 296,076          | 303,294          | 313,569          | 327,809          | 344,140          | 368,239          | 390,660          | 418,157          | 450,664          |
| Grants, contributions and sponsorship            | 1,260,049                 | 829,613          | 822,413          | 832,681          | 828,522          | 859,060          | 1,033,353        | 1,041,017        | 973,997          | 1,142,371        | 1,132,005        |
| Other operating expenses                         | 481,148                   | 504,656          | 517,240          | 524,840          | 543,056          | 574,661          | 603,528          | 633,766          | 665,813          | 687,391          | 714,477          |
| Finance costs                                    | 425,713                   | 454,348          | 486,082          | 524,720          | 546,900          | 559,235          | 570,294          | 584,053          | 597,563          | 605,029          | 610,995          |
| <b>Total expenses</b>                            | <b>2,956,719</b>          | <b>2,603,005</b> | <b>2,669,186</b> | <b>2,746,838</b> | <b>2,805,544</b> | <b>2,907,841</b> | <b>3,153,294</b> | <b>3,242,210</b> | <b>3,257,681</b> | <b>3,498,496</b> | <b>3,567,975</b> |
| <b>Operating surplus/ (deficit)</b>              | <b>271,436</b>            | <b>110,583</b>   | <b>144,454</b>   | <b>255,732</b>   | <b>286,584</b>   | <b>302,842</b>   | <b>177,812</b>   | <b>243,737</b>   | <b>380,362</b>   | <b>280,116</b>   | <b>360,871</b>   |
| Share of surplus/ (loss) in associates and joint | 2,541                     | 2,884            | 2,436            | 2,388            | 2,742            | (203)            | (3,297)          | (3,390)          | (3,332)          | (3,272)          | (3,212)          |

| \$000<br>Financial year ending 30 June                   | Annual<br>Plan<br>2017/18 | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21   | LTP<br>2021/22 | LTP<br>2022/23 | LTP<br>2023/24   | LTP<br>2024/25 | LTP<br>2025/26 | LTP<br>2026/27   | LTP<br>2027/28 |
|----------------------------------------------------------|---------------------------|----------------|----------------|------------------|----------------|----------------|------------------|----------------|----------------|------------------|----------------|
| ventures                                                 |                           |                |                |                  |                |                |                  |                |                |                  |                |
| <b>Operating surplus/ (deficit) before income tax</b>    | <b>273,977</b>            | <b>113,467</b> | <b>146,890</b> | <b>258,120</b>   | <b>289,326</b> | <b>302,639</b> | <b>174,515</b>   | <b>240,347</b> | <b>377,030</b> | <b>276,844</b>   | <b>357,659</b> |
| Income tax expense                                       | 0                         | 0              | 0              | 0                | 0              | 0              | 0                | 0              | 0              | 0                | 0              |
| <b>Surplus/ (deficit) after income tax</b>               | <b>273,977</b>            | <b>113,467</b> | <b>146,890</b> | <b>258,120</b>   | <b>289,326</b> | <b>302,639</b> | <b>174,515</b>   | <b>240,347</b> | <b>377,030</b> | <b>276,844</b>   | <b>357,659</b> |
| <b>Other comprehensive revenue</b>                       |                           |                |                |                  |                |                |                  |                |                |                  |                |
| Net gain on revaluation of property, plant and equipment | 491,138                   | 0              | 0              | 1,590,231        | 0              | 0              | 1,374,255        | 0              | 0              | 1,451,306        | 0              |
| <b>Total other comprehensive revenue</b>                 | <b>491,138</b>            | <b>0</b>       | <b>0</b>       | <b>1,590,231</b> | <b>0</b>       | <b>0</b>       | <b>1,374,255</b> | <b>0</b>       | <b>0</b>       | <b>1,451,306</b> | <b>0</b>       |
| <b>Total comprehensive revenue/ (expenditure)</b>        | <b>765,115</b>            | <b>113,467</b> | <b>146,890</b> | <b>1,848,351</b> | <b>289,326</b> | <b>302,639</b> | <b>1,548,770</b> | <b>240,347</b> | <b>377,030</b> | <b>1,728,150</b> | <b>357,659</b> |

## Prospective Statement of Changes in Equity

### Auckland Council parent

| \$000<br>Financial year ending 30 June | Annual<br>Plan<br>2017/18 | LTP<br>2018/19    | LTP<br>2019/20    | LTP<br>2020/21    | LTP 2021/22       | LTP 2022/23       | LTP 2023/24       | LTP 2024/25       | LTP 2025/26       | LTP 2026/27       | LTP 2027/28       |
|----------------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Contributed equity</b>              |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Opening balance                        | 26,569,092                | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        |
| Surplus after income tax               | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Other comprehensive revenue            | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total comprehensive revenue</b>     | <b>0</b>                  | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          |
| Transfer to/ (from) reserves           | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Balance as at 30 June</b>           | <b>26,569,092</b>         | <b>26,569,092</b> | <b>26,569,092</b> | <b>26,569,092</b> | <b>26,569,092</b> | <b>26,569,092</b> | <b>26,569,092</b> | <b>26,569,092</b> | <b>26,569,092</b> | <b>26,569,092</b> | <b>26,569,092</b> |
| <b>Accumulated funds</b>               |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Opening balance                        | (878,258)                 | (470,503)         | (360,123)         | (209,577)         | 38,766            | 321,260           | 617,699           | 791,149           | 1,040,605         | 1,429,519         | 1,710,231         |
| Surplus/ (deficit) after income tax    | 273,977                   | 113,466           | 146,892           | 258,120           | 289,327           | 302,640           | 174,515           | 240,347           | 377,031           | 276,844           | 357,662           |
| Other comprehensive revenue            | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total comprehensive expenditure</b> | <b>273,977</b>            | <b>113,466</b>    | <b>146,892</b>    | <b>258,120</b>    | <b>289,327</b>    | <b>302,640</b>    | <b>174,515</b>    | <b>240,347</b>    | <b>377,031</b>    | <b>276,844</b>    | <b>357,662</b>    |
| Transfer to/ (from) reserves           | 9,224                     | (3,086)           | 3,654             | (9,777)           | (6,833)           | (6,201)           | (1,065)           | 9,109             | 11,883            | 11,883            | 11,883            |
| <b>Balance as at 30 June</b>           | <b>(595,057)</b>          | <b>(360,123)</b>  | <b>(209,577)</b>  | <b>38,766</b>     | <b>321,260</b>    | <b>617,699</b>    | <b>791,149</b>    | <b>1,040,605</b>  | <b>1,429,519</b>  | <b>1,710,231</b>  | <b>2,072,527</b>  |
| <b>Reserves</b>                        |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Opening balance                        | 3,199,525                 | 3,771,885         | 3,774,971         | 3,771,317         | 5,371,325         | 5,378,158         | 5,384,359         | 6,759,679         | 6,750,570         | 6,738,687         | 8,186,125         |
| Surplus after income tax               | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Other comprehensive revenue            | 491,138                   | 0                 | 0                 | 1,590,231         | 0                 | 0                 | 1,374,255         | 0                 | 0                 | 1,451,306         | 0                 |
| <b>Total comprehensive revenue</b>     | <b>491,138</b>            | <b>0</b>          | <b>0</b>          | <b>1,590,231</b>  | <b>0</b>          | <b>0</b>          | <b>1,374,255</b>  | <b>0</b>          | <b>0</b>          | <b>1,451,306</b>  | <b>0</b>          |
| Transfer to/ (from) reserves           | (9,224)                   | 3,086             | (3,654)           | 9,777             | 6,833             | 6,201             | 1,065             | (9,109)           | (11,883)          | (3,868)           | (4,634)           |



| \$'000<br>Financial year ending 30 June               | Annual<br>Plan<br>2017/18 | LTP<br>2018/19    | LTP<br>2019/20    | LTP<br>2020/21    | LTP 2021/22       | LTP 2022/23       | LTP 2023/24       | LTP 2024/25       | LTP 2025/26       | LTP 2026/27       | LTP 2027/28       |
|-------------------------------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Balance as at 30 June</b>                          | <b>3,681,439</b>          | <b>3,774,971</b>  | <b>3,771,317</b>  | <b>5,371,325</b>  | <b>5,378,158</b>  | <b>5,384,359</b>  | <b>6,759,679</b>  | <b>6,750,570</b>  | <b>6,738,687</b>  | <b>8,186,125</b>  | <b>8,181,491</b>  |
| <b>Total equity</b>                                   |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Opening balance</b>                                | <b>28,890,359</b>         | <b>29,870,474</b> | <b>29,983,940</b> | <b>30,130,832</b> | <b>31,979,183</b> | <b>32,268,510</b> | <b>32,571,150</b> | <b>34,119,920</b> | <b>34,360,267</b> | <b>34,737,298</b> | <b>36,465,448</b> |
| Surplus/ (deficit) after income tax                   | 273,977                   | 113,466           | 146,892           | 258,120           | 289,327           | 302,640           | 174,515           | 240,347           | 377,031           | 276,844           | 357,662           |
| Other comprehensive revenue                           | 491,138                   | 0                 | 0                 | 1,590,231         | 0                 | 0                 | 1,374,255         | 0                 | 0                 | 1,451,306         | 0                 |
| <b>Total comprehensive revenue/<br/>(expenditure)</b> | <b>765,115</b>            | <b>113,466</b>    | <b>146,892</b>    | <b>1,848,351</b>  | <b>289,327</b>    | <b>302,640</b>    | <b>1,548,770</b>  | <b>240,347</b>    | <b>377,031</b>    | <b>1,728,150</b>  | <b>357,662</b>    |
| Transfer to/ (from) reserves                          | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Balance as at 30 June</b>                          | <b>29,655,474</b>         | <b>29,983,940</b> | <b>30,130,832</b> | <b>31,979,183</b> | <b>32,268,510</b> | <b>32,571,150</b> | <b>34,119,920</b> | <b>34,360,267</b> | <b>34,737,298</b> | <b>36,465,448</b> | <b>36,823,110</b> |

## Prospective Statement of Financial Position

### Auckland Council parent

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18 | LTP<br>2018/19    | LTP<br>2019/20    | LTP<br>2020/21    | LTP<br>2021/22    | LTP<br>2022/23    | LTP<br>2023/24    | LTP<br>2024/25    | LTP<br>2025/26    | LTP<br>2026/27    | LTP<br>2027/28    |
|----------------------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Assets</b>                                |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Current assets</b>                        |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Cash and cash equivalents                    | 215,000                   | 180,000           | 180,000           | 180,000           | 180,000           | 180,000           | 180,000           | 180,000           | 180,000           | 180,000           | 180,000           |
| Receivables and prepayments                  | 201,160                   | 299,221           | 311,719           | 328,099           | 343,364           | 359,516           | 375,938           | 394,024           | 412,643           | 431,401           | 451,258           |
| Other financial assets                       | 185,790                   | 135,850           | 135,850           | 135,850           | 135,850           | 135,850           | 135,850           | 135,850           | 135,850           | 135,850           | 135,850           |
| Inventories                                  | 8,000                     | 11,444            | 11,673            | 11,906            | 12,144            | 12,387            | 12,635            | 12,888            | 13,146            | 13,409            | 13,677            |
| Non-current assets held for sale             | 114,504                   | 34,550            | 50,871            | 49,883            | 35,112            | 36,211            | 36,795            | 36,795            | 36,795            | 36,795            | 36,795            |
| <b>Total current assets</b>                  | <b>724,454</b>            | <b>661,065</b>    | <b>690,113</b>    | <b>705,738</b>    | <b>706,470</b>    | <b>723,964</b>    | <b>741,218</b>    | <b>759,557</b>    | <b>778,434</b>    | <b>797,455</b>    | <b>817,580</b>    |
| <b>Non-current assets</b>                    |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Receivables and prepayments                  | 17,782                    | 4,289             | 4,468             | 4,703             | 4,922             | 5,154             | 5,389             | 5,648             | 5,915             | 6,184             | 6,469             |
| Derivative financial instruments             | 255,000                   | 161,000           | 161,000           | 161,000           | 161,000           | 161,000           | 161,000           | 161,000           | 161,000           | 161,000           | 161,000           |
| Other financial assets                       | 1,627,419                 | 1,943,773         | 2,106,983         | 2,264,933         | 2,456,091         | 2,673,974         | 3,066,036         | 3,391,561         | 3,473,385         | 3,486,956         | 3,493,195         |
| Property, plant and equipment                | 14,236,828                | 15,657,469        | 15,925,220        | 17,723,677        | 17,930,281        | 18,165,449        | 19,892,634        | 20,302,452        | 20,768,152        | 22,655,087        | 23,039,845        |
| Intangible assets                            | 226,220                   | 277,246           | 257,894           | 235,130           | 225,134           | 215,812           | 209,989           | 210,542           | 213,742           | 208,732           | 187,005           |
| Investment property                          | 121,000                   | 162,000           | 162,000           | 162,000           | 162,000           | 162,000           | 162,000           | 162,000           | 162,000           | 162,000           | 162,000           |
| Investments in subsidiaries                  | 21,379,000                | 21,068,000        | 21,068,000        | 21,068,000        | 21,068,000        | 21,068,000        | 21,068,000        | 21,068,000        | 21,068,000        | 21,068,000        | 21,068,000        |
| Investments in associates and joint ventures | 452,940                   | 548,032           | 801,932           | 1,160,732         | 1,494,632         | 1,795,132         | 1,863,282         | 1,725,582         | 1,719,282         | 1,712,982         | 1,706,682         |
| Other non-current assets                     | 2,000                     | 3,000             | 3,000             | 3,000             | 3,000             | 3,000             | 3,000             | 3,000             | 3,000             | 3,000             | 3,000             |
| <b>Total non-current assets</b>              | <b>38,318,189</b>         | <b>39,824,809</b> | <b>40,490,497</b> | <b>42,783,175</b> | <b>43,505,060</b> | <b>44,249,521</b> | <b>46,431,330</b> | <b>47,029,785</b> | <b>47,574,476</b> | <b>49,463,941</b> | <b>49,827,196</b> |
| <b>Total assets</b>                          | <b>39,042,643</b>         | <b>40,485,874</b> | <b>41,180,610</b> | <b>43,488,913</b> | <b>44,211,530</b> | <b>44,973,485</b> | <b>47,172,548</b> | <b>47,789,342</b> | <b>48,352,910</b> | <b>50,261,396</b> | <b>50,644,776</b> |
| <b>Liabilities</b>                           |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Current liabilities</b>                   |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Payables and accruals                        | 625,718                   | 573,015           | 555,709           | 534,236           | 541,958           | 569,907           | 679,254           | 707,715           | 716,699           | 771,954           | 762,043           |

| \$000<br>Financial year ending 30 June | Annual<br>Plan<br>2017/18 | LTP<br>2018/19    | LTP<br>2019/20    | LTP<br>2020/21    | LTP<br>2021/22    | LTP<br>2022/23    | LTP<br>2023/24    | LTP<br>2024/25    | LTP<br>2025/26    | LTP<br>2026/27    | LTP<br>2027/28    |
|----------------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Employee entitlements                  | 57,596                    | 57,560            | 59,176            | 60,682            | 62,000            | 63,468            | 65,079            | 66,501            | 68,070            | 69,789            | 71,333            |
| Borrowings                             | 1,024,285                 | 1,114,930         | 1,196,615         | 1,267,398         | 1,325,936         | 1,382,382         | 1,451,829         | 1,497,276         | 1,520,975         | 1,537,282         | 1,542,195         |
| Derivative financial instruments       | 2,000                     | 2,000             | 2,000             | 2,000             | 2,000             | 2,000             | 2,000             | 2,000             | 2,000             | 2,000             | 2,000             |
| Provisions                             | 62,762                    | 65,806            | 47,705            | 30,411            | 21,983            | 18,375            | 15,633            | 12,942            | 10,700            | 9,314             | 8,662             |
| <b>Total current liabilities</b>       | <b>1,772,361</b>          | <b>1,813,311</b>  | <b>1,861,205</b>  | <b>1,894,727</b>  | <b>1,953,877</b>  | <b>2,036,132</b>  | <b>2,213,795</b>  | <b>2,286,434</b>  | <b>2,318,444</b>  | <b>2,390,339</b>  | <b>2,386,233</b>  |
| <b>Non-current liabilities</b>         |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Payables and accruals                  | 24,200                    | 22,988            | 22,294            | 21,433            | 21,743            | 22,863            | 27,250            | 28,392            | 28,752            | 30,968            | 30,572            |
| Employee entitlements                  | 2,173                     | 2,214             | 2,276             | 2,334             | 2,385             | 2,441             | 2,503             | 2,558             | 2,618             | 2,684             | 2,743             |
| Borrowings                             | 6,802,455                 | 7,694,744         | 8,258,492         | 8,746,993         | 9,150,999         | 9,540,571         | 10,019,851        | 10,333,498        | 10,497,071        | 10,609,611        | 10,643,506        |
| Derivative financial instruments       | 901,000                   | 653,000           | 653,000           | 653,000           | 653,000           | 653,000           | 653,000           | 653,000           | 653,000           | 653,000           | 653,000           |
| Provisions                             | 198,908                   | 315,676           | 252,512           | 191,244           | 161,018           | 147,331           | 136,232           | 125,196           | 115,731           | 109,350           | 105,619           |
| <b>Total non-current liabilities</b>   | <b>7,928,736</b>          | <b>8,688,622</b>  | <b>9,188,574</b>  | <b>9,615,004</b>  | <b>9,989,145</b>  | <b>10,366,206</b> | <b>10,838,836</b> | <b>11,142,644</b> | <b>11,297,172</b> | <b>11,405,613</b> | <b>11,435,440</b> |
| <b>Total liabilities</b>               | <b>9,701,097</b>          | <b>10,501,933</b> | <b>11,049,779</b> | <b>11,509,731</b> | <b>11,943,022</b> | <b>12,402,338</b> | <b>13,052,631</b> | <b>13,429,078</b> | <b>13,615,616</b> | <b>13,795,952</b> | <b>13,821,673</b> |
| <b>Net assets</b>                      | <b>29,341,546</b>         | <b>29,983,941</b> | <b>30,130,831</b> | <b>31,979,182</b> | <b>32,268,508</b> | <b>32,571,147</b> | <b>34,119,917</b> | <b>34,360,264</b> | <b>34,737,294</b> | <b>36,465,444</b> | <b>36,823,103</b> |
| <b>Equity</b>                          |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Contributed equity                     | 26,569,092                | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        | 26,569,092        |
| Accumulated funds                      | (563,317)                 | (360,122)         | (209,578)         | 38,765            | 321,258           | 617,696           | 791,146           | 1,040,602         | 1,429,515         | 1,710,227         | 2,072,520         |
| Reserves                               | 3,335,771                 | 3,774,971         | 3,771,317         | 5,371,325         | 5,378,158         | 5,384,359         | 6,759,679         | 6,750,570         | 6,738,687         | 8,186,125         | 8,181,491         |
| <b>Total ratepayers equity</b>         | <b>29,341,546</b>         | <b>29,983,941</b> | <b>30,130,831</b> | <b>31,979,182</b> | <b>32,268,508</b> | <b>32,571,147</b> | <b>34,119,917</b> | <b>34,360,264</b> | <b>34,737,294</b> | <b>36,465,444</b> | <b>36,823,103</b> |
| Minority interests                     | 0                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total equity</b>                    | <b>29,341,546</b>         | <b>29,983,941</b> | <b>30,130,831</b> | <b>31,979,182</b> | <b>32,268,508</b> | <b>32,571,147</b> | <b>34,119,917</b> | <b>34,360,264</b> | <b>34,737,294</b> | <b>36,465,444</b> | <b>36,823,103</b> |

## Prospective Statement of Cash Flows

### Auckland Council parent

| \$000<br>Financial year ending 30 June                                               | Annual<br>Plan<br>2017/18 | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22     | LTP<br>2022/23     | LTP<br>2023/24     | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|--------------------------------------------------------------------------------------|---------------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|
| <b>Cash flows from operating activities</b>                                          |                           |                  |                  |                  |                    |                    |                    |                  |                  |                  |                  |
| Receipts from rates revenue                                                          | 1,721,646                 | 1,787,040        | 1,867,430        | 1,954,547        | 2,056,235          | 2,161,263          | 2,271,439          | 2,385,458        | 2,507,070        | 2,686,516        | 2,821,915        |
| Receipts from customers and other services                                           | 764,912                   | 629,413          | 606,777          | 684,914          | 682,844            | 680,728            | 673,835            | 693,722          | 699,274          | 707,815          | 717,639          |
| Interest received                                                                    | 108,545                   | 131,272          | 139,082          | 151,800          | 163,481            | 173,918            | 185,605            | 201,681          | 212,132          | 212,196          | 213,312          |
| Dividend received                                                                    | 94,229                    | 94,869           | 96,445           | 99,488           | 102,190            | 105,819            | 109,183            | 112,327          | 115,778          | 118,985          | 122,833          |
| Payments to suppliers and employees                                                  | (2,239,624)               | (1,943,693)      | (1,954,780)      | (1,961,301)      | (1,903,025)        | (1,976,723)        | (2,152,901)        | (2,256,759)      | (2,368,822)      | (2,486,548)      | (2,568,332)      |
| Interest paid                                                                        | (418,118)                 | (449,873)        | (483,978)        | (523,627)        | (546,734)          | (559,910)          | (571,504)          | (585,387)        | (598,945)        | (606,411)        | (612,377)        |
| <b>Net cash from operating activities</b>                                            | <b>31,590</b>             | <b>249,028</b>   | <b>270,976</b>   | <b>405,821</b>   | <b>554,991</b>     | <b>585,095</b>     | <b>515,657</b>     | <b>551,042</b>   | <b>566,487</b>   | <b>632,553</b>   | <b>694,990</b>   |
| <b>Cash flows from investing activities</b>                                          |                           |                  |                  |                  |                    |                    |                    |                  |                  |                  |                  |
| Proceeds from sale of other financial assets                                         | 236,401                   | 0                | 0                | 0                | 0                  | 0                  | 0                  | 0                | 0                | 0                | 0                |
| Acquisition of other financial assets                                                | (6,497)                   | (3,772)          | (3,125)          | (2,361)          | (2,082)            | (2,398)            | (1,910)            | (457)            | (67)             | (328)            | 0                |
| Advances of loans to related parties                                                 | (81,583)                  | (144,831)        | (185,976)        | (212,586)        | (259,266)          | (244,210)          | (371,847)          | (337,764)        | 20,189           | 796              | (8,713)          |
| Sale of property, plant and equipment, investment property and intangible assets     | 114,505                   | 49,337           | 34,550           | 50,871           | 49,883             | 35,111             | 36,211             | 36,794           | 36,794           | 36,794           | 36,794           |
| Purchase of property, plant and equipment, investment property and intangible assets | (511,382)                 | (558,089)        | (501,480)        | (440,745)        | (470,654)          | (514,496)          | (650,802)          | (738,081)        | (808,484)        | (796,123)        | (759,433)        |
| Proceeds from community loan repayments                                              | 2,350                     | 3,025            | 3,885            | 4,815            | 5,484              | 5,380              | 5,263              | 4,972            | 4,809            | 4,461            | 4,555            |
| Investment in associates and joint ventures                                          | 0                         | (234,700)        | (254,100)        | (359,100)        | (333,900)          | (303,500)          | (74,300)           | 131,400          | 0                | 0                | 0                |
| Advances to external parties                                                         | (8,876)                   | (9,962)          | (10,162)         | (6,000)          | (7,000)            | (7,000)            | (7,000)            | (7,000)          | (7,000)          | (7,000)          | (7,000)          |
| <b>Net cash from investing activities</b>                                            | <b>(255,082)</b>          | <b>(898,992)</b> | <b>(916,408)</b> | <b>(965,106)</b> | <b>(1,017,535)</b> | <b>(1,031,113)</b> | <b>(1,064,385)</b> | <b>(910,136)</b> | <b>(753,759)</b> | <b>(761,400)</b> | <b>(733,797)</b> |
| <b>Cash flows from financing activities</b>                                          |                           |                  |                  |                  |                    |                    |                    |                  |                  |                  |                  |
| Proceeds from borrowings                                                             | 1,298,189                 | 1,531,532        | 1,760,362        | 1,755,900        | 1,729,942          | 1,771,954          | 1,931,110          | 1,810,923        | 1,684,548        | 1,649,822        | 1,576,089        |
| Repayment of borrowings                                                              | (1,074,697)               | (1,054,568)      | (1,114,930)      | (1,196,615)      | (1,267,398)        | (1,325,936)        | (1,382,382)        | (1,451,829)      | (1,497,276)      | (1,520,975)      | (1,537,282)      |
| <b>Net cash from financing activities</b>                                            | <b>223,492</b>            | <b>476,964</b>   | <b>645,432</b>   | <b>559,285</b>   | <b>462,544</b>     | <b>446,018</b>     | <b>548,728</b>     | <b>359,094</b>   | <b>187,272</b>   | <b>128,847</b>   | <b>38,807</b>    |

| \$000<br>Financial year ending 30 June                                         | Annual<br>Plan<br>2017/18 | LTP<br>2018/19   | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22 | LTP<br>2022/23 | LTP<br>2023/24 | LTP<br>2024/25 | LTP<br>2025/26 | LTP<br>2026/27 | LTP<br>2027/28 |
|--------------------------------------------------------------------------------|---------------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net increase/(decrease) in cash and cash equivalents and bank overdraft</b> | <b>0</b>                  | <b>(173,000)</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Cash and cash equivalents and bank overdraft at beginning of the year          | 215,000                   | 353,000          | 180,000        | 180,000        | 180,000        | 180,000        | 180,000        | 180,000        | 180,000        | 180,000        | 180,000        |
| <b>Cash and cash equivalents and bank overdrafts at end of the year</b>        | <b>215,000</b>            | <b>180,000</b>   | <b>180,000</b> | <b>180,000</b> | <b>180,000</b> | <b>180,000</b> | <b>180,000</b> | <b>180,000</b> | <b>180,000</b> | <b>180,000</b> | <b>180,000</b> |

## Note 7: Depreciation and amortisation by group of activity

| \$000<br>Financial year ending 30 June        | Annual Plan<br>2017/18 | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|-----------------------------------------------|------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Roads and Footpaths                           | 256,091                | 240,919        | 243,126        | 249,954        | 264,360          | 281,152          | 294,642          | 316,837          | 328,529          | 340,754          | 353,078          |
| Public Transport and travel demand management | 106,884                | 100,318        | 101,237        | 104,080        | 110,079          | 117,071          | 122,688          | 131,930          | 136,799          | 141,889          | 147,021          |
| Wastewater                                    | 130,973                | 143,891        | 145,972        | 148,256        | 164,312          | 168,700          | 174,851          | 201,150          | 209,960          | 216,759          | 243,130          |
| Water supply                                  | 99,011                 | 108,423        | 109,253        | 110,294        | 121,387          | 122,386          | 124,714          | 140,891          | 143,118          | 144,690          | 160,803          |
| Stormwater                                    | 58,484                 | 60,702         | 63,474         | 64,611         | 66,236           | 68,942           | 71,594           | 75,741           | 78,537           | 82,845           | 87,712           |
| Local Council Services                        | 2,893                  | 11,262         | 19,824         | 28,733         | 37,030           | 44,724           | 53,009           | 60,999           | 69,715           | 79,771           | 90,317           |
| Regionally delivered council services         | 200,018                | 205,953        | 206,955        | 202,498        | 201,690          | 204,603          | 209,143          | 220,342          | 230,578          | 243,106          | 259,615          |
| Council controlled services                   | 68,330                 | 71,779         | 85,320         | 89,179         | 91,999           | 94,740           | 97,898           | 94,128           | 94,862           | 98,711           | 101,008          |
|                                               | <b>922,684</b>         | <b>943,247</b> | <b>975,161</b> | <b>997,605</b> | <b>1,057,093</b> | <b>1,102,318</b> | <b>1,148,539</b> | <b>1,242,018</b> | <b>1,292,098</b> | <b>1,348,525</b> | <b>1,442,684</b> |

## 2.3 Financial reporting and prudence benchmarks

### Long-term plan disclosure statement for the period commencing 1 July 2018 to 30 June 2028

#### What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its 10-year budget in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

#### Rates affordability benchmark

For the purposes of this section:

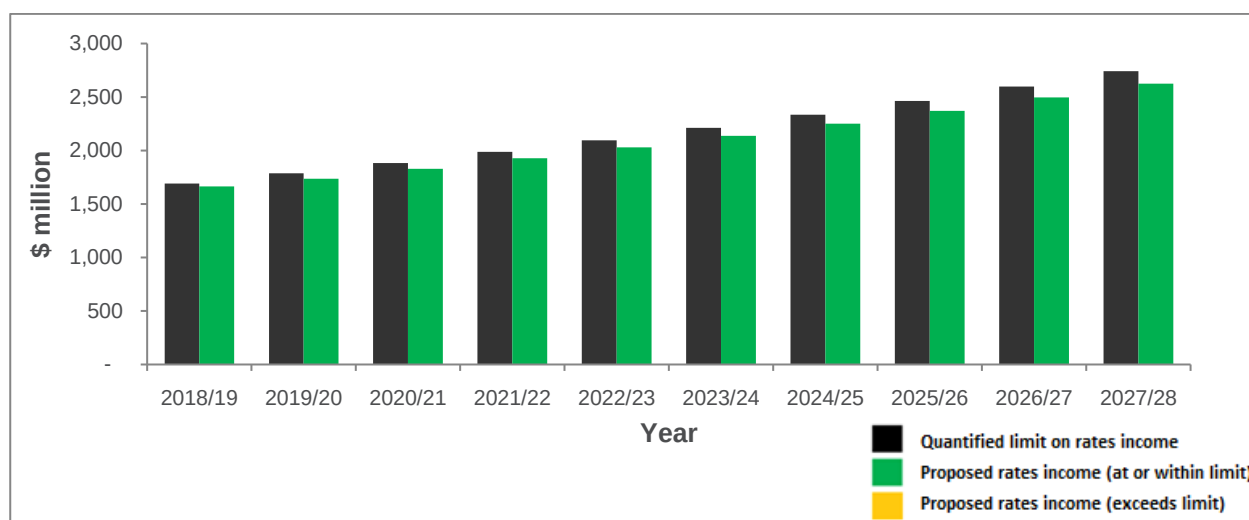
Rates income: General rates including remissions, less any internal rate charges. This does not include income arising from water and wastewater charges and targeted rates.

The group meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

#### Rates (income) affordability

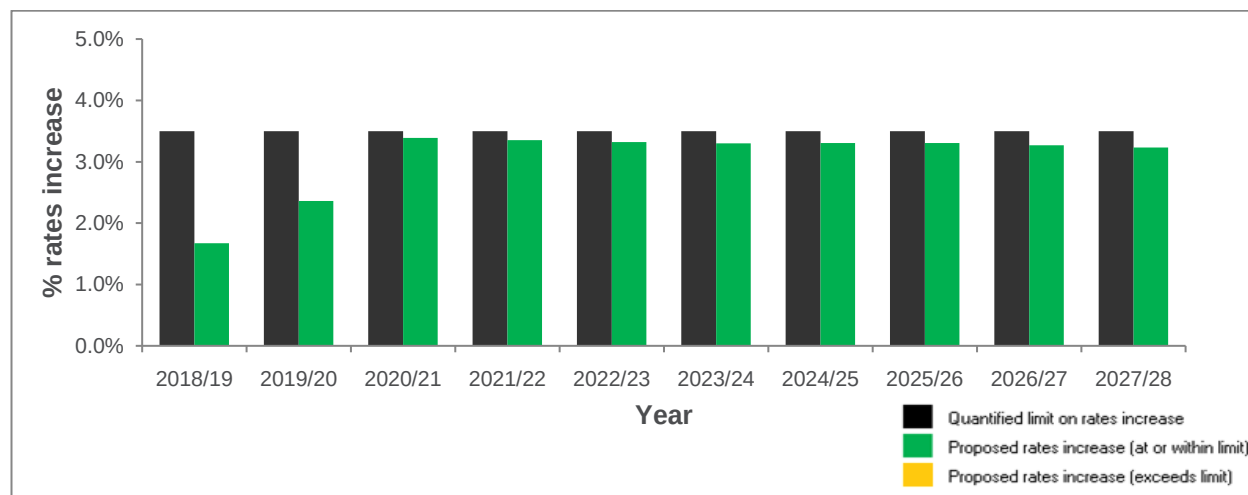
The following graph compares the group's planned rates with the quantified limit on rates contained in the financial strategy included in this 10-year budget. The quantified limit is to maintain average rates increases for existing ratepayers to 3.5 per cent per annum. This limit includes targeted rates that apply generally across Auckland<sup>1</sup> and refers to the overall average increase across all ratepayers (including different ratepayer groups such as business, farm and lifestyle ratepayers). Targeted rates that apply to specific groups of ratepayers are excluded.



<sup>1</sup> Should the proposed regional fuel tax be significantly delayed, this may mean the existing Interim Transport Levy (ITL) is continued in its current form as a temporary measure. This would be excluded from the rates limit.

### Rates (increases) affordability

The following graph compares the group's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this 10-year budget. The quantified limit is to maintain average rates increases for existing ratepayers to 3.5 per cent per annum<sup>2</sup>. This limit includes targeted rates that apply generally across Auckland and refers to the overall average increase across all ratepayers (including different ratepayer groups such as business, farm and lifestyle ratepayers). Targeted rates that apply to specific groups of ratepayers are excluded.



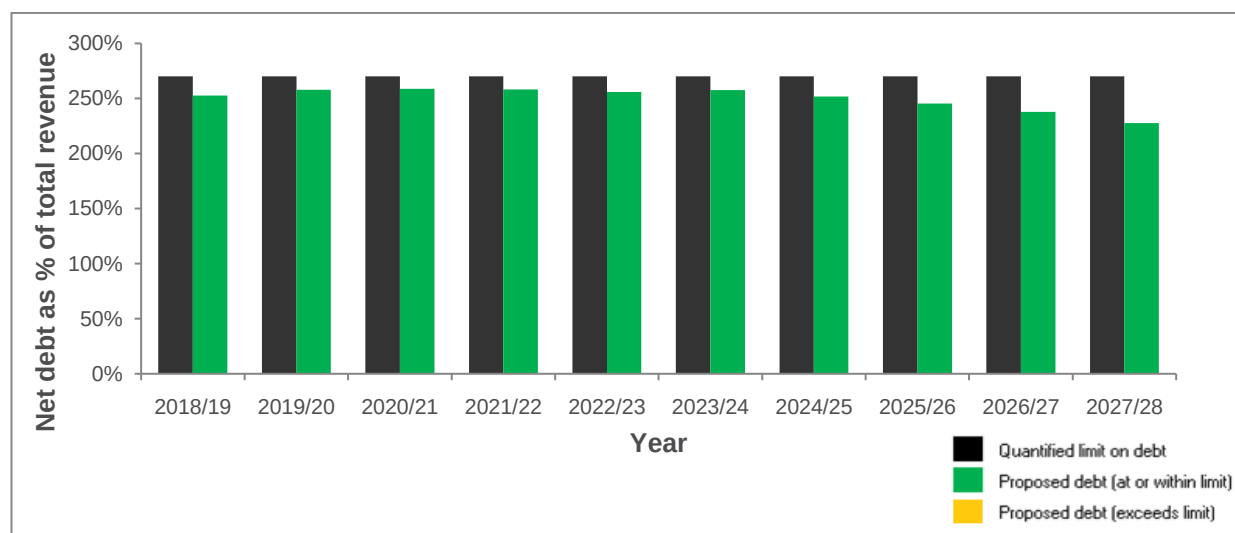
### Debt affordability benchmark

The group meets the debt affordability benchmark if its planned borrowing is within the quantified limit on borrowing.

The following section compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this 10-year budget and council's treasury management policy. The quantified limit is net debt as percentage of total revenue.

#### Net debt as a percentage of total revenue

The following graph shows net debt as a percentage of total revenue. A value less than the quantified limit of 270 per cent indicates compliance with the prudential limit.

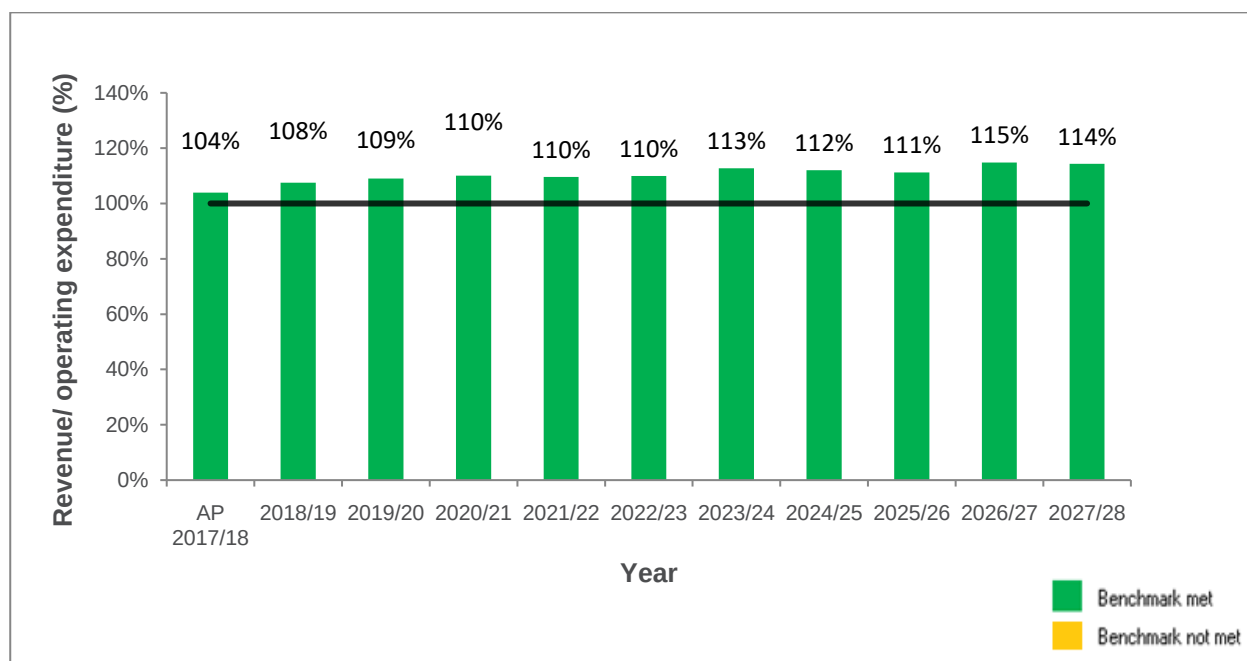


<sup>2</sup> The increases in this chart are lower than the planned general rates increase to existing ratepayers of 2.5% in 2018/19 and 2019/20 and 3.5% thereafter. This is due to the inclusion of targeted rates which are forecast to increase at a lower rate than general rates.



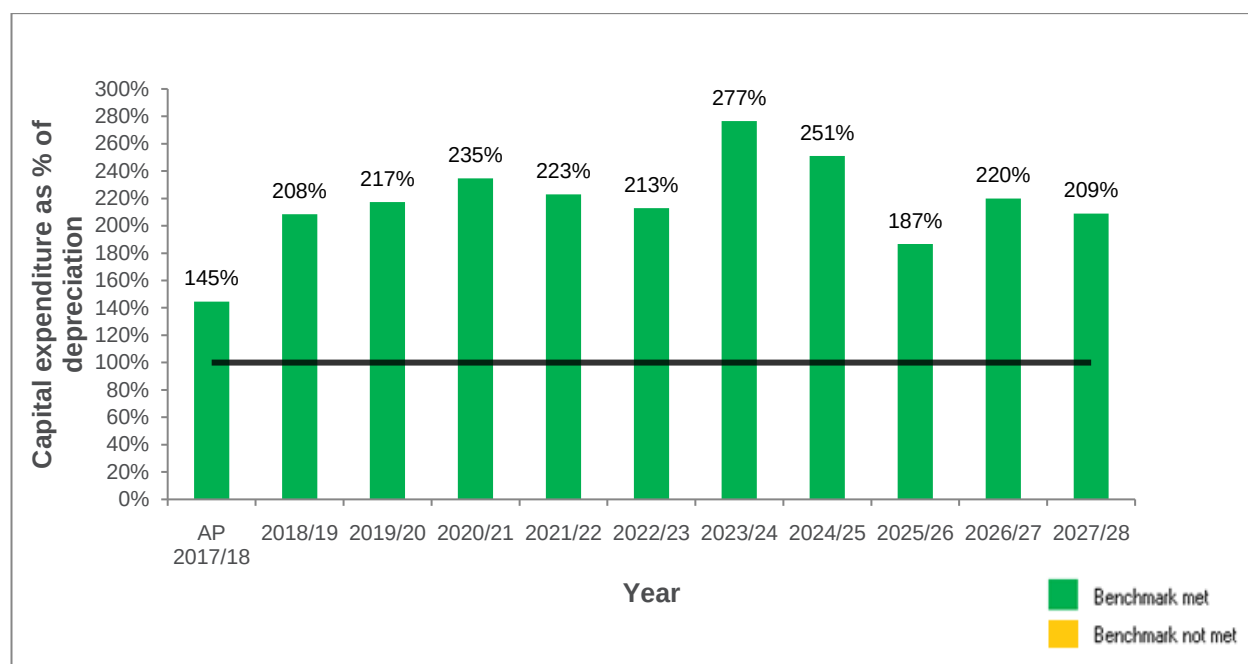
### Balanced budget benchmark

The following graph displays the group's total planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluation of property, plant, or equipment) as a percentage of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The group meets the benchmark if its planned revenue equals or is greater than its planned operating expenses.



### Essential services benchmark

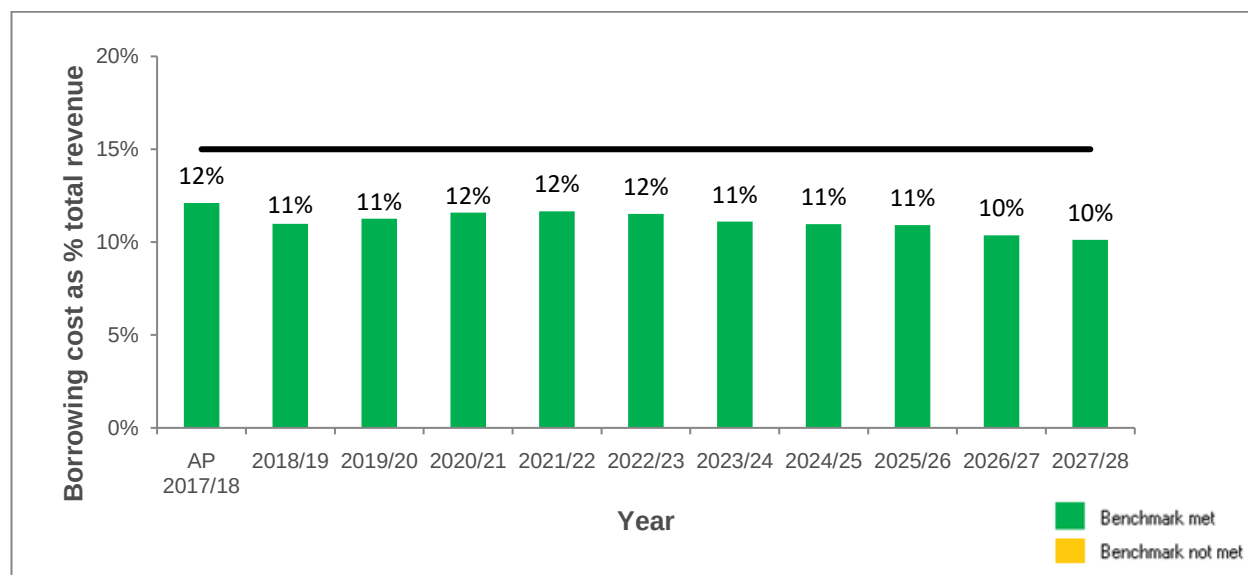
The following graph displays the group's planned capital expenditure on network services as a proportion of expected depreciation on network services. The group meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services. Network services refer to infrastructure related to water supply, sewerage treatment and disposal, stormwater drainage, flood protection and control, roads and footpaths.



### Debt servicing benchmark

The following graph displays the group's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluation of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow faster than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15 per cent of its planned revenue.



# Section 3: Our Activities



## Section 3: Our Activities

### Overview

The following sections describe each of the groups of activities that comprise the council's service delivery. This includes the contributions to Auckland Plan outcomes, the statements of service provision, and financial information presented by activity in table format and by group of activity in funding impact statement format.

#### Summary of revenue and expenditure by group of activity

| For the 10 years 2018/19-2027/28              |                                               |                   |                              |                     |
|-----------------------------------------------|-----------------------------------------------|-------------------|------------------------------|---------------------|
| \$000                                         |                                               |                   |                              |                     |
| Financial year ending 30 June                 |                                               |                   |                              |                     |
| Group of activity                             | Activity                                      | Non-rates revenue | Direct operating expenditure | Capital expenditure |
| Council controlled services                   | Development Auckland                          | 678,838           | 616,168                      | 344,187             |
|                                               | Economic growth and visitor economy           | 171,698           | 716,172                      | 2,182               |
|                                               | Regional facilities                           | 757,933           | 1,065,596                    | 373,702             |
|                                               | Investment                                    | 2,619,864         | 1,224,432                    | 466,462             |
| Local Council Services                        | Local planning and development                | -                 | 306,993                      | 46,422              |
|                                               | Local environmental management                | -                 | 58,226                       | -                   |
|                                               | Local governance                              | -                 | 235,276                      | -                   |
|                                               | Local community services                      | 471,094           | 2,797,537                    | 1,363,157           |
| Regionally delivered council services         | Regional planning                             | 72,253            | 807,269                      | 561,063             |
|                                               | Regulatory services                           | 2,046,115         | 2,109,968                    | 2,349               |
|                                               | Waste services                                | 611,341           | 1,686,599                    | 75,860              |
|                                               | Environmental services                        | 124,722           | 389,556                      | 36,800              |
|                                               | Auckland emergency management                 | -                 | 61,879                       | 5,186               |
|                                               | Organisational support                        | 32,946            | -226,119                     | 578,401             |
|                                               | Regional governance                           | 31,475            | 119,036                      | 65,880              |
|                                               | 3rd party amenity and grant                   | -                 | 948,300                      | -                   |
|                                               | Regional community services                   | 599,104           | 3,214,703                    | 1,891,753           |
| Roads and Footpaths                           | Roads and Footpaths                           | 1,628,462         | 1,941,488                    | 8,217,933           |
| Public Transport and travel demand management | Parking and enforcement                       | 933,270           | 337,933                      | 78,634              |
|                                               | Public transport and travel demand management | 5,750,760         | 7,723,863                    | 1,333,838           |
| Stormwater                                    | Stormwater                                    | 23,736            | 557,967                      | 1,390,078           |
| Wastewater                                    | Wastewater                                    | 4,804,925         | 1,611,660                    | 3,597,890           |
| Water supply                                  | Water supply                                  | 2,698,815         | 961,713                      | 1,850,925           |
| <b>Total</b>                                  |                                               | <b>24,057,351</b> | <b>29,266,214</b>            | <b>22,282,701</b>   |

### **Review of performance measures**

In this document, there have been some changes to the performance targets from previous plans to better reflect what has been historically delivered and what is achievable and realistic within the current scope of the council's services. None of these changes represent a significant change in the service delivery planned by the Auckland Council Group

We are currently reviewing our suite of performance measures alongside the review of the Auckland Plan long term outcomes. This review is intended to align the statements of our levels of service, and the performance measures we use, to the outcomes in the revised Auckland Plan.

## 3.1 Council controlled services

Council controlled services encompass a range of non-infrastructure based activities. Each activity is governed by an independent board of directors or similar governance group. These activities include property development services, provision of major events and major facilities, and commercial investments.

Infrastructure based activities are covered in Section 3.4 Roads and footpaths, Section 3.5 Public transport and travel demand management, Section 3.7 Wastewater treatment and disposal and Section 3.8 Water supply.

### Key Activities

- **Development Auckland**

Facilitates redevelopment and housing intensification activities in priority urban locations (mostly town centres, to create vibrant, liveable places that leverage transport investment and accommodate growth, are delivered by Panuku Development Auckland (Panuku). Panuku creates strategic and commercial value from council's underutilised property portfolio. Across the programme including the waterfront, Panuku facilitates investment through collaboration with the private sector, third-party sector, Iwi and the Crown as partners in urban redevelopment. It manages a property portfolio, much of which is held for future infrastructure or service purposes, undertakes property acquisitions and disposals, and manages a variety of business interests on the council's behalf.

- **Regional facilities**

Auckland Council owns and operates 13 landmark venues and more than 16,500 artworks. The organisation creates exciting, creative and educative experiences for Aucklanders and visitors to our city as it develops and works with the arts, culture and heritage, wildlife conservation, leisure, sport, entertainment and corporate sectors. It offers a wide and unique range of services including art exhibitions, care of wildlife species, event programming and delivery across its venues. These activities are delivered by Regional Facilities Auckland (RFA).

These core services are further supported by conservation, research, industry and talent development, community outreach, public engagement and educational activities across the business. RFA's service delivery model is enabled by its five business brands: Auckland Live, Auckland Art Gallery, Auckland Zoo, Auckland Stadiums and Auckland Conventions. Together they work towards building Auckland's reputation as a world-class city.

- **Economic growth and visitor economy**

Auckland is focusing to grow its visitor economy. As the region's economic development agency, Auckland Tourism, Events and Economic Development (ATEED) works with partners to deliver on multiple objectives such as destination marketing and management, major event attraction, facilitation and delivery, attract business and investment, build a culture of innovation and entrepreneurship, grow and attract skilled talent and promote Auckland's global identity.

- **Investment**

Investment activities are delivered by Auckland Council Investment Limited (ACIL). It holds 100 per cent of the shares in Ports of Auckland Limited (POAL) as well as 22.3 per cent in Auckland International Airport Limited (AIAL), a New Zealand Stock Exchange (NZX) listed entity.

ACIL supports the council's vision and brings a strong commercial focus to the ownership and management of the council's investments in POAL and AIAL to provide an efficient structure for the ownership of these assets.

## How these activities drive Auckland Plan outcomes

|                                                                                                                                     |                                                                                                                                                                                          |                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Belonging &amp; participation</b></p>       | <p>All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential.</p>                                          | <ul style="list-style-type: none"> <li>funding events and other initiatives that celebrate and showcase Auckland's diversity</li> </ul>                                                                                                    |
|  <p><b>Opportunity &amp; prosperity</b></p>        | <p>Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.</p>                                                                             | <ul style="list-style-type: none"> <li>delivering projects and initiatives that highlight Auckland's profile which help to attract investment in areas that support business, innovation and productivity</li> </ul>                       |
|  <p><b>Environment &amp; cultural heritage</b></p> | <p>Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.</p> | <ul style="list-style-type: none"> <li>Provision of Auckland Art Gallery and its range of exhibitions and programmes</li> <li>Inclusion of art and cultural input into urban development and events</li> </ul>                             |
|  <p><b>Transport &amp; access</b></p>              | <p>Aucklanders will be more easily able to get to where they want to go, and will have choices about how they get around.</p>                                                            | <ul style="list-style-type: none"> <li>Urban design in regeneration projects which facilitates all modes of transport</li> </ul>                                                                                                           |
|  <p><b>Homes &amp; places</b></p>                | <p>Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public places.</p>                                                                 | <ul style="list-style-type: none"> <li>delivering projects and initiatives that unlock development opportunities and encourage development at scale</li> </ul>                                                                             |
|  <p><b>Māori identity &amp; wellbeing</b></p>    | <p>A thriving Māori identity is Auckland's point of difference in the world that advances prosperity for Māori and benefits all Aucklanders.</p>                                         | <ul style="list-style-type: none"> <li>adoption of Te Aranga Māori Design Principles and Te Reo Māori policy – both support the use of Māori design and te reo Māori in council infrastructure, communications and publications</li> </ul> |

## Key projects

### Development Auckland

Over the 10 years of this LTP, Panuku will:

- Facilitate projects that will deliver 10,000 additional housing units, including affordable housing, in partnership with private sector, Crown, Iwi and third-party sector.
- Regenerate town centres through public realm upgrades, such as improving connections, cycling and walking links and environmental enhancement, activation and other initiatives, increasing the vibrancy, safety and success of the centres.
- Lead the delivery of infrastructure for the America's Cup.
- Complete legacy commercial projects in City Centre, Wynyard Quarter, Hobsonville and Ormiston, attracting significant private investment.
- Deliver new social housing units for older people as part of the redevelopment of the Haumaru Portfolio working closely with the service provider Haumaru Housing Ltd.
- Accelerate planning for the development of the waterfront park on Wynyard Point and the next phase of commercial mixed use development.



- Acquire strategic sites to add strategic and commercial value to council underutilised sites and improve urban development outcomes.
- Optimise the return to Council from both disposal programme and management of the non-service property portfolio.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                                                               | Performance measure                                                                                                | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|--------------------------------|
|                                                                                                                                                          |                                                                                                                    |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.)        |
| Properties managed for Auckland Council and Auckland Transport achieve optimum net returns and are maintained to be fit for purpose                      | Return on Investment on like for like properties <sup>(1)</sup>                                                    | 3.1%           | 2.2%                       | 2.25%                             | 1.75%   | 1.75%   | Reducing from 1.75% to 1.25%   |
| Properties managed for Auckland Council and Auckland Transport achieve optimum net returns and are maintained to be fit for purpose                      | Occupancy rate for tenatable properties                                                                            | 98%            | 95%                        | 95%                               | 95%     | 95%     | 95%                            |
| Deliver initiatives to make the waterfront dynamic, well-connected, culturally-rich, safe and sustainable, for the enjoyment of Aucklanders and visitors | Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront | 93%            | 75%                        | 80%                               | 80%     | 80%     | 80%                            |
|                                                                                                                                                          | Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year                    | 73%            | 73%                        | 73%                               | 73%     | 73%     | 73%                            |
|                                                                                                                                                          | Number of significant Māori initiatives implemented per annum                                                      | 48             | 52                         | 50                                | 52      | 54      | Increasing from 56 to 78       |
|                                                                                                                                                          |                                                                                                                    |                |                            |                                   |         |         |                                |
| Enhance and manage assets and services in a way that attracts private investment and optimises financial returns, for the benefit of Auckland Council    | Return on Equity on commercial assets and services                                                                 | 12.7%          | 8.1%                       | 8.25%                             | 8.25%   | 8.25%   | Increasing from 8.25% to 8.75% |

| Level of service statement                                   | Performance measure                                                                    | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                              |                                                                                        |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Provide a safe marina environment and world class facilities | Percentage of customers surveyed satisfied overall with marina facilities and services | 93%            | 75%                        | 85%                               | 85%     | 85%     | 85%                     |

**Note to the previous table:**

1. Like for like relates to the comparison of Net Return on properties as at 30 June of the reporting period with those same properties as at the same date two years prior.

## Regional facilities

Over the 10 years of this LTP, RFA will:

- Continue the delivery of Auckland Zoo's essential renewals programme aimed at addressing ageing infrastructure at the zoo, changing requirements for animal care and the need to modernise facilities for customer convenience.
- Complete the refurbishment of the Aotea Centre to address weather tightness issues and provide an aesthetic facelift while meeting current building codes.
- Improve safety of visitors, staff, animals and assets through investment in security infrastructure and health and safety across all venues.
- Continue the improvement to Auckland Stadiums network utilisation and financial sustainability through rationalisation, key strategic investments and carrying out essential renewals on the ageing infrastructure.
- Strategic operational and capital improvements to meet customer expectations across all brands and venues.
- Carry out a programme of essential renewals work across all venues so that facilities remain fit for purpose and they meet expected levels of service and customer expectations.
- Work with Auckland Council to establish a future-proofed storage facility for Auckland Art Gallery's growing art collections.

## Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                             | Performance measure                                                   | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |           |           |                         |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|-----------|-----------|-------------------------|
|                                                                                        |                                                                       |                |                            | 2018/19                           | 2019/20   | 2020/21   | 2021/22-2027/28 (p. a.) |
| We bring people together and help provide identity through memorable stadium events    | Number of Commercial Event Days at Stadiums <sup>(1)</sup>            | 467            | 785                        | 443                               | 443       | 443       | 443                     |
|                                                                                        | Number of Community Event Days at Stadiums <sup>(2)</sup>             | 532            | 980                        | 645                               | 645       | 645       | 645                     |
|                                                                                        | Visitor Satisfaction with experience at Auckland Stadiums             | 82%            | 88%                        | 88%                               | 88%       | 88%       | 88%                     |
| We care for our collections for today and for future generations to enjoy and to bring | Total number of visitors to the Auckland Zoo and Auckland Art Gallery | 1,204,433      | 1,170,000                  | 1,170,000                         | 1,170,000 | 1,170,000 | 1,170,000               |

| Level of service statement                                                                                                                                            | Performance measure                                                                     | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                                                       |                                                                                         |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| cultural awareness of Art and Wildlife to Auckland and its visitors                                                                                                   | Visitor Satisfaction with experience at Auckland Zoo and the Auckland Art Gallery       | 90%            | 90%                        | 90%                               | 90%     | 90%     | 90%                     |
|                                                                                                                                                                       | Number of Māori programmes annually at Auckland Art Gallery                             | 18             | 10                         | 10                                | 10      | 10      | 10                      |
| Provider of Convention events and live arts and entertainment experiences for Aucklanders and visitors to our city<br>Leader of arts and entertainment in New Zealand | Number of publically available Performing Arts Performances programmed by Auckland Live | 1074           | 830                        | 835                               | 835     | 835     | 835                     |
|                                                                                                                                                                       | Visitor Satisfaction with experience at Auckland Live Events                            | 90%            | 90%                        | 90%                               | 90%     | 90%     | 90%                     |

**Notes to table:**

1. A commercial event day is either a public ticketed event, a non-ticketed event organised by profit focused entities such as sport franchisee, national/ provincial sports organisations, or a major concert.
2. Examples are free access to sporting clubs, school athletics events, training sessions etc.

## Economic growth and visitor economy

Over the 10 years of the LTP, ATEED's key initiatives are:

- Growing the value of Auckland's visitor economy by implementing the Destination Auckland strategy and through major events such as Pasifika Festival Auckland and the ITM SuperSprint, and by working in partnership with the accommodation sector to develop specific initiatives funded by the Accommodation Provider Targeted Rate.
- Working with central government, corporates, education and health providers, and the Auckland Council group to support local economic and employment outcomes across Auckland, with a focus on area-based initiatives such as the Southern Initiative.
- Supporting Auckland businesses to grow by connecting them to support, such as the Regional Business Partner Programme, that builds their capability, enhances export performance and helps them prepare for technological change and disruption.
- Supporting jobs and skills matching initiatives such as Jobfest to assist Aucklanders who are not currently in the workforce or who are underemployed to access employment and progression opportunities in growing sectors and associated development projects.
- Working with partners to develop and deliver initiatives that promote Māori Economic Development, with a focus on building an eco-system of support for Māori businesses, developing the Māori creative sector, and developing youth entrepreneurship and employment pathways.
- Continuing the development and implementation of the Wynyard Quarter Innovation Precinct, focusing on the management and strategic leasing of the GridAKL buildings (Lysaght, Mason Brothers, and 12 Madden Street buildings), and the development of services and a network of affiliated partner organisations, with the objective of growing businesses, creating jobs and building Auckland's culture of innovation and entrepreneurship.

## Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                                                                                          | Performance measure                                                                                                                      | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                                                                     |                                                                                                                                          |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Promote and develop Auckland as a national and international visitor and business destination, including through the attraction, facilitation, funding and delivery of major events | Contribution to regional GDP from major events invested in                                                                               | \$75m          | \$49m                      | \$86m                             | \$86m   | \$86m   | \$86m                   |
|                                                                                                                                                                                     | Percentage of customers satisfied with delivered major events                                                                            | 89%            | 85%                        | 85%                               | 85%     | 85%     | 85%                     |
| Deliver information, advice, programmes and initiatives to attract and develop investment, businesses and a skilled workforce                                                       | Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention <sup>(1)</sup><br><sup>(2)</sup> | 4,178          | 1,500                      | 3000                              | 3000    | 3000    | 3000                    |
|                                                                                                                                                                                     | Facilitation of the establishment of foreign companies operations, or investment in Auckland                                             | 6              | 5                          | 5                                 | 5       | 5       | 5                       |

### Notes to table:

- This is an annual target.
- The measure includes only businesses that went through an ATEED programme or intervention and doesn't capture the wider downstream benefits of each intervention. It also excludes individuals or entrepreneurs measured separately. Businesses that have been involved in multiple ATEED interventions/ programmes are only counted once.

## Investment

ACIL focuses on maximising its contribution to the Auckland economy through the investments it owns and provides substantial financial returns, which are financially sustainable in the long term, to the council.

## Performance information

We will measure performance against the following levels of service:

| Level of service statement                     | Performance measure                   | Actual 2016/17       | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |                  |                  |                         |
|------------------------------------------------|---------------------------------------|----------------------|----------------------------|-----------------------------------|------------------|------------------|-------------------------|
|                                                |                                       |                      |                            | 2018/19                           | 2019/20          | 2020/21          | 2021/22-2027/28 (p. a.) |
| Manage council investments to optimise returns | Return on equity (ROE) for ACIL group | 10.3% <sup>(1)</sup> | 11.5%                      | Between 8%-13.5%                  | Between 8%-13.5% | Between 8%-13.5% | Between 8%-13.5%        |

### Note to table:

- 2016 ROE includes asset revaluations at both AIAL and POAL; excluding revaluations, the 2016 ROE was 8.6%. In 2017 AIAL did not revalue their property, plant and equipment and POAL only revalued its land.

## Significant negative effects

There are no significant negative effects associated with these activities, but there are some negative effects arising from these activities.

| Negative effects                                                                                                                                                                                                                                                                                                                                                                                                                   | Our response                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Large commercial operations, such as forestry, landfills and quarries, will place a burden on infrastructure such as roading and have an effect on the natural environment through the contamination of soil and water, destruction of vegetation, dust and loud noise pollution.                                                                                                                                                  | We will use an aftercare fund (for ecological restoration), traffic management plans, health and safety plans, resource consent conditions and regular monitoring to ensure compliance and minimise impact.                                                                                                      |
| Large urban redevelopment projects may result in some negative impacts on existing residents and businesses, such as travel and business disruption and noise during construction, or changes in land use and activity. A number of these are addressed as part of business as usual activities such as stakeholder communication and engagement, traffic management, resource consent conditions (e.g. noise and dust) and other. | Through working closely with Local Board's and stakeholders and delivering on council-endorsed plans, we're committed to minimising the detrimental effects of redevelopment projects in line with legislative requirements and best practice. The outcomes and impacts of development programmes are monitored. |
| The large renewals projects may result in a range of negative impacts from noise and travel disruption through to environmental damage.                                                                                                                                                                                                                                                                                            | We're committed to minimising the detrimental effects of these renewals projects in line with legislative requirements and best practice.                                                                                                                                                                        |
| Events can cause some inconvenience for some members of the community due to noise, restriction of traffic movement and adverse environmental effects such as littering.                                                                                                                                                                                                                                                           | Events are managed and monitored to ensure event organisers manage the potential for inconvenience to a minimum via waste management plans, traffic management plans and compliance with event-specific consent conditions.                                                                                      |
| There could be some negative effects arising from the activities undertaken by the entities in which ACIL is investing.                                                                                                                                                                                                                                                                                                            | We will closely monitor our investments and use our rights as a shareholder to mitigate any negative effects.                                                                                                                                                                                                    |

## Māori identity and wellbeing outcomes

Council controlled services helps deliver thriving Māori wellbeing and a Māori identity that is Auckland's point of difference in the world in the following ways:

### An Empowered Organisation

Our people, policies and processes will support Māori in exercising leadership in matters that affect them. Our people, policies and processes will value Te Ao Māori, enable Te Tiriti o Waitangi, fulfill statutory obligations, and enable Māori outcomes.

### Effective Participation

We will invest in rangitira ki te rangatira relationships that provide Māori opportunity to participate in decision making and provide for Māori customary rights. We will support rangatahi by developing leadership opportunities for them. We recognise Te Tiriti o Waitangi/the Treaty of Waitangi as the bi-cultural foundation for a multi-cultural Auckland.

### Strong Maori Communities

We will enable a thriving Māori identity through investing in Māori events and culture. This includes reflecting mana whenua matauranga and Māori design principles throughout Auckland, hearing and speaking Te Reo, empowering Marae, and supporting the development of housing that suits the needs of Māori, including papakainga development.

## Financial information

| Activity                                   | Operating cost and revenue \$000<br>Financial year ending 30 June | 2017/18 | Year 1<br>2018/19 | Year 2<br>2019/20 | Year 3<br>2020/21 | Year 4-10<br>2021/22-2027/28 | Total     |
|--------------------------------------------|-------------------------------------------------------------------|---------|-------------------|-------------------|-------------------|------------------------------|-----------|
| <b>Development Auckland</b>                | Non-rates revenue                                                 | 67,168  | 62,901            | 63,883            | 64,694            | 487,360                      | 678,838   |
|                                            | Direct operating expenditure*                                     | 58,867  | 55,994            | 56,755            | 57,752            | 445,666                      | 616,168   |
|                                            | Capital expenditure                                               | 117,871 | 107,673           | 58,424            | 32,621            | 145,470                      | 344,187   |
| <b>Economic growth and visitor economy</b> | Non-rates revenue                                                 | 15,424  | 15,686            | 16,000            | 16,319            | 123,692                      | 171,698   |
|                                            | Direct operating expenditure*                                     | 64,196  | 65,405            | 66,714            | 68,048            | 516,005                      | 716,172   |
|                                            | Capital expenditure                                               | 6,299   | 193               | 198               | 204               | 1,587                        | 2,182     |
| <b>Regional facilities</b>                 | Non-rates revenue                                                 | 67,873  | 69,260            | 70,580            | 72,001            | 546,093                      | 757,933   |
|                                            | Direct operating expenditure*                                     | 92,605  | 97,142            | 99,201            | 101,169           | 768,083                      | 1,065,596 |
|                                            | Capital expenditure                                               | 53,600  | 76,499            | 30,000            | 23,000            | 244,202                      | 373,702   |
| <b>Investment</b>                          | Non-rates revenue                                                 | 216,225 | 227,579           | 243,129           | 250,339           | 1,898,817                    | 2,619,864 |
|                                            | Direct operating expenditure*                                     | 113,341 | 119,826           | 114,183           | 116,067           | 874,356                      | 1,224,432 |
|                                            | Capital expenditure                                               | 184,271 | 132,761           | 44,749            | 20,737            | 268,215                      | 466,462   |

\*Direct operating expenditure does not include interest and depreciation.

## Prospective Funding Impact Statement

| \$000<br>Financial year ending 30 June                                  | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22 | LTP<br>2022/23 | LTP<br>2023/24 | LTP<br>2024/25 | LTP<br>2025/26 | LTP<br>2026/27 | LTP<br>2027/28 |
|-------------------------------------------------------------------------|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sources of operating funding:</b>                                    |                                          |                |                |                |                |                |                |                |                |                |                |
| General rates, UAGCs, rates penalties                                   | 41,117                                   | 51,698         | 61,469         | 65,622         | 68,340         | 69,196         | 71,135         | 68,508         | 68,107         | 66,721         | 63,907         |
| Targeted rates                                                          | 13,450                                   | 13,679         | 13,952         | 14,231         | 14,516         | 14,806         | 15,102         | 15,404         | 15,712         | 16,027         | 16,347         |
| Subsidies and grants for operating purposes                             | 3,740                                    | 3,257          | 3,333          | 3,409          | 3,488          | 3,569          | 3,652          | 3,737          | 3,824          | 3,913          | 4,004          |
| Fees and charges                                                        | 266,301                                  | 287,356        | 304,290        | 313,722        | 321,085        | 327,343        | 334,108        | 341,683        | 348,522        | 355,881        | 363,421        |
| Internal charges and overheads recovered                                | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Local authorities fuel tax, fines, infringement fees and other receipts | 153,133                                  | 156,072        | 156,469        | 155,778        | 161,290        | 176,798        | 162,386        | 180,114        | 159,413        | 169,827        | 166,880        |
| <b>Total operating funding</b>                                          | <b>477,741</b>                           | <b>512,062</b> | <b>539,513</b> | <b>552,762</b> | <b>568,719</b> | <b>591,712</b> | <b>586,383</b> | <b>609,446</b> | <b>595,578</b> | <b>612,369</b> | <b>614,559</b> |
| <b>Applications of operating funding:</b>                               |                                          |                |                |                |                |                |                |                |                |                |                |
| Payment to staff and suppliers                                          | 309,963                                  | 338,371        | 336,855        | 343,037        | 350,502        | 357,225        | 364,634        | 371,971        | 379,142        | 386,601        | 394,045        |
| Finance costs                                                           | 56,653                                   | 60,876         | 70,627         | 71,200         | 70,350         | 69,384         | 69,434         | 69,271         | 67,757         | 65,062         | 62,258         |
| Internal charges and overheads applied                                  | 2,343                                    | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other operating funding applications                                    | 7,763                                    | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total applications of operating funding</b>                          | <b>376,722</b>                           | <b>399,247</b> | <b>407,482</b> | <b>414,237</b> | <b>420,852</b> | <b>426,609</b> | <b>434,068</b> | <b>441,242</b> | <b>446,899</b> | <b>451,663</b> | <b>456,303</b> |
| <b>Surplus (deficit) of operating funding</b>                           | <b>101,019</b>                           | <b>112,815</b> | <b>132,031</b> | <b>138,525</b> | <b>147,867</b> | <b>165,103</b> | <b>152,315</b> | <b>168,204</b> | <b>148,679</b> | <b>160,706</b> | <b>158,256</b> |
| <b>Sources of capital funding:</b>                                      |                                          |                |                |                |                |                |                |                |                |                |                |
| Subsidies and grants for capital expenditure                            | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|----------------------------------------------|------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Development and financial contributions      | 2,837                                    | 3,504            | 3,504            | 3,724            | 3,547            | 3,598            | 3,599            | 3,599            | 3,598            | 3,570            | 3,560            |
| Increase (decrease) in debt                  | 174,676                                  | 151,470          | (36,713)         | (116,558)        | (114,446)        | (116,992)        | (57,967)         | (101,006)        | (105,088)        | (120,323)        | (119,290)        |
| Gross proceeds from sale of assets           | 114,505                                  | 49,337           | 34,550           | 50,871           | 49,883           | 35,111           | 36,211           | 36,794           | 36,794           | 36,794           | 36,794           |
| Lump sum contributions                       | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other dedicated capital funding              | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total sources of capital funding</b>      | <b>292,018</b>                           | <b>204,311</b>   | <b>1,341</b>     | <b>(61,963)</b>  | <b>(61,016)</b>  | <b>(78,283)</b>  | <b>(18,157)</b>  | <b>(60,613)</b>  | <b>(64,696)</b>  | <b>(79,959)</b>  | <b>(78,936)</b>  |
| <b>Application of capital funding:</b>       |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital expenditure:                         |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| - to meet additional demand                  | 220,305                                  | 163,932          | 60,537           | 21,968           | 16,371           | 14,035           | 41,539           | 29,663           | 14,213           | 14,499           | 14,790           |
| - to improve the level of service            | 94,623                                   | 57,903           | 24,133           | 21,624           | 19,009           | 15,499           | 16,321           | 5,577            | 6,354            | 6,474            | 6,595            |
| - to replace existing assets                 | 78,109                                   | 95,291           | 48,702           | 32,970           | 51,471           | 57,286           | 76,298           | 72,351           | 63,416           | 59,774           | 57,935           |
| Increase (decrease) in reserves              | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Increase (decrease) in investments           | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total applications of capital funding</b> | <b>393,037</b>                           | <b>317,126</b>   | <b>133,372</b>   | <b>76,562</b>    | <b>86,851</b>    | <b>86,820</b>    | <b>134,158</b>   | <b>107,591</b>   | <b>83,983</b>    | <b>80,747</b>    | <b>79,320</b>    |
| <b>Surplus (deficit) of capital funding</b>  | <b>(101,019)</b>                         | <b>(112,815)</b> | <b>(132,031)</b> | <b>(138,525)</b> | <b>(147,867)</b> | <b>(165,103)</b> | <b>(152,315)</b> | <b>(168,204)</b> | <b>(148,679)</b> | <b>(160,706)</b> | <b>(158,256)</b> |
| <b>Funding balance</b>                       | <b>0</b>                                 | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |



## 3.2 Local council services

Local council services focus on activities governed locally by Auckland Council's 21 Local Boards. While primarily centring on community services and public spaces, these services also include programmes to improve local environmental and economic development outcomes.

### Key activities

- **Local planning and development**

Local planning and development includes local business area planning, local street environment and town centres and local environment and heritage protection. These activities are economic, environmental, heritage and spatial projects, and enable plans for and delivery of great local places.

- **Local environmental management**

Local environmental management activities includes local habitat restoration, species management, native planting, water quality improvements, support for community environmental advocacy, local low carbon, sustainability and zero waste activities and local environmental education programmes.

- **Local governance**

Local governance activities support our 21 local boards to engage with and represent their communities, make decisions on local activities and support local board input into regional plans, policies and strategies. This support also includes providing strategic advice, leadership of the preparation of local board plans, support in developing Local Board Agreements, community engagement including relationships with mana whenua and Māori communities, and democracy and administrative support.

- **Local community services**

Local community services contribute to community wellbeing and a sense of belonging by increasing participation in local events, programmes and activities, across library information and literacy services, arts and culture, parks sport and recreation, events facilitation and provision of community centres and venues.

Community-led action and volunteering is supported through provision of local grants programmes, community leases, advice and activities where local communities or communities of interest can get involved and shape the way we deliver services or provide community assets.

Celebrating our cultural heritage means Auckland has a unique point of difference. Investment in dual-naming (Te Reo and English) of our libraries, community facilities, parks and landmarks connects us with the rich history of Auckland as a place, while programmes such as Auckland Libraries Dare to Explore summer reading programme (provided in English and Te Reo) mean all Aucklanders have opportunities to learn our official language.

## How these activities drive Auckland Plan outcomes

|                                                                                                                                     |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Belonging &amp; participation</b></p>       | <p>All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential.</p>                                          | <ul style="list-style-type: none"> <li>• provision of social policy</li> <li>• supporting community organisations and providing community facilities and services</li> <li>• funding events and other initiatives that celebrate and showcase Auckland's diversity</li> <li>• encouraging participation in the decision-making process by a range of diverse groups and communities through advisory panels.</li> </ul> |
|  <p><b>Opportunity &amp; prosperity</b></p>        | <p>Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.</p>                                                                             | <ul style="list-style-type: none"> <li>• providing services that encourage lifelong learning and training with a focus on those most in need.</li> </ul>                                                                                                                                                                                                                                                                |
|  <p><b>Environment &amp; cultural heritage</b></p> | <p>Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.</p> | <ul style="list-style-type: none"> <li>• delivering projects and initiatives that protect and enhance the environment and cultural heritage</li> <li>• encouraging environmental stewardship by the community.</li> </ul>                                                                                                                                                                                               |
|  <p><b>Transport &amp; access</b></p>             | <p>Aucklanders will be more easily able to get to where they want to go, and will have choices about how they get around.</p>                                                            | <ul style="list-style-type: none"> <li>• Local planning considers accessibility and transport outcomes.</li> </ul>                                                                                                                                                                                                                                                                                                      |
|  <p><b>Homes &amp; places</b></p>                | <p>Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public places.</p>                                                                 | <ul style="list-style-type: none"> <li>• delivering projects and initiatives that provide public places and spaces.</li> </ul>                                                                                                                                                                                                                                                                                          |
|  <p><b>Māori identity &amp; wellbeing</b></p>    | <p>A thriving Māori identity is Auckland's point of difference in the world that advances prosperity for Māori and benefits all Aucklanders.</p>                                         | <ul style="list-style-type: none"> <li>• provision of support to co-governance and co-management arrangements.</li> </ul>                                                                                                                                                                                                                                                                                               |

## Key projects

### Local planning and development

- Developing plans for town centres and local areas
- Identifying and protecting heritage places and providing heritage advice.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                       | Performance measure                                                                                                     | Locality of the measure | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                  |                                                                                                                         |                         |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Develop local business precincts and town centres as great places to do business | Percentage of Business Associations meeting their Business Improvement District (BID) Partnership Programme obligations | Region-wide             | 98%            | 100%                       | 100%                              | 100%    | 100%    | 100%                    |

### Local environmental management

- Continue to work closely with community groups and iwi to improve water quality and biodiversity through local board investment, for example through the North West Wild Link, Industry Pollution Prevention Programmes and local restoration activities.
- Ongoing delivery of local board funded ecological restoration or water quality initiatives.
- Supporting local Pest Free Auckland initiatives such as community rat and possum trappers, weed control and community restoration groups.
- Localised Low Carbon Programmes to support local actions at a household level such as Healthy Rentals, Love Your Neighbourhood, Eco Neighbourhoods and Low Carbon Networks.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                                           | Performance measure                                                                        | Locality of the measure | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                      |                                                                                            |                         |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Provide leadership & support to protect and conserve the region's natural environment, historic heritage and Māori cultural heritage | Proportion of local programmes that deliver intended environmental actions and/or outcomes | Region-wide             | 96%            | 86%                        | 97%                               | 97%     | 97%     | 97%                     |

### Local governance

- Develop and deliver three-yearly local board plans.
- Develop annual local board agreements (budgets).
- Develop and deliver a three year development programme for all elected members.

- Support local boards input into regional strategies, policies and plans.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement     | Performance measure | Locality of the measure | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|--------------------------------|---------------------|-------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                |                     |                         |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Local governance – no measures |                     |                         |                |                            |                                   |         |         |                         |

### Local community services

Focus on improving service to customers by:

- Joining up our services and programmes in new facilities so that customers can access literacy, learning, arts and cultural programmes, community networking spaces, public information and wider council services from three multipurpose library and community hubs at Westgate, Takanini and Flatbush.
- Making it easy for people to get out and about and be physically active by continuing our walkway and trail programme with further development of the Tamaki, Norana Park and Te Whau walkways and continuing our sports parks redevelopment programme with investment in parks such as Rautawhiri park, Hobsonville Point/Scotts Rd, Fowlds park and Colin Maiden park.
- Serving new communities or addressing gaps in provisions for learn to swim, community recreation and fitness programmes and having fun as a family by completing a new pool and recreation facility at Flatbush and the proposed pool and recreation facility at New Lynn or Avondale.
- Connecting people and nature through an ongoing parks development programme with further development at Marlborough, Moire, Keith Hay, Crown Lynn, Barry Curtis parks.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                                                                 | Performance measure                                                                            | Locality of the measure | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                                            |                                                                                                |                         |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Provide safe, accessible, welcoming library facilities that support the delivery of quality learning programmes and services relevant to local communities | Use of libraries as digital community hubs: Number of internet sessions per capita (PC & WiFi) | Region-wide             | 4.6            | 2.5                        | 4.8                               | 4.8     | 4.8     | 4.8                     |
|                                                                                                                                                            | Number of visits to library facilities per capita                                              | Region-wide             | 7.4            | 7.0                        | 7.98                              | 7.82    | 7.66    | 7.51 - 6.65             |

| Level of service statement                                                                                                                                 | Performance measure                                                                               | Locality of the measure | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                                            |                                                                                                   |                         |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
|                                                                                                                                                            | Percentage of customers satisfied with the quality of library service delivery                    | Region-wide             | 91%            | 86%                        | 85%                               | 85%     | 85%     | 85%                     |
|                                                                                                                                                            | Percentage of visitors satisfied with the library environment                                     | Region-wide             | 87%            | 85%                        | 88%                               | 88%     | 88%     | 88%                     |
| Enable Aucklanders and communities to express themselves and improve their wellbeing through customer centric advice, funding, facilitation and permitting | Percentage of funding/grant applicants satisfied with information, assistance and advice provided | Region-wide             | 68%            | 76%                        | 71%                               | 71%     | 71%     | 71%                     |
| Deliver a variety of events, programmes and projects that improve safety, connect Aucklanders and engage them in their city and communities                | Percentage of participants satisfied with council delivered local arts activities                 | Region-wide             | 87%            | 86%                        | 86%                               | 86%     | 86%     | 86%                     |
|                                                                                                                                                            | Percentage of Aucklanders that feel connected to their neighbourhood and local community          | Region-wide             | 44%            | 77%                        | 46%                               | 46%     | 46%     | 46%                     |
|                                                                                                                                                            | Percentage of attendees satisfied with council delivered and funded local events                  | Region-wide             | 77%            | 85%                        | 80%                               | 80%     | 80%     | 80%                     |

| Level of service statement                                                                                                           | Performance measure                                                                                            | Locality of the measure | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                      |                                                                                                                |                         |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Provide safe, reliable and accessible social infrastructure for Aucklanders that contributes to placemaking and thriving communities | Percentage of Aucklanders that feel their local town centre is safe (day)                                      | Region-wide             | 78%            | 83%                        | 82%                               | 82%     | 82%     | 82%                     |
|                                                                                                                                      | Percentage of Aucklanders that feel their local town centre is safe (night)                                    | Region-wide             | 35%            | 38%                        | 34%                               | 34%     | 34%     | 34%                     |
|                                                                                                                                      | Facility Utilisation - utilisation at peak times for council managed community centres and venues for hire     | Region-wide             | 28%            | 25%                        | 27%                               | 27%     | 27%     | 27%                     |
|                                                                                                                                      | Facility Utilisation - utilisation at off-peak times for council managed community centres and venues for hire | Region-wide             | 14%            | 14%                        | 15%                               | 15%     | 15%     | 15%                     |
|                                                                                                                                      | Percentage of community facilities bookings used for health and wellbeing related activity                     | Region-wide             | 23%            | 20%                        | 19%                               | 19%     | 19%     | 19%                     |

| Level of service statement                                                                                      | Performance measure                                                                                                   | Locality of the measure | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                 |                                                                                                                       |                         |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
|                                                                                                                 | Number of visitors to community centres and venues for hire                                                           | Region-wide             | 4.4m           | 4.1m                       | 4.3m                              | 4.3m    | 4.3m    | 4.3m                    |
| Provide a range of recreational opportunities catering for community needs on local parks, reserves and beaches | Percentage of residents satisfied with the provision (quality, location and distribution) of local parks and reserves | Region-wide             | 72%            | 75%                        | 72%                               | 72%     | 72%     | 72%                     |
|                                                                                                                 | Percentage of residents who visited a local park or reserve in last 12 months                                         | Region-wide             | 83%            | 85%                        | 85%                               | 85%     | 85%     | 85%                     |
| Provide sports fields that are fit for purpose and cater for community needs                                    | Percentage of residents satisfied with the provision (quality, location and distribution) of sports fields            | Region-wide             | 73%            | 75%                        | 75%                               | 75%     | 75%     | 75%                     |
| Provide programmes and facilities that ensure more Aucklanders are more active more often                       | Customers Net Promoter Score for Pool and Leisure Centres as a percentage                                             | Region-wide             | 27             | 16                         | 27                                | 27      | 27      | 27                      |

### Significant negative effects

There are no significant negative effects associated with these activities, but there are some negative effects arising from these activities.

| Negative effect                                                                                                                                                                                | Our response                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| To manage the risk of pest plants and pest animals on our indigenous biodiversity and primary productivity our biosecurity activities may result in negative impacts due to the use of toxins. | To manage the potential negative effects arising from toxin use council complies with all appropriate standards and regulations. This ensures that any negative effects are avoided, minimised or mitigated. |

## Māori identity and wellbeing outcomes

Local council services help deliver thriving Māori wellbeing and a Māori identity that is Auckland's point of difference in the world in the following ways:

### An Empowered Organisation

Our people, policies and processes will support Māori in exercising leadership in matters that affect them. Our people, policies and processes will value Te Ao Māori, enable Te Tiriti o Waitangi, fulfill statutory obligations, and enable Māori outcomes.

### Effective Participation

We will invest in rangitira ki te rangatira relationships that provide Māori opportunity to participate in decision making and provide for Māori customary rights. We will support rangatahi by developing leadership opportunities for them. We recognise Te Tiriti o Waitangi/the Treaty of Waitangi as the bi-cultural foundation for a multi-cultural Auckland.

### Strong Māori Communities

We will invest in Māori events and culture. This includes reflecting mana whenua matauranga and Māori design principles throughout Auckland, hearing and speaking Te Reo, empowering Marae, and supporting the development of housing that suits the needs of Maori, including papakainga development.



## Financial information

| Activity                              | Operating cost and revenue \$000<br>Financial year ending 30 June | 2017/18 | Year 1<br>2018/19 | Year 2<br>2019/20 | Year 3<br>2020/21 | Year 4-10<br>2021/22-2027/28 | Total     |
|---------------------------------------|-------------------------------------------------------------------|---------|-------------------|-------------------|-------------------|------------------------------|-----------|
| <b>Local planning and development</b> | Non-rates revenue                                                 | -       | -                 | -                 | -                 | -                            | -         |
|                                       | Direct operating expenditure*                                     | 19,181  | 21,278            | 23,196            | 25,340            | 237,178                      | 306,993   |
|                                       | Capital expenditure                                               | 38,865  | 21,936            | 4,224             | 5,010             | 15,253                       | 46,422    |
| <b>Local environmental management</b> | Non-rates revenue                                                 | -       | -                 | -                 | -                 | -                            | -         |
|                                       | Direct operating expenditure*                                     | 3,988   | 4,424             | 4,752             | 5,261             | 43,789                       | 58,226    |
|                                       | Capital expenditure                                               | -       | -                 | -                 | -                 | -                            | -         |
| <b>Local governance</b>               | Non-rates revenue                                                 | -       | -                 | -                 | -                 | -                            | -         |
|                                       | Direct operating expenditure*                                     | 22,762  | 22,080            | 22,239            | 23,601            | 167,357                      | 235,276   |
|                                       | Capital expenditure                                               | 41      | -                 | -                 | -                 | -                            | -         |
| <b>Local community services</b>       | Non-rates revenue                                                 | 37,922  | 39,306            | 40,820            | 42,465            | 348,502                      | 471,094   |
|                                       | Direct operating expenditure*                                     | 236,908 | 244,144           | 249,197           | 257,342           | 2,046,853                    | 2,797,537 |
|                                       | Capital expenditure                                               | 174,572 | 165,439           | 122,202           | 104,567           | 970,949                      | 1,363,157 |

\*Direct operating expenditure does not include interest and depreciation.

## Prospective Funding Impact Statement

| \$000<br>Financial year ending 30 June                                  | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22 | LTP<br>2022/23 | LTP<br>2023/24 | LTP<br>2024/25 | LTP<br>2025/26 | LTP<br>2026/27 | LTP<br>2027/28 |
|-------------------------------------------------------------------------|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sources of operating funding:</b>                                    |                                          |                |                |                |                |                |                |                |                |                |                |
| General rates, UAGCs, rates penalties                                   | 281,398                                  | 286,617        | 307,926        | 334,107        | 353,189        | 372,201        | 394,303        | 415,742        | 435,129        | 455,885        | 475,473        |
| Targeted rates                                                          | 17,978                                   | 18,942         | 19,509         | 20,198         | 20,911         | 21,649         | 22,414         | 23,205         | 24,023         | 24,870         | 25,747         |
| Subsidies and grants for operating purposes                             | 7,713                                    | 8,215          | 8,535          | 8,880          | 9,235          | 9,609          | 9,994          | 10,387         | 10,796         | 11,222         | 11,664         |
| Fees and charges                                                        | 28,251                                   | 29,450         | 30,594         | 31,830         | 33,103         | 34,444         | 35,825         | 37,236         | 38,703         | 40,226         | 41,810         |
| Internal charges and overheads recovered                                | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Local authorities fuel tax, fines, infringement fees and other receipts | 5,749                                    | 1,641          | 1,691          | 1,756          | 1,822          | 1,893          | 1,967          | 2,043          | 2,108          | 2,174          | 2,243          |
| <b>Total operating funding</b>                                          | <b>341,089</b>                           | <b>344,865</b> | <b>368,255</b> | <b>396,771</b> | <b>418,260</b> | <b>439,796</b> | <b>464,503</b> | <b>488,613</b> | <b>510,759</b> | <b>534,377</b> | <b>556,937</b> |
| <b>Applications of operating funding:</b>                               |                                          |                |                |                |                |                |                |                |                |                |                |
| Payment to staff and suppliers                                          | 254,282                                  | 262,663        | 270,492        | 282,095        | 292,270        | 303,746        | 316,869        | 328,530        | 336,774        | 345,144        | 353,810        |
| Finance costs                                                           | 45,164                                   | 49,952         | 57,796         | 63,278         | 66,067         | 67,383         | 68,566         | 71,331         | 75,683         | 79,359         | 82,215         |
| Internal charges and overheads applied                                  | 44,736                                   | 29,266         | 28,893         | 29,449         | 29,399         | 29,724         | 30,663         | 30,513         | 31,302         | 32,915         | 33,522         |
| Other operating funding applications                                    | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total applications of operating funding</b>                          | <b>344,182</b>                           | <b>341,881</b> | <b>357,181</b> | <b>374,822</b> | <b>387,736</b> | <b>400,853</b> | <b>416,098</b> | <b>430,374</b> | <b>443,759</b> | <b>457,418</b> | <b>469,547</b> |
| <b>Surplus (deficit) of operating funding</b>                           | <b>(3,093)</b>                           | <b>2,984</b>   | <b>11,074</b>  | <b>21,949</b>  | <b>30,524</b>  | <b>38,943</b>  | <b>48,405</b>  | <b>58,239</b>  | <b>67,000</b>  | <b>76,959</b>  | <b>87,390</b>  |

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19 | LTP<br>2019/20  | LTP<br>2020/21  | LTP<br>2021/22  | LTP<br>2022/23  | LTP<br>2023/24  | LTP<br>2024/25  | LTP<br>2025/26  | LTP<br>2026/27  | LTP<br>2027/28  |
|----------------------------------------------|------------------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Sources of capital funding:</b>           |                                          |                |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Subsidies and grants for capital expenditure | 75                                       | 0              | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Development and financial contributions      | 14,496                                   | 17,901         | 17,901          | 19,026          | 18,120          | 18,384          | 18,388          | 18,388          | 18,381          | 18,238          | 18,186          |
| Increase (decrease) in debt                  | 173,041                                  | 164,491        | 97,451          | 68,602          | 50,382          | 40,774          | 65,816          | 91,510          | 86,159          | 69,218          | 46,800          |
| Gross proceeds from sale of assets           | 0                                        | 0              | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Lump sum contributions                       | 0                                        | 0              | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Other dedicated capital funding              | 0                                        | 0              | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| <b>Total sources of capital funding</b>      | <b>187,612</b>                           | <b>182,392</b> | <b>115,352</b>  | <b>87,628</b>   | <b>68,502</b>   | <b>59,158</b>   | <b>84,204</b>   | <b>109,898</b>  | <b>104,540</b>  | <b>87,456</b>   | <b>64,986</b>   |
| <b>Application of capital funding:</b>       |                                          |                |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Capital expenditure:                         |                                          |                |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| - to meet additional demand                  | 61,124                                   | 70,456         | 32,293          | 32,336          | 31,740          | 20,332          | 20,304          | 35,147          | 34,620          | 35,032          | 21,453          |
| - to improve the level of service            | 29,445                                   | 34,624         | 29,499          | 12,856          | 14,742          | 12,145          | 12,175          | 18,600          | 18,459          | 18,708          | 12,963          |
| - to replace existing assets                 | 95,950                                   | 82,296         | 64,634          | 64,385          | 52,544          | 65,624          | 100,130         | 114,390         | 118,461         | 110,675         | 117,960         |
| Increase (decrease) in reserves              | 0                                        | 0              | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Increase (decrease) in investments           | (2,000)                                  | (2,000)        | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| <b>Total applications of capital funding</b> | <b>184,519</b>                           | <b>185,376</b> | <b>126,426</b>  | <b>109,577</b>  | <b>99,026</b>   | <b>98,101</b>   | <b>132,609</b>  | <b>168,137</b>  | <b>171,540</b>  | <b>164,415</b>  | <b>152,376</b>  |
| <b>Surplus (deficit) of capital funding</b>  | <b>3,093</b>                             | <b>(2,984)</b> | <b>(11,074)</b> | <b>(21,949)</b> | <b>(30,524)</b> | <b>(38,943)</b> | <b>(48,405)</b> | <b>(58,239)</b> | <b>(67,000)</b> | <b>(76,959)</b> | <b>(87,390)</b> |
| <b>Funding balance</b>                       | <b>0</b>                                 | <b>0</b>       | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |

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## 3.3 Regionally delivered council services

Auckland Council directly delivers a range of regional service based activities which aims to create a city with great neighbourhoods, centres, parks and public spaces that are loved by Aucklanders. We also support the Mayor and councillors governing Auckland for the benefit of ratepayers, citizens and communities.

### Key activities

- **Regional planning**

Regional planning produces a range of advice, policies, plans, and strategies, such as the Auckland Plan, Unitary Plan, Infrastructure Strategy and area spatial plans. Specialist services and advice are also provided to help inform and deliver outcomes, including community and social policies, heritage, urban design, by-law development, research and monitoring, and advice on legislative change and submissions. This activity also includes providing a coordinated cross council response to major development and infrastructure programmes, including major housing developments.

- **Regulatory services**

The regulatory services comprise of Resource consents, Building consents, Regulatory engineering and licensing, and Regulatory compliance. Typical services include assessing resource and building consent applications, providing development engineering input, carrying out building inspections, monitoring consents, granting permits and licences, providing environmental health services including noise control, animal management and enforcing bylaws.

- **Waste services**

Waste services manage the region's kerbside domestic refuse, recycling, hazardous and inorganic waste, public litterbins as well as loose litter. Implementing Auckland's Waste Management and Minimisation Plan (WMMP) will continue to be the focus.

There are 200 closed landfills in the Auckland region. Engineering and technical services invest in remedial works to the surface and internal infrastructure, and undertake operational management of sites to minimise effects of leachate and gas discharges.

- **Environmental services**

Environmental services are responsible for managing the region's biodiversity, biosecurity, low carbon living and sustainability education programmes to ensure Auckland's natural environment is protected and enhanced. Implementing Auckland's Regional Pest Management Plan (RPMP) and Low Carbon Action Plan will continue to be the focus.

- **Auckland emergency management**

Auckland emergency management work with Auckland Council, partner agencies and stakeholders to ensure effective response to, and recovery from, hazard events in Auckland.

The priorities are:

- reducing risks from hazards to Auckland;
- increasing community awareness, understanding preparedness and participation in emergency management;
- enhancing Auckland's capability to manage disasters; and
- enhancing Auckland's capability to recover from disasters.

- **Regional community services**

This activity includes regional parks, programmes and services, holiday parks and camping, cemeteries and crematoria and parks co-governance services. We also invest in other organisations to deliver events, arts and cultural, sport and recreation, and community outcomes through provision of a regional grants programme.

Our customers and communities information, learning and recreation needs are changing when it comes to what they expect to access from our regional library collections. A greater shift to new technologies and formats like e-books will be complemented by a focus on capturing the stories of Auckland through heritage and photographic collections. These collections are funded regionally and distributed locally.

Regional community services also includes:

- management and service support for our local council services such as library and information services, events, recreation, community empowerment, arts and culture, community parks, centres and venues.
- community facilities and parks asset management including design and investigation, asset data and systems, project delivery, maintenance, community leasing and land advisory services, and project support for community-led projects that deliver assets

- **Regional governance**

Regional governance manages local elections, provides support to the mayoral office, councillors and CCOs, supports the decision-making process of the governing body and its committees. This activity also includes enabling effective Māori participation in the council's regional governance processes, administering remuneration and expenses of elected members, running hearings, and supporting advisory panels and boards.

- **3<sup>rd</sup> party amenity & grant**

Auckland Council contributes funding to the Auckland War Memorial Museum and the Museum of Transport and Technology (MOTAT). We also contribute funding to 10 other independent regional organisations through the Auckland Regional Amenities Funding Act. This supports those organisations in their delivery of services and facilities to Auckland residents. This activity also includes grants made to Business Improvement Districts (BIDs), which are funded by a targeted rate.

- **Organisational support**

The services provided in this activity support the operational functioning of the council, and the day to day services it provides to decision makers (the governing body and local boards) and the public as those receiving the council services.

These include finance, procurement, corporate property, information communications and technology, people and performance, legal and risk, and communications and engagement.

## How these activities drive Auckland Plan outcomes

|                                                                                                                                     |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Belonging &amp; participation</b></p>       | <p>All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential.</p>                                          | <ul style="list-style-type: none"> <li>• provision of social policy</li> <li>• supporting community organisations and providing community facilities and services</li> <li>• funding events and other initiatives that celebrate and showcase Auckland's diversity</li> <li>• encouraging participation in the decision-making process by a range of diverse groups and communities through advisory panels.</li> </ul> |
|  <p><b>Opportunity &amp; prosperity</b></p>        | <p>Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.</p>                                                                             | <ul style="list-style-type: none"> <li>• delivering projects and regulatory services that support innovation and productivity growth</li> <li>• providing services to encourage lifelong learning and training with a focus on those most in need.</li> </ul>                                                                                                                                                           |
|  <p><b>Environment &amp; cultural heritage</b></p> | <p>Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.</p> | <ul style="list-style-type: none"> <li>• supporting and delivering projects that embed water-sensitive urban design and future-proofed infrastructure</li> <li>• encouraging environmental stewardship by the community</li> <li>• delivering regulatory services that consider Auckland's environment and cultural heritage.</li> </ul>                                                                                |
|  <p><b>Transport &amp; access</b></p>            | <p>Aucklanders will be more easily able to get to where they want to go, and will have choices about how they get around.</p>                                                            | <ul style="list-style-type: none"> <li>• integrating land-use and transport factors when making decisions on timing and location of development</li> <li>• planning for cycling and walking in new development.</li> </ul>                                                                                                                                                                                              |
|  <p><b>Homes &amp; places</b></p>                | <p>Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public places.</p>                                                                 | <ul style="list-style-type: none"> <li>• delivering projects and regulatory services that unlock development opportunities</li> <li>• partnering with developers through the qualified partner service and the premium service (consents)</li> <li>• investigating and advocating for measures that support security of tenure for rental housing</li> <li>• championing good design.</li> </ul>                        |
|  <p><b>Māori identity &amp; wellbeing</b></p>    | <p>A thriving Māori identity is Auckland's point of difference in the world that advances prosperity for Māori and benefits all Aucklanders.</p>                                         | <ul style="list-style-type: none"> <li>• provision of support to co-governance and co-management arrangements</li> <li>• active partnering with others e.g. The Southern Initiative.</li> </ul>                                                                                                                                                                                                                         |

## Key projects

### Regional planning

- Developing plans for town centres and local areas, identifying and protecting heritage places and providing heritage advice;
- Adoption of Auckland Transport Regional Alignment Project; Auckland Plan refresh and engagement with communities to work towards the world's most liveable city;
- Completed reviews of social policies;
- Development of Auckland design manual providing guidance for developers and the public and ongoing development and implementation programme to promote Maori design work.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                                                                      | Performance measure                                                                                                                | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                                                 |                                                                                                                                    |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Produce all plans and agreements according to legislative requirements                                                                                          | Percentage of unitary and area plan changes and Notices of Requirement processed within statutory timeframes                       | 100%           | 100%                       | 100%                              | 100%    | 100%    | 100%                    |
|                                                                                                                                                                 | Percentage of adopted core strategies, policies and plans incorporating Māori outcomes or developed with Māori participation       | 100%           | 85%                        | 100%                              | 100%    | 100%    | 100%                    |
| Provide policy and strategic advice, leadership, facilitation and advocacy to support Auckland's economic development.                                          | Number of economic, business, and city building opportunities facilitated through the Auckland Council global engagement programme | 140            | 50                         | 140                               | 140     | 140     | 140                     |
| Develop and champion environmental strategies and policies for the present and future generations of Auckland that are effective, evidence based and actionable | Proportion of actions from strategies and action plans that are being implemented according to timeframes <sup>(1)</sup>           | 90%            | 80%                        | 80%                               | 80%     | 80%     | 80%                     |



| Level of service statement                                                                                                                                       | Performance measure                                                                                 | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                                                  |                                                                                                     |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Protect and conserve Tāmaki Makaurau / Auckland's historic heritage and Māori cultural heritage for the benefit and enjoyment of present and future generations. | Number of historic heritage places and areas formally protected in the Unitary Plan                 | 2,249          | 2,180                      | 2,260                             | 2,260   | 2,260   | 2,260                   |
|                                                                                                                                                                  | Number of sites and places of significance to mana whenua formally protected in the Unitary Plan    | 75             | 100                        | 75                                | 75      | 75      | 75                      |
|                                                                                                                                                                  | Percentage of Aucklanders satisfied with historic heritage management in Tāmaki Makaurau / Auckland | 52%            | 75%                        | 80%                               | 80%     | 80%     | 80%                     |

**Notes to table:**

- Performance measures are under review and may be replaced with new performance measures for the final LTP document.

### Regulatory services

- Deliver on new technology enabling digital consent processing
- Work with customers on the transition to the Unitary Plan
- Implement customer-initiated improvement programmes.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                       | Performance measure                                                                             | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                  |                                                                                                 |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Provide safe access to beaches and coastal areas for recreation                                                  | Proportion of time bathing beaches are suitable for contact recreation <sup>(1)</sup>           | 98%            | 92%                        | 92%                               | 92%     | 92%     | 92%                     |
| Deliver a customer focused building consents and compliance monitoring service that meets statutory requirements | Percentage of customers satisfied with the overall quality of building control service delivery | 55%            | 65%                        | 60%                               | 60%     | 60%     | 60%                     |
|                                                                                                                  | Percentage of building consent applications processed within 20 working days <sup>(2)</sup>     | 80%            | 100%                       | 100%                              | 100%    | 100%    | 100%                    |

| Level of service statement                                                                                               | Performance measure                                                                                                                                | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                          |                                                                                                                                                    |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Deliver timely, cost effective and customer focused resource consent processing services                                 | Percentage of customers satisfied with the overall quality of resource consents service delivery                                                   | 58%            | 55%                        | 60%                               | 60%     | 60%     | 60%                     |
|                                                                                                                          | Percentage of non-notified resource consent applications processed within 20 working days <sup>(2)</sup>                                           | 77%            | 100%                       | 100%                              | 100%    | 100%    | 100%                    |
|                                                                                                                          | Percentage of notified resource consent applications processed within 70 working days <sup>(2)</sup>                                               | 45%            | 100%                       | 100%                              | 100%    | 100%    | 100%                    |
|                                                                                                                          | Percentage of requests by iwi that are relevant and within their area of interest that are responded to within three statutory days <sup>(3)</sup> | 100%           | 100%                       | 100%                              | 100%    | 100%    | 100%                    |
| Respond fairly and effectively to excessive noise related incidents and complaints                                       | Percentage of noise complaints responded to within 30 minutes for urban areas or 60 minutes for rural areas                                        | 77%            | 80%                        | 80%                               | 80%     | 80%     | 80%                     |
|                                                                                                                          | Percentage of complainants satisfied with noise control services                                                                                   | 59%            | 52%                        | 60%                               | 60%     | 60%     | 60%                     |
| Protect public health through licensing and compliance of food, health, and hygiene premises to legislative requirements | Percentage of customers satisfied with the food and hygiene licensing service                                                                      | 82%            | 70%                        | 80%                               | 80%     | 80%     | 80%                     |
|                                                                                                                          | Percentage of registered food premises graded annually                                                                                             | 95%            | 95%                        | 95%                               | 95%     | 95%     | 95%                     |
|                                                                                                                          | Percentage of D/E <sup>(4)</sup> graded food premises reinspected within one month                                                                 | 98%            | 95%                        | 95%                               | 95%     | 95%     | 95%                     |

| Level of service statement                                                                              | Performance measure                                                                                                                   | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                         |                                                                                                                                       |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Protect public health through licensing and compliance of alcohol premises to legislative requirements. | Percentage of high risk alcohol premises inspected annually                                                                           | 100%           | 100%                       | 100%                              | 100%    | 100%    | 100%                    |
|                                                                                                         | Percentage of customers satisfied with the alcohol licensing services                                                                 | 83%            | 68%                        | 80%                               | 80%     | 80%     | 80%                     |
| Reduce public nuisance through licensing, education, and the enforcement of relevant bylaws             | Percentage of bylaw related requests for service (e.g. illegal signs, public nuisance, street trading) responded to within three days | 83%            | 80%                        | 85%                               | 85%     | 85%     | 85%                     |
| Provide dog, stock, and other animal management services to Aucklanders                                 | Percentage of urgent animal management complaints such as dog attacks responded to within one hour                                    | 99%            | 95%                        | 95%                               | 95%     | 95%     | 95%                     |
|                                                                                                         | Percentage of known dogs that are registered <sup>(5)</sup>                                                                           | 88%            | 100%                       | 95%                               | 95%     | 95%     | 95%                     |

**Notes to table:**

1. Performance measures are under review and may be replaced with new performance measures for the final LTP document.
2. The working days exclude days where the applicant is providing further information or the processing end date has been extended.
3. Relevant applications are determined by being identified in the consents received report
4. Premises are compared against a list of criteria and assign one of four grades: A (High), B (Good), D (Poor) and E (Unsatisfactory). There is no 'C' grade as all food premises are either above or below 'average' food safety standards
5. 'Known dogs' is a common term in dog control.

## Waste services

- Refuse: Moving from the current range of legacy services to a consistent regional refuse service, including introducing pay-as-you-throw refuse bins to every household by 2020/2021
- Food waste: Implement rates – funded, weekly kerbside collected food scraps service to all households in urban areas by 2020/2021, starting with the legacy Papakura area in 2018.
- Resource Recovery Network: By 2025 the council will have 12 Community Recycling Centres that receive, collect and process unwanted inorganic material from the public. A resource recovery infrastructure plan will also be developed to look at Auckland's long-term infrastructure requirements for getting to Zero Waste
- Advocate for an increased waste levy and product stewardship, including a mandatory nationwide container deposit scheme (CDS)
- Address three priority commercial waste streams – Construction and Demolition (C&D) waste, organic waste and plastic waste
- Improve waste diversion from our own activities, broadening the focus to include the council and CCO's operational activities
- Closure of Greenmount as a managed fill site.

- Improvements of various closed landfills to reduce water ingress and instability issues. Sites include Waikowhai, Ngataranga, Archibald Park, Motions/Meola, Barrys Point, Taipari Strand.
- Remediation work at Seaside Park, Corbans Reserve, Whangateau, Ngati Otara.
- Leachate system upgrades
- Preparation of Rosedale as a public use site.

\*These activities, as outlined in the draft 2018 WMMP, are subject to consultation and approval during 2018.

## Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                                                       | Performance measure                                                                                                      | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                                  |                                                                                                                          |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Manage land use and development on the council's closed landfills to safeguard the region's environment, productivity and economic value of soil | Percentage of the council controlled closed landfill discharge consents achieving category one or two compliance ratings | 100%           | 98%                        | 98%                               | 98%     | 98%     | 98%                     |
| Plan and provide reliable household waste management and processing service                                                                      | Percentage of customers satisfied with overall reliability of waste collection services <sup>(1)</sup>                   | 74%            | 76%                        | 76%                               | 76%     | 76%     | 76%                     |
| Plan and enable reliable waste minimisation                                                                                                      | Domestic kerbside refuse per capita per annum                                                                            | 144kg          | 110kg                      | 144kg                             | 144kg   | 110kg   | 110kg                   |
|                                                                                                                                                  | Total number of Resource Recovery Facilities <sup>(2)</sup>                                                              | 4              | 4                          | 6                                 | 7       | 8       | 12                      |

### Notes to table:

1. Performance measures are under review and may be replaced with new performance measures for the final LTP document.
2. A Resource Recovery Facility is a facility in the community where the public can drop off reusable and recyclable items. Resource Recovery Facilities can vary greatly - from simple drop off stations in small rural areas through to large eco-industrial parks.

## Environmental Services

- Pest Free Auckland – A community-led conservation programme with three goals:
  - Remove pest animals, plants and pathogens
  - Restore and connect ecosystems and introduce native species
  - Showcase community action and celebrate success
- Implementation of the Regional Pest Management Plan (including Kauri Dieback, pest animal and plant eradication) with the aim of identifying and controlling targeted pests so that they no longer pose a threat to Auckland's economy, natural biodiversity, health and cultural identity
- Biodiversity input into consents
- Retrofit Your Home programme – This programme offers financial assistance for heat or insulation home improvements. These include home insulation, clean heating, fire place removal, bathroom or kitchen mechanical extraction, water tank installation, water efficient devices

- Live Lightly programme – A collaboration between Auckland Council, community groups and partners to encourage everyday lifestyle choices to save money, have a healthier life and care for the planet
- Sustainability education programme – This programme aims to develop youth leadership and explore opportunities to nurture leaders through networking, mentoring and learning events.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                                                                       | Performance measure                                                                                                                     | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|------------------------|
|                                                                                                                                                                  |                                                                                                                                         |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p.a.) |
| Support Aucklanders to reduce their environmental footprint through effective education, communications, programmes and community driven projects                | Proportion of schools participating in sustainability education programmes                                                              | 73%            | 58%                        | 70%                               | 70%     | 70%     | 70%                    |
| Enhance the region's biodiversity by actively managing and improving the extent of indigenous ecosystems and species and by promoting biodiversity best practice | Number of hectares of new forest or wetland habitat established on regional parks <sup>(1)</sup>                                        | 8              | 8                          | 8                                 | 8       | 8       | 8                      |
|                                                                                                                                                                  | Percentage of indigenous ecosystems under active management <sup>(1)</sup>                                                              | 68%            | 68%                        | 68%                               | 68%     | 68%     | 68%                    |
|                                                                                                                                                                  | Percentage of threatened species under active management <sup>(1)</sup>                                                                 | 34%            | 34%                        | 34%                               | 34%     | 34%     | 34%                    |
| Reduce the impact of pest animals, plants and pathogens on the natural environment                                                                               | Proportion of kauri areas on Auckland Council land that have active management or exclusion measures in place for kauri dieback disease | 68%            | 70%                        | 70%                               | 70%     | 70%     | 70%                    |
|                                                                                                                                                                  | Number of hectares under community pest control                                                                                         | 124,000        | 90,000                     | 124,000                           | 124,000 | 124,000 | 124,000                |

#### Notes to table:

1. Performance measures are under review and may be replaced with new performance measures for the final LTP document.

### Auckland Emergency Management

- Management of natural hazards and risks through strong governance, key partnerships with stakeholders and working with Auckland's communities to build resilience.

- Increased capability and capacity to effectively respond to, and recover from an emergency.
- Enhanced emergency preparedness through effective warning and hazard monitoring systems.
- Develop resilience within Auckland cities and communities.

### Performance information

Performance measurement methodology under review.

### Regional Community Services

- We will increase our focus on digital services by providing Aucklanders with information and services that makes their lives easy and enjoyable. Auckland Libraries will increasingly focus on innovation and technology with their regionally funded collections. Improving access to information that Aucklanders need to participate and contribute to shaping council decisions and the way we deliver our services will be a priority.
- Cemeteries and crematoria will also be expanded to meet the needs of a growing Auckland. We will develop the southern block at North Shore Memorial Park and new areas at Waikumete and at Manukau Memorial Park cemeteries. Over the next 10 years we will need to decide how we continue to meet demand and will investigate new cemetery provision in the north of the city.
- Regional parks play a big part in the liveability of Auckland by connecting people and nature. We will invest in our existing regional parks like Tawharanui and in new initiatives like the pacific pathway and extending the carpark to accommodate increased visitors at Botanic Gardens.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                              | Performance measure                                                            | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                         |                                                                                |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Provide access to a broad range of information in a variety of formats to support reading, discovery and participation. | Percentage of customers satisfied with the range of collection items available | 74%            | 72%                        | 71%                               | 71%     | 71%     | 71%                     |
|                                                                                                                         | Percentage of Māori satisfied with the range of collection items available     | 71%            | 72%                        | 71%                               | 71%     | 71%     | 71%                     |
|                                                                                                                         | Number of library items borrowed                                               | 15m            | 15m                        | 15m                               | 15m     | 14m     | 13m                     |
|                                                                                                                         | Percentage of items borrowed that are e-collections (e.g. eBooks, eAudiobooks) | 11%            | 15%                        | 25%                               | 25%     | 25%     | 25%                     |
|                                                                                                                         | Percentage of customers satisfied with the Auckland Libraries website          | 78%            | 75%                        | 75%                               | 75%     | 75%     | 75%                     |
|                                                                                                                         | Number of visits to the Auckland Libraries website                             | 6.7m           | 7.3m                       | 7.5m                              | 7.9m    | 8.3m    | 8.7m                    |

| Level of service statement                                                                                                                                 | Performance measure                                                                                                                                                            | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                                            |                                                                                                                                                                                |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Enable Aucklanders and communities to express themselves and improve their wellbeing through customer centric advice, funding, facilitation and permitting | Percentage of successful funding applications (where the main beneficiary is Māori organisations, individuals or Kaupapa Māori) as a percentage of all successful applications | 5%             | 13%                        | 5%                                | 5%      | 5%      | 5%                      |
|                                                                                                                                                            | Total permitted events taking place across the city                                                                                                                            | 1,610          | 2,500                      | 1,610                             | 1,610   | 1,610   | 1,610                   |
| Deliver a variety of events, programmes and projects that improve safety, connect Aucklanders and engage them in their city and communities.               | Percentage of all assets that are graffiti free across the city                                                                                                                | 94%            | 94%                        | 95%                               | 95%     | 95%     | 95%                     |
|                                                                                                                                                            | Percentage of Aucklanders that feel Auckland is an eventful, fun and exciting city                                                                                             | 59%            | 72%                        | 60%                               | 60%     | 60%     | 60%                     |
|                                                                                                                                                            | Percentage of Aucklanders that feel art and culture is part of their everyday life                                                                                             | 42%            | 70%                        | 40%                               | 40%     | 40%     | 40%                     |
| Provide safe, reliable and accessible social infrastructure for Aucklanders that contributes to placemaking and thriving communities                       | Percentage of tenants satisfied with provision and management of 'housing for older people'                                                                                    | 62%            | 75%                        | 72%                               | 72%     | 72%     | 72%                     |
| Provide and maintain cemeteries, memorial areas and facilities for families, friends and visitors                                                          | Percentage of visitors satisfied with the presentation of cemeteries                                                                                                           | 75%            | 82%                        | 83%                               | 83%     | 83%     | 83%                     |
| Preserve, protect and enhance the cultural and natural values and activities of Auckland's Tūpuna Maunga and other volcanic heritage                       | Number of key sites of significance on Tūpuna Maunga with mitigation measures to improve or maintain their condition <sup>(1)</sup>                                            | 33             | 25                         | 20                                | 20      | 20      | 20                      |

| Level of service statement                                                                                                                                                             | Performance measure                                                                                                                                                      | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                                                                                                        |                                                                                                                                                                          |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Promote and increase awareness of the residents and visitors to Auckland as to the uniqueness, value and importance of the Tupuna Maunga                                               | Percentage of the people of Auckland with a greater awareness of spiritual, ancestral, cultural, customary and historic significance of the Tūpuna Maunga <sup>(1)</sup> | 21%            | 80%                        | 75%                               | 75%     | 75%     | 75%                     |
| Manage the Auckland Botanic Gardens as a premier destination for sustaining the biodiversity of the Auckland region through education and research, as well as a place for recreation. | Number of New Zealand native plants grown for revegetation programmes in the Botanic Gardens                                                                             | 60,955         | 60,000                     | 60,000                            | 60,000  | 60,000  | 60,000                  |
| Manage regional parks as part of the open space network for the use and enjoyment of the community                                                                                     | Percentage of the public who have used a regional park in the last 12 months                                                                                             | 72%            | 76%                        | 76%                               | 76%     | 76%     | 76%                     |
|                                                                                                                                                                                        | Percentage of park visitors satisfied with the overall quality of their visit                                                                                            | 96%            | 96%                        | 96%                               | 96%     | 96%     | 96%                     |
| Provide, protect, conserve and enhance the natural and cultural features in regional parks                                                                                             | Number of volunteer hours worked in regional parks each year                                                                                                             | 84,860         | 80,000                     | 82,000                            | 82,000  | 82,000  | 82,000                  |
|                                                                                                                                                                                        | Number of formalised arrangements with Māori (per annum) that provide for the management of specific cultural sites within regional parks                                | 4              | 3                          | 4                                 | 4       | 4       | 4                       |
|                                                                                                                                                                                        | Proportion of mana whenua satisfied with their engagement in the kaitiakitanga and stewardship of parks and reserves                                                     | 1/19           | 10/19                      | 10/19                             | 10/19   | 10/19   | 10/19                   |



| Level of service statement                                                                    | Performance measure                                                                  | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                               |                                                                                      |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Lead and coordinate implementation of the Auckland Sport and Recreation Strategic Action Plan | Percentage of residents participating at least once per week in sport and recreation | 68%            | 72%                        | 72%                               | 72%     | 72%     | 72%                     |
| Manage quality and financially prudent city park services                                     | Percentage of city park service requests completed on time                           | 89%            | 90%                        | 90%                               | 90%     | 90%     | 90%                     |

**Notes to table:**

1. Performance measures are under review and may be replaced with new performance measures for the final LTP document.

## Regional governance

- Trial and implement online voting as soon as national legislative changes allow it.
- Make better use of technology to support the work of elected members and make it easier for the public to engage with the council.
- Implement community engagement and education initiatives to increase voter participation in local body elections.
- Pro-actively coordinate the council's response to Treaty settlements.
- Provide opportunities for improved governance and working relationships with mana whenua and Māori communities.
- Enable thriving Māori wellbeing and identity through supporting Māori culture and prosperity in Tāmaki Makaurau.

## Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                 | Performance measure                                                                                            | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                                                            |                                                                                                                |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Ensure communities can easily engage in Council decision-making and have access to information             | Percentage of residents who feel they can participate in Auckland Council decision making                      | 34%            | 50%                        | 30%                               | 30%     | 30%     | 30%                     |
|                                                                                                            | Percentage of Māori residents who feel they can participate in Auckland council decision making <sup>(1)</sup> | 32%            | 50%                        | 30%                               | 30%     | 30%     | 30%                     |
| Support elected members, council and Māori to work together to achieve better outcomes for Tāmaki Makaurau | Percentage of Māori organisations who consider they have an appropriate working relationship with council      | 8%             | 85%                        | 50%                               | 50%     | 50%     | 50%                     |

| Level of service statement                                                 | Performance measure                                                                | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                                            |                                                                                    |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| – Auckland and enable Council to effectively contribute to Māori wellbeing | Number of formalised relationship arrangements between the council and mana whenua | 11             | 19                         | 11                                | 11      | 11      | 11                      |

**Note to table:**

1. The target relates to the previous measures “Percentage of Māori residents who feel they can participate in governing body decision-making” and “Percentage of Māori residents who feel they can participate in local board decision-making”. These measures have been combined.

### Organisational support

- A portfolio of projects that deliver against organisational strategy outcomes including cost savings and efficiencies such as group shared services and group strategic procurement
- Section 17A value for money programmes across the council group
- Diversity programme aimed at community-centred thinking and decision making, reaching Auckland’s 220 ethnicities.

### Significant negative effects

There are no significant negative effects associated with these activities, but there are some negative effects arising from these activities.

| Negative effect                                                                                                                                                                                                                                                                                                                                                                                                        | Our response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Our natural and cultural heritage protection activities may result in restrictions on what landowners and developers can do on particular sites, such as restricting bush clearance and destruction of certain sites.                                                                                                                                                                                                  | Consultation is typically undertaken before any restrictions are put in place to ensure those affected can put forward their views before any decisions are made.                                                                                                                                                                                                                                                                                                                                      |
| Depositing of waste in landfills may affect the environment. This creates landfill gas and leachate liquid, and requires landfills to be completed and closed safely, with ongoing costs for future management.                                                                                                                                                                                                        | The council manages these risks and issues through the closed landfills team with capital and operating budgets for closed landfills.                                                                                                                                                                                                                                                                                                                                                                  |
| There is some visual pollution of the environment during refuse collection times. Refuse may also cause odour, public health issues, the obstruction of footpaths and could be blown into private properties, waterways or be illegally dumped.<br>Emissions of odours, spread of disease and water/land contamination should waste contracts not be performed as specified to collect and correctly dispose of waste. | The council will continue to reduce the quantity of waste going to landfill through full implementation of the Waste Management and Minimisation Plan and proven waste minimisation strategies. We continue to educate residents in waste minimisation behaviours and collection best practice, for example, reducing the time between putting out the refuse and its collection. The council will monitor services and enforce contractual terms to ensure contractor requirements are complied with. |
| To manage the risk of pest plants and pest animals on our indigenous biodiversity and primary productivity our biosecurity activities may result in negative impacts due to the use of toxins.                                                                                                                                                                                                                         | To manage the potential negative effects arising from toxin use council complies with all appropriate standards and regulations. This ensures that any negative effects are avoided, minimised or mitigated.                                                                                                                                                                                                                                                                                           |

### Māori identity and wellbeing outcomes

Regionally delivered council services help deliver thriving Māori wellbeing and a Māori identity that is Auckland's point of difference in the world in the following ways:

### **An Empowered Organisation**

Our people, policies and processes will support Māori in exercising leadership in matters that affect them. Our people, policies and processes will value Te Ao Māori, enable Te Tiriti o Waitangi, fulfill statutory obligations, and enable Māori outcomes.

### **Effective Participation**

We will invest in rangitira ki te rangatira relationships that provide Māori opportunity to participate in decision making and provide for Māori customary rights.

### **Strong Maori Communities**

We will support Māori economic development by strengthening rangatahi leadership and their educational and employment outcomes. We will support the advancement of Māori employment and enable Māori business and iwi organisations to be significant drivers of Auckland's economy. We will support the development of housing that suits the needs of Māori, including papakainga development.

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## Financial information

| Activity                      | Operating cost and revenue \$000<br>Financial year ending 30 June | 2017/18 | Year 1<br>2018/19 | Year 2<br>2019/20 | Year 3<br>2020/21 | Year 4-10<br>2021/22-2027/28 | Total     |
|-------------------------------|-------------------------------------------------------------------|---------|-------------------|-------------------|-------------------|------------------------------|-----------|
| Regional planning             | Non-rates revenue                                                 | 6,488   | 6,599             | 6,731             | 6,865             | 52,059                       | 72,253    |
|                               | Direct operating expenditure*                                     | 73,239  | 71,101            | 71,754            | 74,180            | 590,234                      | 807,269   |
|                               | Capital expenditure                                               | 19,587  | 120,975           | 102,967           | 34,605            | 302,517                      | 561,063   |
| Regulatory services           | Non-rates revenue                                                 | 187,701 | 186,865           | 190,602           | 194,414           | 1,474,235                    | 2,046,115 |
|                               | Direct operating expenditure*                                     | 192,607 | 193,612           | 197,099           | 200,906           | 1,518,351                    | 2,109,968 |
|                               | Capital expenditure                                               | 630     | 106               | 113               | 120               | 2,010                        | 2,349     |
| Waste services                | Non-rates revenue                                                 | 32,834  | 38,370            | 37,543            | 59,662            | 475,766                      | 611,341   |
|                               | Direct operating expenditure*                                     | 123,046 | 129,555           | 137,590           | 155,719           | 1,263,736                    | 1,686,599 |
|                               | Capital expenditure                                               | 13,284  | 39,516            | 4,621             | 4,757             | 26,966                       | 75,860    |
| Environmental services        | Non-rates revenue                                                 | 686     | 4,482             | 7,572             | 11,078            | 101,591                      | 124,722   |
|                               | Direct operating expenditure*                                     | 15,923  | 27,994            | 32,722            | 35,475            | 293,365                      | 389,556   |
|                               | Capital expenditure                                               | 66      | 7,484             | 13,168            | 11,485            | 4,663                        | 36,800    |
| Auckland emergency management | Non-rates revenue                                                 | -       | -                 | -                 | -                 | -                            | -         |
|                               | Direct operating expenditure*                                     | 5,596   | 5,670             | 5,769             | 5,889             | 44,551                       | 61,879    |
|                               | Capital expenditure                                               | 800     | 570               | 1,000             | 465               | 3,151                        | 5,186     |
| Organisational support        | Non-rates revenue                                                 | 10,152  | 4,917             | 3,175             | 3,211             | 21,642                       | 32,946    |
|                               | Direct operating expenditure*                                     | 764     | 3,665             | 10,600            | 30,695            | 181,159                      | 226,119   |
|                               | Capital expenditure                                               | 85,864  | 39,632            | 5,597             | 10,805            | 634,435                      | 578,401   |
| Regional governance           | Non-rates revenue                                                 | 2,350   | 2,390             | 4,039             | 2,518             | 22,529                       | 31,475    |
|                               | Direct operating expenditure*                                     | 15,008  | 17,061            | 19,900            | 11,597            | 70,478                       | 119,036   |
|                               | Capital expenditure                                               | -       | 6,120             | 6,240             | 6,360             | 47,160                       | 65,880    |
| 3rd party amenity and grant   | Non-rates revenue                                                 | -       | -                 | -                 | -                 | -                            | -         |
|                               | Direct operating expenditure*                                     | 85,157  | 86,605            | 88,337            | 90,104            | 683,254                      | 948,300   |

| Activity                           | Operating cost and revenue \$000<br>Financial year ending 30 June | 2017/18 | Year 1<br>2018/19 | Year 2<br>2019/20 | Year 3<br>2020/21 | Year 4-10<br>2021/22-2027/28 | Total     |
|------------------------------------|-------------------------------------------------------------------|---------|-------------------|-------------------|-------------------|------------------------------|-----------|
|                                    | Capital expenditure                                               | -       | -                 | -                 | -                 | -                            | -         |
| <b>Regional community services</b> | Non-rates revenue                                                 | 49,944  | 51,935            | 53,354            | 55,106            | 438,709                      | 599,104   |
|                                    | Direct operating expenditure*                                     | 281,195 | 280,383           | 286,935           | 295,637           | 2,351,747                    | 3,214,703 |
|                                    | Capital expenditure                                               | 95,813  | 90,667            | 131,004           | 147,062           | 1,523,021                    | 1,891,753 |

\*Direct operating expenditure does not include interest and depreciation.

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## Prospective Funding Impact Statement

| \$000<br>Financial year ending 30 June                                  | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|-------------------------------------------------------------------------|------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Sources of operating funding:</b>                                    |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General rates, UAGCs, rates penalties                                   | 537,754                                  | 700,055          | 719,700          | 743,450          | 779,812          | 721,908          | 754,936          | 785,665          | 865,775          | 935,681          | 1,008,031        |
| Targeted rates                                                          | 103,305                                  | 119,408          | 128,049          | 122,847          | 127,375          | 130,570          | 133,625          | 135,203          | 137,607          | 139,892          | 142,680          |
| Subsidies and grants for operating purposes                             | 12,622                                   | 12,659           | 12,860           | 13,073           | 13,291           | 13,518           | 13,753           | 13,990           | 14,236           | 14,491           | 14,754           |
| Fees and charges                                                        | 238,713                                  | 241,490          | 245,119          | 271,820          | 278,343          | 284,740          | 291,336          | 299,265          | 307,565          | 314,703          | 322,015          |
| Internal charges and overheads recovered                                | 185,137                                  | 184,703          | 186,217          | 191,550          | 192,860          | 196,351          | 201,820          | 203,273          | 209,032          | 216,953          | 220,959          |
| Local authorities fuel tax, fines, infringement fees and other receipts | 44,799                                   | 39,120           | 42,653           | 45,673           | 46,144           | 49,051           | 48,648           | 55,393           | 58,346           | 58,144           | 59,539           |
| <b>Total operating funding</b>                                          | <b>1,122,330</b>                         | <b>1,297,435</b> | <b>1,334,598</b> | <b>1,388,413</b> | <b>1,437,825</b> | <b>1,396,138</b> | <b>1,444,118</b> | <b>1,492,789</b> | <b>1,592,561</b> | <b>1,679,864</b> | <b>1,767,978</b> |
| <b>Applications of operating funding:</b>                               |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Payment to staff and suppliers                                          | 840,028                                  | 852,672          | 873,545          | 884,078          | 904,284          | 934,674          | 960,273          | 992,751          | 1,031,558        | 1,060,919        | 1,094,099        |
| Finance costs                                                           | 58,740                                   | 42,432           | 32,441           | 25,100           | 10,275           | (5,617)          | (18,464)         | (28,905)         | (33,402)         | (35,932)         | (43,854)         |
| Internal charges and overheads applied                                  | 129,551                                  | 140,350          | 142,173          | 146,282          | 147,387          | 150,154          | 153,632          | 155,138          | 159,423          | 164,315          | 167,186          |
| Other operating funding applications                                    | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total applications of operating funding</b>                          | <b>1,028,319</b>                         | <b>1,035,454</b> | <b>1,048,159</b> | <b>1,055,460</b> | <b>1,061,946</b> | <b>1,079,211</b> | <b>1,095,441</b> | <b>1,118,984</b> | <b>1,157,579</b> | <b>1,189,302</b> | <b>1,217,431</b> |
| <b>Surplus (deficit) of operating funding</b>                           | <b>94,011</b>                            | <b>261,981</b>   | <b>286,439</b>   | <b>332,953</b>   | <b>375,879</b>   | <b>316,927</b>   | <b>348,677</b>   | <b>373,805</b>   | <b>434,982</b>   | <b>490,562</b>   | <b>550,547</b>   |
| <b>Sources of capital funding:</b>                                      |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Subsidies and grants for capital expenditure                            | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Development and financial contributions                                 | 66,126                                   | 81,658           | 81,662           | 86,795           | 82,663           | 83,867           | 83,881           | 83,885           | 83,853           | 83,198           | 82,964           |
| Increase (decrease) in debt                                             | (237,705)                                | (223,917)        | (6,794)          | (125,467)        | (187,730)        | (144,525)        | (161,058)        | (68,931)         | 38,860           | (134,571)        | (181,253)        |

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|----------------------------------------------|------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Gross proceeds from sale of assets           | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Lump sum contributions                       | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other dedicated capital funding              | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total sources of capital funding</b>      | <b>(171,579)</b>                         | <b>(142,259)</b> | <b>74,868</b>    | <b>(38,672)</b>  | <b>(105,067)</b> | <b>(60,658)</b>  | <b>(77,177)</b>  | <b>14,954</b>    | <b>122,713</b>   | <b>(51,373)</b>  | <b>(98,289)</b>  |
| <b>Application of capital funding:</b>       |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital expenditure:                         |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| - to meet additional demand                  | 77,316                                   | 63,729           | 80,665           | 47,248           | 85,060           | 110,805          | 140,853          | 160,722          | 191,026          | 189,371          | 157,714          |
| - to improve the level of service            | 50,293                                   | 82,651           | 87,685           | 88,271           | 80,526           | 67,098           | 85,097           | 101,640          | 126,923          | 142,446          | 162,442          |
| - to replace existing assets                 | 3,758                                    | 79,423           | 85,167           | 58,529           | 77,149           | 79,607           | 105,351          | 119,262          | 125,382          | 126,268          | 109,180          |
| Increase (decrease) in reserves              | 62,453                                   | 32,319           | 81,369           | 78,655           | 38,820           | 16,620           | 12,631           | 12,393           | 10,325           | 6,385            | 3,001            |
| Increase (decrease) in investments           | (271,388)                                | (138,400)        | 26,421           | 21,578           | (10,743)         | (17,861)         | (72,432)         | (5,258)          | 104,039          | (25,281)         | 19,921           |
| <b>Total applications of capital funding</b> | <b>(77,568)</b>                          | <b>119,722</b>   | <b>361,307</b>   | <b>294,281</b>   | <b>270,812</b>   | <b>256,269</b>   | <b>271,500</b>   | <b>388,759</b>   | <b>557,695</b>   | <b>439,189</b>   | <b>452,258</b>   |
| <b>Surplus (deficit) of capital funding</b>  | <b>(94,011)</b>                          | <b>(261,981)</b> | <b>(286,439)</b> | <b>(332,953)</b> | <b>(375,879)</b> | <b>(316,927)</b> | <b>(348,677)</b> | <b>(373,805)</b> | <b>(434,982)</b> | <b>(490,562)</b> | <b>(550,547)</b> |
| <b>Funding balance</b>                       | <b>0</b>                                 | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |

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## 3.4 Roads and footpaths

Auckland Transport is responsible for managing Auckland's roads and footpaths in a way that is consistent with the strategic direction set by the council.

### Key activities

- Managing and maintaining every aspect of the road network from the infrastructure that supports the road itself, the road structure and surface, lighting and road marking through to operational management of traffic signals, incident response and safety; and
- Maintaining and improving footpaths and streetscapes so more people will naturally walk for short trips.

Auckland Transport's approach to managing roads and footpaths emphasises that roads have many users – car and truck drivers, bus passengers, pedestrians and cyclists. Currently many people have no choice but to travel by car, yet congestion at peak times on some routes makes travelling by car inefficient. However in parts of Auckland where people have a range of attractive choices to get to where they are going, increasing numbers of people are choosing to travel in ways that not only work for them personally, but also contribute to a more efficient transport network overall.

### How these activities drive Auckland Plan outcomes

|                                                                                                                                       |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Belonging &amp; participation</b></p>       | <p>All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential.</p>                                          | <ul style="list-style-type: none"> <li>• Providing opportunities for physical activity</li> </ul>                                                                                                                                                                 |
|  <p><b>Environment &amp; cultural heritage</b></p> | <p>Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.</p> | <ul style="list-style-type: none"> <li>• managing the impact of runoff to the receiving environments</li> </ul>                                                                                                                                                   |
|  <p><b>Opportunity &amp; prosperity</b></p>        | <p>Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.</p>                                                                             | <ul style="list-style-type: none"> <li>• delivering a well-functioning roading network that minimises barriers for productivity growth</li> </ul>                                                                                                                 |
|  <p><b>Transport &amp; access</b></p>              | <p>Aucklanders will be more easily able to get to where they want to go, and will have choices about how they get around.</p>                                                            | <ul style="list-style-type: none"> <li>• providing the services and infrastructure to make walking and cycling preferred choices for many more Aucklanders</li> </ul>                                                                                             |
|  <p><b>Homes &amp; places</b></p>                  | <p>Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public places.</p>                                                                 | <ul style="list-style-type: none"> <li>• delivering projects and initiatives that unlock development opportunities</li> <li>• contributing funding that supports the provision of bulk infrastructure within Auckland, unlocking potential development</li> </ul> |

## Key projects

### Roads and footpaths

- Road maintenance and renewals programme.
- Minor safety improvements
- Seal extensions and Local Board transport capital fund
- Additional roads and footpath projects as agreed through ATAP and aligned with government priorities. Specific programme is highly uncertain but may include projects such as –
  - Road improvements and developments like Lincoln Rd, Wynyard Quarter, Lake Road/Esmonde Road, Chapel Rd, Tamaki Drive, Mill Rd
  - Network Optimisation Programme including optimising traffic signal operations, making best use of the existing infrastructure; and identification and implementation of small to medium scale infrastructure improvements to address localised infrastructure-related deficiencies and maximise best use of the immediate and wider network.

### Performance information

Overall, we will measure our performance against the following levels of service:

| Level of service statement                          | Performance measure                                                                                                                       | Actual 2016/17             | Annual Plan Target 2017/18                             | Long-term Plan Targets                                 |                                                        |                                                        |                                                        |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
|                                                     |                                                                                                                                           |                            |                                                        | 2018/19                                                | 2019/20                                                | 2020/21                                                | 2021/22-2027/28 (p. a.)                                |
| Transform and elevate customer focus and experience | The change from the previous financial year in the number of deaths and serious injuries on the local road network, expressed as a number | Increase of 8 <sup>6</sup> | Reduce by at least 9                                   | Reduce by at least 9                                   | Reduce by at least 9                                   | Reduce by at least 9                                   | Reduce by at least 9                                   |
| Build network optimisation and resilience           | Arterial road productivity <sup>(1)</sup>                                                                                                 | 60%                        | 55% of the ideal achieved                              | 55% of the ideal achieved                              | 55% of the ideal achieved                              | 55% of the ideal achieved                              | 55% of the ideal achieved                              |
|                                                     | Travel times on key freight routes                                                                                                        | See note <sup>(2)</sup>    | Maintain baseline travel times for the 85th percentile | Maintain baseline travel times for the 85th percentile | Maintain baseline travel times for the 85th percentile | Maintain baseline travel times for the 85th percentile | Maintain baseline travel times for the 85th percentile |
|                                                     | Annual number of cycling trips in designated areas in Auckland: (All day)                                                                 | 1.7m                       | 1.8m                                                   | 1.8m                                                   | 1.8m                                                   | 1.8m                                                   | 1.8m                                                   |
|                                                     | Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all urban and rural roads <sup>(3)</sup>        | Rural 94<br>Urban 87       | Rural 91<br>Urban 81                                   | Rural 90<br>Urban 80                                   | Rural 90<br>Urban 80                                   | Rural 90<br>Urban 80                                   | Rural 90<br>Urban 80                                   |

| Level of service statement | Performance measure                                                                                                                          | Actual 2016/17 | Annual Plan Target 2017/18 | Long-term Plan Targets |         |         |                         |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|------------------------|---------|---------|-------------------------|
|                            |                                                                                                                                              |                |                            | 2018/19                | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
|                            | Percentage of the sealed local road network that is resurfaced                                                                               | 8%             | 8%                         | 8%                     | 8%      | 8%      | 8%                      |
|                            | Percentage of footpaths in acceptable condition <sup>(4)</sup>                                                                               | 99.5%          | 99%                        | 98%                    | 98%     | 98%     | 98%                     |
|                            | Percentage of customer service requests relating to roads and footpaths which receive a response within specified time frames <sup>(5)</sup> | 87%            | 85%                        | 85%                    | 85%     | 85%     | 85%                     |

**Notes to previous table:**

- Road productivity is a measure of the efficiency of the road in moving people during the peak hour. It is measured as the product of number of vehicles, their average journey speed and average vehicular occupancy. Key arterial routes include:
  - Airport to CBD (via Manukau Rd)
  - St Lukes to St Johns (via Balmoral/Greenlane West/Greenlane East/Remuera Rd)
  - Albany to Birkenhead (via Glenfield Rd)
  - Henderson to CBD (via Great North Rd)
  - SH1 to Ti Rakau Dr (via Te Irirangi Dr)
  - SH20 to Portage Rd (via Tiverton/Wolverton Rd)
- Target travel times on nominated strategic freight routes:

| Route                                                                | Actual 2016/17 Travel Time (mins) | Annual Plan Target 2017/18 Travel Time (mins) |
|----------------------------------------------------------------------|-----------------------------------|-----------------------------------------------|
| SEART (from Sylvia Park to East Tamaki)                              | 12                                | 11                                            |
| SEART (from East Tamaki to Sylvia Park)                              | 11                                | 12                                            |
| Wairau Rd (from SH1 to SH18)                                         | 9                                 | 8                                             |
| Wairau Rd (from SH18 to SH1)                                         | 9                                 | 8                                             |
| Harris Rd (from East Tamaki to SH1 Highbrook interchange)            | 11                                | 10                                            |
| Harris Rd (from SH1 Highbrook interchange to East Tamaki)            | 12                                | 11                                            |
| Kaka St/James Fletcher Dr/Favona Rd/Walmsley Rd (SH20 to Walmsley)   | 8                                 | 13                                            |
| Kaka St/James Fletcher Dr/Favona Rd/Walmsley Rd (Walmsley to SH20)   | 7                                 | 13                                            |
| Great South Rd (SH1 Ellerslie Panmure Hwy Interchange to Portage Rd) | 12                                | 11                                            |
| Great South Rd (Portage Rd to SH1 Ellerslie Panmure Hwy Interchange) | 13                                | 11                                            |

- Smooth travel exposure measures the proportion of vehicles kilometres travelled in a year (VKT) that occurs on 'smooth' sealed roads and indicates the ride quality experienced by motorists.
- As defined in Auckland Transport's Asset Management Plans.
- Response times are within:
  - 1 hour for emergencies,
  - 2 days for incident investigation as a high priority, or
  - 3 days for an incident investigation as a normal priority.
- Total incidence 546.

## Significant negative effects

There are no significant negative effects associated with these activities, but there are some negative effects arising from these activities.

| Negative effect                                                                                                                                                                    | Our response                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The road network upgrades contributes to a large number of negative environmental effects including water, air pollution and increased noise levels, and there are safety impacts. | Future planning of the transport network aims to reduce or mitigate the adverse environmental effects of further development. A connected roading and footpath network will reduce negative environmental impacts by reducing travel distances and times. Heavy metals and other contaminants will be controlled and/or treated before entering waterways. |

## Māori identity and wellbeing outcomes

Roads and Footpaths help deliver thriving Māori wellbeing and a Māori identity that is Auckland's point of difference in the world in the following ways:

### An Empowered Organisation

Our people, policies and processes will support Māori in exercising leadership in matters that affect them. Our people, policies and processes will value Te Ao Māori, enable Te Tiriti o Waitangi, fulfill statutory obligations, and enable Māori outcomes.

### Effective Participation

We will invest in rangitira ki te rangatira relationships that provide Māori opportunity to participate in decision making and provide for Māori customary rights.

### Strong Māori Communities

We will invest in a Māori identity through celebrating Māori culture and supporting Te Reo Māori to flourish. Infrastructure will enable Māori to connect with whanau, education, employment, services, and Marae. It will enable Marae to thrive, and provide for papakainga development. Māori sites of significance will be protected and valued. Mana whenua matauranga and Maori design principles will be reflected through the network of roads and footpaths.

## Financial information

| Activity                   | Operating cost and revenue \$000<br>Financial year ending 30 June | 2017/18 | Year 1<br>2018/19 | Year 2<br>2019/20 | Year 3<br>2020/21 | Year 4-10<br>2021/22-2027/28 | Total     |
|----------------------------|-------------------------------------------------------------------|---------|-------------------|-------------------|-------------------|------------------------------|-----------|
| <b>Roads and Footpaths</b> | Non-rates revenue                                                 | 62,133  | 150,312           | 152,583           | 154,874           | 1,170,693                    | 1,628,462 |
|                            | Direct operating expenditure*                                     | 146,043 | 153,847           | 161,590           | 168,968           | 1,457,083                    | 1,941,488 |
|                            | Capital expenditure                                               | 594,113 | 607,542           | 609,104           | 669,535           | 6,331,752                    | 8,217,933 |

\*Direct operating expenditure does not include interest and depreciation.

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## Prospective Funding Impact Statement

| \$000<br>Financial year ending 30 June                                  | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22 | LTP<br>2022/23 | LTP<br>2023/24 | LTP<br>2024/25 | LTP<br>2025/26 | LTP<br>2026/27 | LTP<br>2027/28 |
|-------------------------------------------------------------------------|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sources of operating funding:</b>                                    |                                          |                |                |                |                |                |                |                |                |                |                |
| General rates, UAGCs, rates penalties                                   | 285,818                                  | 190,114        | 207,046        | 227,058        | 249,589        | 273,121        | 296,884        | 334,414        | 354,912        | 378,141        | 405,217        |
| Targeted rates                                                          | 44,032                                   | 2,922          | 2,922          | 2,922          | 2,922          | 2,922          | 2,922          | 2,922          | 2,922          | 2,922          | 2,922          |
| Subsidies and grants for operating purposes                             | 45,389                                   | 47,672         | 49,633         | 51,607         | 53,955         | 56,860         | 59,588         | 62,463         | 65,413         | 68,482         | 71,634         |
| Fees and charges                                                        | 4,537                                    | 4,283          | 4,369          | 4,456          | 4,545          | 4,636          | 4,729          | 4,823          | 4,920          | 5,018          | 5,119          |
| Internal charges and overheads recovered                                | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Local authorities fuel tax, fines, infringement fees and other receipts | 11,001                                   | 98,357         | 98,582         | 98,812         | 99,046         | 99,285         | 99,528         | 99,777         | 100,030        | 100,289        | 100,553        |
| <b>Total operating funding</b>                                          | <b>390,777</b>                           | <b>343,348</b> | <b>362,552</b> | <b>384,855</b> | <b>410,057</b> | <b>436,824</b> | <b>463,651</b> | <b>504,399</b> | <b>528,197</b> | <b>554,852</b> | <b>585,445</b> |
| <b>Applications of operating funding:</b>                               |                                          |                |                |                |                |                |                |                |                |                |                |
| Payment to staff and suppliers                                          | 132,811                                  | 153,847        | 161,589        | 168,968        | 177,930        | 188,534        | 198,014        | 208,207        | 218,422        | 228,100        | 237,878        |
| Finance costs                                                           | 81,051                                   | 86,171         | 92,797         | 100,205        | 105,012        | 107,977        | 112,803        | 121,971        | 131,259        | 141,510        | 155,643        |
| Internal charges and overheads applied                                  | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other operating funding applications                                    | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total applications of operating funding</b>                          | <b>213,862</b>                           | <b>240,018</b> | <b>254,386</b> | <b>269,173</b> | <b>282,942</b> | <b>296,511</b> | <b>310,817</b> | <b>330,178</b> | <b>349,681</b> | <b>369,610</b> | <b>393,521</b> |
| <b>Surplus (deficit) of operating funding</b>                           | <b>176,915</b>                           | <b>103,330</b> | <b>108,166</b> | <b>115,682</b> | <b>127,115</b> | <b>140,313</b> | <b>152,834</b> | <b>174,221</b> | <b>178,516</b> | <b>185,242</b> | <b>191,924</b> |
| <b>Sources of capital funding:</b>                                      |                                          |                |                |                |                |                |                |                |                |                |                |
| Subsidies and grants for capital expenditure                            | 139,021                                  | 303,771        | 304,552        | 334,768        | 323,239        | 307,001        | 469,668        | 474,651        | 434,613        | 579,708        | 576,995        |
| Development and financial contributions                                 | 63,188                                   | 74,313         | 70,940         | 93,966         | 84,611         | 80,654         | 74,732         | 73,675         | 71,889         | 71,563         | 71,369         |
| Increase (decrease) in debt                                             | 220,369                                  | 126,128        | 125,447        | 125,120        | 111,512        | 86,034         | 242,102        | 226,755        | 184,207        | 322,903        | 313,702        |

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|----------------------------------------------|------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Gross proceeds from sale of assets           | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Lump sum contributions                       | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other dedicated capital funding              | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total sources of capital funding</b>      | <b>422,578</b>                           | <b>504,212</b>   | <b>500,939</b>   | <b>553,854</b>   | <b>519,362</b>   | <b>473,689</b>   | <b>786,502</b>   | <b>775,081</b>   | <b>690,709</b>   | <b>974,174</b>   | <b>962,066</b>   |
| <b>Application of capital funding:</b>       |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital expenditure:                         |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| - to meet additional demand                  | 164,693                                  | 105,507          | 123,790          | 152,658          | 149,063          | 163,913          | 190,173          | 178,640          | 102,762          | 100,868          | 70,565           |
| - to improve the level of service            | 204,534                                  | 321,318          | 285,606          | 277,013          | 228,954          | 152,202          | 438,721          | 440,632          | 421,235          | 681,475          | 671,281          |
| - to replace existing assets                 | 230,266                                  | 180,717          | 199,709          | 239,865          | 268,460          | 297,887          | 310,442          | 330,030          | 345,228          | 377,073          | 412,144          |
| Increase (decrease) in reserves              | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Increase (decrease) in investments           | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total applications of capital funding</b> | <b>599,493</b>                           | <b>607,542</b>   | <b>609,105</b>   | <b>669,536</b>   | <b>646,477</b>   | <b>614,002</b>   | <b>939,336</b>   | <b>949,302</b>   | <b>869,225</b>   | <b>1,159,416</b> | <b>1,153,990</b> |
| <b>Surplus (deficit) of capital funding</b>  | <b>(176,915)</b>                         | <b>(103,330)</b> | <b>(108,166)</b> | <b>(115,682)</b> | <b>(127,115)</b> | <b>(140,313)</b> | <b>(152,834)</b> | <b>(174,221)</b> | <b>(178,516)</b> | <b>(185,242)</b> | <b>(191,924)</b> |
| <b>Funding balance</b>                       | <b>0</b>                                 | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |

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## 3.5 Public transport and travel demand management

This activity covers travel demand management through efficient public transport network and parking management.

### Key Activities

#### Public transport

Over the next few years, Auckland Transport is moving to a simpler and more integrated public transport network for Auckland. This will deliver a new network of buses and trains that will change the way people travel. The new network is a region-wide public transport network that will include frequent, connector, local and peak services.

Auckland will soon be enjoying more frequent, more connected travel where you just turn up and go at a bus stop, train station or ferry terminal. Offering flexible travel options over large parts of the city, the new network will make public transport more useful for a range of travel purposes.

The heart of the public transport new network will be the City Rail Link, a 3.5 km rail tunnel which punches through the dead end at Britomart and loops up Albert Street, with stations at Aotea Square and Karangahape Rd, before passing under the motorways to link with the Western rail line at Mt Eden. By providing easy, congestion-free access to the CBD, the City Rail Link will unlock the potential of Auckland's public transport network, with flow-on benefits across the whole of Auckland.

#### Parking and enforcement

Auckland Transport also manages on-street and off-street parking, including parking buildings and off-street car park sites, and also enforces parking, traffic and special vehicle lane restrictions.

Auckland Transport's parking services are geared to balance demand for parking spaces with the needs of road users, residents and businesses. This is achieved through paid parking in off-street parking buildings, and through balancing supply and demand for on-street parking spaces using pay-and-display parking options, parking time restrictions, and unrestricted on-street parking.

### How these activities drive Auckland Plan outcomes

|                                                                                                                                   |                                                                                                                                                                                          |                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>Belonging &amp; participation</b>       | <p>All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential.</p>                                          | <ul style="list-style-type: none"> <li>• providing reliable, safe and affordable travel choices for Aucklanders to get around.</li> </ul>             |
| <br><b>Opportunity &amp; prosperity</b>        | <p>Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.</p>                                                                             | <ul style="list-style-type: none"> <li>• delivering public transport services and projects that minimise barriers for productivity growth.</li> </ul> |
| <br><b>Environment &amp; cultural heritage</b> | <p>Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.</p> | <ul style="list-style-type: none"> <li>• providing viable alternative to private vehicle.</li> </ul>                                                  |

|                                                                                                                                |                                                                                                                                                  |                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Transport &amp; access</b></p>         | <p>Aucklanders will be more easily able to get to where they want to go, and will have choices about how they get around.</p>                    | <ul style="list-style-type: none"> <li>influencing travel demand</li> <li>maximising benefits from transport technology.</li> </ul>    |
|  <p><b>Homes &amp; places</b></p>             | <p>Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public places.</p>                         | <ul style="list-style-type: none"> <li>integrating travel choices for where people live, work and play.</li> </ul>                     |
|  <p><b>Māori identity &amp; wellbeing</b></p> | <p>A thriving Māori identity is Auckland's point of difference in the world that advances prosperity for Māori and benefits all Aucklanders.</p> | <ul style="list-style-type: none"> <li>Auckland's unique Māori identity being reflected in transport infrastructure design.</li> </ul> |

## Key projects

### Public transport and travel demand management

- City Rail Link
- Additional electric trains
- Additional public transport projects as agreed through ATAP and aligned with government priorities. Specific programme is highly uncertain but may include projects such as –
  - Eastern Busway (previously known as AMETI)
  - Rapid transit initiatives
  - City centre bus improvements
  - New and expanded park and ride stations

### Performance information

Overall, we will measure our performance against the following levels of service:

| Level of service statement                          | Performance measure                                              | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |         |         |                         |
|-----------------------------------------------------|------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------|---------|-------------------------|
|                                                     |                                                                  |                |                            | 2018/19                           | 2019/20 | 2020/21 | 2021/22-2027/28 (p. a.) |
| Prioritise rapid, high frequency public transport   | Total public transport boardings (millions)                      | 88.4           | 93.0                       | 95.11                             | 98.26   | 101.2   | Increasing to 140       |
| Transform and elevate customer focus and experience | Public Transport punctuality (weighted average across all modes) | 95%            | 94%                        | 95%                               | 95%     | 95%     | 95%                     |
|                                                     | Customer satisfaction - Public Transport                         | 90%            | 85%                        | 85%                               | 85%     | 85%     | 85%                     |
| Ensure a sustainable funding model                  | PT Farebox recovery <sup>(1)</sup>                               | 47.1%          | 49-52%                     | 50%+                              | 50%+    | 50%+    | 50%+                    |
| Ensure optimal use of parking resources             | On street parking occupancy rates (peak four hours)              | 85.7%          | 70-90%                     | 70%-90%                           | 70%-90% | 70%-90% | 70%-90%                 |

#### Notes to table:

1. A farebox recovery ratio measures the contribution fares make to the operating cost of providing public transport services.

## Significant negative effects

There may be significant negative effects arising from these activities.

| Significant negative effect                                                                                                                                                                                  | Our response                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Travel disruption and congestion due to CRL construction and maintenance of public transport infrastructure, may have a significant impact on people and the environment, including air and water pollution. | Public signage and information will be provided and alternative transport options will be encouraged. Construction will be coordinated to minimise disruption and by communicating effectively with travellers and communities likely to be affected. |
| Negative effect                                                                                                                                                                                              | Our response                                                                                                                                                                                                                                          |
| Heavy metals and other contaminants will be controlled and/or treated before entering the water.                                                                                                             | Air pollution will be mitigated by specifying standards relating to the emissions of heavy/construction vehicles provided by commercial and contracted operators.                                                                                     |

## Māori identity and wellbeing outcomes

Public Transport and travel demand management will help deliver thriving Maori wellbeing and a Maori identity that is Auckland's point of difference in the world in the following ways:

### An Empowered Organisation

Our people, policies and processes will support Maori in exercising leadership in matters that affect them. Our people, policies and processes will value Te Ao Maori, enable Te Tiriti o Waitangi, fulfill statutory obligations, and enable Maori outcomes.

### Effective Participation

We will invest in rangitira ki te rangatira relationships that provide Maori opportunity to participate in decision making and provide for Maori customary rights.

### Strong Maori Communities

We will invest in a Maori identity through te reo being heard and seen. We will reflect mana whenua matauranga and Maori design principles throughout our transport system. In developing transport infrastructure, Maori sites of significance will be protected. Infrastructure will enable Māori to connect with whanau, education, employment, services, and Marae.

## Financial information

| Activity                                             | Operating cost and revenue \$000<br>Financial year ending 30 June | 2017/18 | Year 1<br>2018/19 | Year 2<br>2019/20 | Year 3<br>2020/21 | Year 4-10<br>2021/22-<br>2027/28 | Total     |
|------------------------------------------------------|-------------------------------------------------------------------|---------|-------------------|-------------------|-------------------|----------------------------------|-----------|
| <b>Parking and enforcement</b>                       | Non-rates revenue                                                 | 82,349  | 84,007            | 85,952            | 87,942            | 675,370                          | 933,270   |
|                                                      | Direct operating expenditure*                                     | 29,888  | 29,966            | 30,762            | 31,647            | 245,558                          | 337,933   |
|                                                      | Capital expenditure                                               | 7,560   | 5,438             | 9,122             | 8,941             | 55,133                           | 78,634    |
| <b>Public transport and travel demand management</b> | Non-rates revenue                                                 | 394,889 | 473,563           | 498,929           | 520,839           | 4,257,430                        | 5,750,760 |
|                                                      | Direct operating expenditure*                                     | 598,755 | 644,915           | 678,411           | 705,031           | 5,695,506                        | 7,723,863 |
|                                                      | Capital expenditure                                               | 164,223 | 111,018           | 205,963           | 146,014           | 870,843                          | 1,333,838 |

\*Direct operating expenditure does not include interest and depreciation.

## Prospective Funding Impact Statement

| \$000<br>Financial year ending 30 June                                  | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21  | LTP<br>2021/22  | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|-------------------------------------------------------------------------|------------------------------------------|----------------|----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Sources of operating funding:</b>                                    |                                          |                |                |                 |                 |                  |                  |                  |                  |                  |                  |
| General rates, UAGCs, rates penalties                                   | 286,388                                  | 251,507        | 252,050        | 271,931         | 279,698         | 386,369          | 405,477          | 417,276          | 411,478          | 412,514          | 416,779          |
| Targeted rates                                                          | 18,840                                   | 1,217          | 1,217          | 1,217           | 1,217           | 1,217            | 1,217            | 1,217            | 1,217            | 1,217            | 1,217            |
| Subsidies and grants for operating purposes                             | 204,241                                  | 219,129        | 229,594        | 235,714         | 241,034         | 245,527          | 250,634          | 254,336          | 257,468          | 260,517          | 264,337          |
| Fees and charges                                                        | 243,433                                  | 263,185        | 278,742        | 295,278         | 311,004         | 327,134          | 346,384          | 364,661          | 383,071          | 406,478          | 426,778          |
| Internal charges and overheads recovered                                | 0                                        | 0              | 0              | 0               | 0               | 0                | 0                | 0                | 0                | 0                | 0                |
| Local authorities fuel tax, fines, infringement fees and other receipts | 34,002                                   | 75,256         | 76,544         | 77,788          | 79,158          | 80,554           | 82,773           | 84,896           | 86,799           | 88,663           | 90,593           |
| <b>Total operating funding</b>                                          | <b>786,904</b>                           | <b>810,294</b> | <b>838,147</b> | <b>881,928</b>  | <b>912,111</b>  | <b>1,040,801</b> | <b>1,086,485</b> | <b>1,122,386</b> | <b>1,140,033</b> | <b>1,169,389</b> | <b>1,199,704</b> |
| <b>Applications of operating funding:</b>                               |                                          |                |                |                 |                 |                  |                  |                  |                  |                  |                  |
| Payment to staff and suppliers                                          | 643,400                                  | 674,881        | 709,175        | 736,679         | 762,167         | 791,114          | 825,027          | 850,966          | 875,248          | 904,294          | 932,251          |
| Finance costs                                                           | 103,914                                  | 119,780        | 137,506        | 160,407         | 182,551         | 200,008          | 207,748          | 204,003          | 198,708          | 197,119          | 196,226          |
| Internal charges and overheads applied                                  | 0                                        | 0              | 0              | 0               | 0               | 0                | 0                | 0                | 0                | 0                | 0                |
| Other operating funding applications                                    | 0                                        | 0              | 0              | 0               | 0               | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total applications of operating funding</b>                          | <b>747,314</b>                           | <b>794,661</b> | <b>846,681</b> | <b>897,086</b>  | <b>944,718</b>  | <b>991,122</b>   | <b>1,032,775</b> | <b>1,054,969</b> | <b>1,073,956</b> | <b>1,101,413</b> | <b>1,128,477</b> |
| <b>Surplus (deficit) of operating funding</b>                           | <b>39,590</b>                            | <b>15,633</b>  | <b>(8,534)</b> | <b>(15,158)</b> | <b>(32,607)</b> | <b>49,679</b>    | <b>53,710</b>    | <b>67,417</b>    | <b>66,077</b>    | <b>67,976</b>    | <b>71,227</b>    |
| <b>Sources of capital funding:</b>                                      |                                          |                |                |                 |                 |                  |                  |                  |                  |                  |                  |

Section 3: Our Activities  
3.5 Public transport and travel demand management

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19  | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22 | LTP<br>2022/23  | LTP<br>2023/24  | LTP<br>2024/25  | LTP<br>2025/26  | LTP<br>2026/27  | LTP<br>2027/28  |
|----------------------------------------------|------------------------------------------|-----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Subsidies and grants for capital expenditure | 263,987                                  | 58,229          | 107,542        | 77,477         | 74,011         | 103,241         | 67,734          | 60,843          | 47,776          | 63,687          | 45,694          |
| Development and financial contributions      | 12,064                                   | 15,168          | 15,167         | 16,156         | 15,930         | 15,858          | 15,861          | 15,861          | 15,856          | 15,754          | 15,680          |
| Increase (decrease) in debt                  | (70,958)                                 | 262,127         | 355,009        | 435,579        | 424,589        | 341,204         | 72,463          | (153,835)       | (34,156)        | (20,042)        | (41,212)        |
| Gross proceeds from sale of assets           | 0                                        | 0               | 0              | 0              | 0              | 0               | 0               | 0               | 0               | 0               | 0               |
| Lump sum contributions                       | 0                                        | 0               | 0              | 0              | 0              | 0               | 0               | 0               | 0               | 0               | 0               |
| Other dedicated capital funding              | 0                                        | 0               | 0              | 0              | 0              | 0               | 0               | 0               | 0               | 0               | 0               |
| <b>Total sources of capital funding</b>      | <b>205,093</b>                           | <b>335,524</b>  | <b>477,718</b> | <b>529,212</b> | <b>514,530</b> | <b>460,303</b>  | <b>156,058</b>  | <b>(77,131)</b> | <b>29,476</b>   | <b>59,399</b>   | <b>20,162</b>   |
| <b>Application of capital funding:</b>       |                                          |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| Capital expenditure:                         |                                          |                 |                |                |                |                 |                 |                 |                 |                 |                 |
| - to meet additional demand                  | 56,211                                   | 13,489          | 23,557         | 16,497         | 16,030         | 21,515          | 13,716          | 12,603          | 9,620           | 12,917          | 8,736           |
| - to improve the level of service            | 165,931                                  | 93,663          | 181,245        | 126,107        | 118,171        | 169,630         | 105,769         | 92,091          | 68,158          | 95,043          | 61,432          |
| - to replace existing assets                 | 22,541                                   | 9,305           | 10,282         | 12,350         | 13,822         | 15,337          | 15,983          | 16,992          | 17,775          | 19,415          | 21,221          |
| Increase (decrease) in reserves              | 0                                        | 0               | 0              | 0              | 0              | 0               | 0               | 0               | 0               | 0               | 0               |
| Increase (decrease) in investments           | 0                                        | 234,700         | 254,100        | 359,100        | 333,900        | 303,500         | 74,300          | (131,400)       | 0               | 0               | 0               |
| <b>Total applications of capital funding</b> | <b>244,683</b>                           | <b>351,157</b>  | <b>469,184</b> | <b>514,054</b> | <b>481,923</b> | <b>509,982</b>  | <b>209,768</b>  | <b>(9,714)</b>  | <b>95,553</b>   | <b>127,375</b>  | <b>91,389</b>   |
| <b>Surplus (deficit) of capital funding</b>  | <b>(39,590)</b>                          | <b>(15,633)</b> | <b>8,534</b>   | <b>15,158</b>  | <b>32,607</b>  | <b>(49,679)</b> | <b>(53,710)</b> | <b>(67,417)</b> | <b>(66,077)</b> | <b>(67,976)</b> | <b>(71,227)</b> |
| <b>Funding balance</b>                       | <b>0</b>                                 | <b>0</b>        | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |

## 3.6 Stormwater management

This group of activities include the operation and maintenance of an extensive network of built and natural stormwater infrastructure

### Key Activities

- The planning, design, construction and management of stormwater networks.
- Building modelling tools to inform Auckland's water quality and flood risks, as well as the delivery of future infrastructure projects and community initiatives. This includes setting targets and limits within the Unitary Plan as required under the National Policy Statement for Freshwater Management.

These activities will continue our investment in an extensive network of built and natural stormwater infrastructure for environmental protection, renewals, safety concerns and the provision for priority growth areas.

It's important to note that under the Local Government Act, councils are required to show flood protection and control works (such as major stop banks and dams) designed to protect urban and rural areas from flooding, as a separate group of activities. Due to the relatively short river catchments in the Auckland Region, Auckland Council does not have any flood protection and control works of a size and scale that qualify as major flood protection and control schemes under the criteria relating to reporting requirements set out in the Non-Financial Performance Measure Rules 2013. Therefore, the council manages any minor flood protection and control works within our stormwater management activity.

### How these activities drive Auckland Plan outcomes

|                                                                                                                                       |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Environment &amp; cultural heritage</b></p> | <p>Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.</p> | <ul style="list-style-type: none"> <li>• providing resilient infrastructure that is adaptive to future changes</li> <li>• managing the impact of stormwater discharges to the receiving environments</li> <li>• supporting and delivering projects that embed water-sensitive urban design and future-proofed infrastructure</li> </ul> |
|  <p><b>Homes &amp; places</b></p>                  | <p>Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public places.</p>                                                                 | <ul style="list-style-type: none"> <li>• identifying initiatives that deliver development opportunities</li> <li>• contributing funding that supports the provision of bulk infrastructure within Auckland, unlocking potential development</li> </ul>                                                                                  |
|  <p><b>Māori identity &amp; wellbeing</b></p>      | <p>A thriving Māori identity is Auckland's point of difference in the world that advances prosperity for Māori and benefits all Aucklanders.</p>                                         | <ul style="list-style-type: none"> <li>• support to co-governance and co-management arrangements through the provision of services and advice on stormwater management arrangements</li> </ul>                                                                                                                                          |

### Key projects

Over the 10 years of LTP 2018-2028, the council will optimise and improve water outcomes for Auckland through key infrastructure initiatives below:

- Design and deliver stormwater upgrade and improvement projects:



- Takanini Cascades and Grove Rd Culvert (including land purchase) – A new open channel and culvert incorporating cascading weirs, and associated green space to convey the 100-year flood to service the Takanini Growth Areas.
- Takanini School Rd Area and Popes Rd – A new trunk pipeline along Takanini School Road and a stormwater quality pond at 2 Popes Road to service development as per Takanini Plan Change 6A and 6B.
- Ports of Auckland Outfall Upgrade – Design and installation of a 3.3 metres diameter stormwater pipe from the south side of Quay Street across Ports of Auckland to the Waitemata Harbour. This is to replace the existing pipeline in poor condition.
- Oakley Walmsley and Underwood Park stream conveyance – Upgrade culverts and widening of Oakley Creek through Walmsley Park to convey flood flows to enable intensification and redevelopment in the upper catchment.
- Undertake the proposed joint initiatives by Watercare and Auckland Council to implement stormwater and wastewater network improvements on critical infrastructure that the council is responsible for, such as the Western Isthmus Water Quality Improvement programme (WIWQIP) which will improve the Western Isthmus water quality, reduce wastewater overflows and unlock the potential of the area for business and residential growth. This will be achieved through investment in green infrastructure, stormwater treatment and network extensions and combined sewer separation projects to allow capacity for growth, reduce wastewater overflows and improve infrastructure resilience. Key examples are as follows:
  - Central Interceptor consisting of a tunnel with a diameter of 4.5 metres from the Mangere Wastewater Treatment Plant to Western Springs (and potentially beyond to St Marys), together with a terminal pump station and link sewers, which will collect wastewater and stormwater from parts of the combined network in the Western Isthmus Area and convey them to the Mangere Wastewater Treatment Plant.
  - Picton Street which is the separation of the combined wastewater/stormwater system on Picton Street and installation of new stormwater network to reduce wastewater overflow volumes to Wynyard Wharf outfall and alleviate property flooding.
  - St Marys Bay/Masefield Beach stormwater upgrade – A collaborative project between Healthy Waters, Watercare and Panuku to divert combined sewer overflows from St Marys Bay and Masefield beach to a discharge point further out in the harbour; and renewal of a failing stormwater coastal outfall.
- Deliver on the National Policy Statement for Freshwater Management for Auckland

In addition, to support the development of the above water quantity and quality initiatives, a comprehensive communication and education programme to encourage water sensitive and low impact design for stormwater infrastructure, optimisation of operational practices, as well as asset and service risk management is required.

## Performance information

Overall, we will measure our performance against the following levels of service:

| Level of service statement                                                     | Performance measure                                                                                                                                                    | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |                        |                        |                         |
|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|------------------------|------------------------|-------------------------|
|                                                                                |                                                                                                                                                                        |                |                            | 2018/19                           | 2019/20                | 2020/21                | 2021/22-2027/28 (p. a.) |
| Manage the stormwater network to minimise the risks of flooding to Aucklanders | The number of flooding events that occur and the associated number of habitable floors affected per 1000 properties connected to Auckland Council's stormwater network | Not measured   | 1 per 1,000 properties     | 1 per 1,000 properties            | 1 per 1,000 properties | 1 per 1,000 properties | 1 per 1,000 properties  |



| Level of service statement                                                                                        | Performance measure                                                                                                                                                                                                                                                                                       | Actual 2016/17            | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |                        |                        |                         |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|-----------------------------------|------------------------|------------------------|-------------------------|
|                                                                                                                   |                                                                                                                                                                                                                                                                                                           |                           |                            | 2018/19                           | 2019/20                | 2020/21                | 2021/22-2027/28 (p. a.) |
|                                                                                                                   | The median response time to attend a flooding event, measured from the time that Auckland Council receives notification to the time that service personnel reach the site                                                                                                                                 | Not Measured              | 2 hours                    | 2 hours                           | 2 hours                | 2 hours                | 2 hours                 |
|                                                                                                                   | The number of complaints received about the performance of the stormwater system per 1000 properties connected to Auckland Council's stormwater system                                                                                                                                                    | 1.01 per 1,000 properties | 3 per 1,000 properties     | 3 per 1,000 properties            | 3 per 1,000 properties | 3 per 1,000 properties | 3 per 1,000 properties  |
| Enhance and protect the stormwater receiving environments through sustainable management of the stormwater system | Auckland Council stormwater compliance with resource consents for discharge from its stormwater system, measured by the number of:<br>a) abatement notices; and<br>b) infringement notices; and<br>c) enforcement orders; and<br>d) successful prosecutions, received in relation those resource consents | 0                         | 0                          | 0                                 | 0                      | 0                      | 0                       |

### Significant negative effects

There are no significant negative effects associated with these activities, but there are some negative effects arising from these activities.

| Negative effect                                                                                                                                                                                                                                                                                                                              | Our response                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stormwater which is not treated can pollute harbours by transporting environmental contaminants. It can also degrade streams and rivers in heavy rainfall, and cause property damage as well as potentially impact on the environment with associated health risks. Our stormwater activity seeks to actively manage these kinds of impacts. | We are enhancing our current treatment programme to reduce the effects of stormwater. We will work with, and where necessary regulate, industry and developers to reduce pollutant loads at their source or install treatment devices to remove contaminants from stormwater in sensitive areas. We are also actively looking at water sensitive design options to better manage and filter stormwater contaminants. Our regular maintenance programme will help reduce risks. |

## Māori identity and wellbeing outcomes

Stormwater management helps deliver thriving Māori wellbeing and a Māori identity that is Auckland's point of difference in the world in the following ways:

### An Empowered Organisation

Our people, policies and processes will support Māori in exercising leadership in matters that affect them. Our people, policies and processes will value Te Ao Māori, enable Te Tiriti o Waitangi, fulfill statutory obligations, and enable Māori outcomes.

### Effective Participation

We will invest in rangitira ki te rangatira relationships that provide Māori opportunity to participate in decision making and provide for Māori customary rights.

### Strong Maori Communities

We will apply a Māori world view to treasure and protect our environment (taonga tuku iho), valuing a Māori perspective on water. Our infrastructure will enable thriving Marae and papakainga development.

## Financial information

| Activity          | Operating cost and revenue \$000<br>Financial year ending 30 June | 2017/18 | Year 1<br>2018/19 | Year 2<br>2019/20 | Year 3<br>2020/21 | Year 4-10<br>2021/22-2027/28 | Total     |
|-------------------|-------------------------------------------------------------------|---------|-------------------|-------------------|-------------------|------------------------------|-----------|
| <b>Stormwater</b> | Non-rates revenue                                                 | 2,132   | 2,168             | 2,211             | 2,255             | 17,102                       | 23,736    |
|                   | Direct operating expenditure*                                     | 42,616  | 43,957            | 45,954            | 48,725            | 419,331                      | 557,967   |
|                   | Capital expenditure                                               | 103,154 | 79,383            | 95,074            | 111,477           | 1,104,144                    | 1,390,078 |

\*Direct operating expenditure does not include interest and depreciation.

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## Prospective Funding Impact Statement

| \$000<br>Financial year ending 30 June                                  | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22 | LTP<br>2022/23 | LTP<br>2023/24 | LTP<br>2024/25 | LTP<br>2025/26 | LTP<br>2026/27 | LTP<br>2027/28 |
|-------------------------------------------------------------------------|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sources of operating funding:</b>                                    |                                          |                |                |                |                |                |                |                |                |                |                |
| General rates, UAGCs, rates penalties                                   | 86,750                                   | 104,814        | 107,520        | 104,755        | 112,072        | 119,541        | 124,459        | 135,540        | 138,224        | 146,511        | 153,420        |
| Targeted rates                                                          | 38                                       | 40,976         | 41,696         | 42,529         | 43,363         | 44,235         | 45,106         | 45,963         | 46,836         | 47,726         | 48,633         |
| Subsidies and grants for operating purposes                             | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Fees and charges                                                        | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Internal charges and overheads recovered                                | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Local authorities fuel tax, fines, infringement fees and other receipts | 2,132                                    | 2,168          | 2,211          | 2,255          | 2,300          | 2,346          | 2,393          | 2,441          | 2,490          | 2,540          | 2,591          |
| <b>Total operating funding</b>                                          | <b>88,920</b>                            | <b>147,958</b> | <b>151,427</b> | <b>149,539</b> | <b>157,735</b> | <b>166,122</b> | <b>171,958</b> | <b>183,944</b> | <b>187,550</b> | <b>196,777</b> | <b>204,644</b> |
| <b>Applications of operating funding:</b>                               |                                          |                |                |                |                |                |                |                |                |                |                |
| Payment to staff and suppliers                                          | 27,475                                   | 28,870         | 30,805         | 32,905         | 35,253         | 36,848         | 39,352         | 41,351         | 43,951         | 46,890         | 49,704         |
| Finance costs                                                           | 14,647                                   | 15,648         | 12,401         | 9,345          | 5,620          | 2,082          | 427            | (183)          | (613)          | (1,235)        | (2,661)        |
| Internal charges and overheads applied                                  | 8,508                                    | 15,087         | 15,150         | 15,820         | 16,074         | 16,472         | 17,526         | 17,623         | 18,308         | 19,725         | 20,251         |
| Other operating funding applications                                    | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total applications of operating funding</b>                          | <b>50,630</b>                            | <b>59,605</b>  | <b>58,356</b>  | <b>58,070</b>  | <b>56,947</b>  | <b>55,402</b>  | <b>57,305</b>  | <b>58,791</b>  | <b>61,646</b>  | <b>65,380</b>  | <b>67,294</b>  |
| <b>Surplus (deficit) of operating funding</b>                           | <b>38,290</b>                            | <b>88,353</b>  | <b>93,071</b>  | <b>91,469</b>  | <b>100,788</b> | <b>110,720</b> | <b>114,653</b> | <b>125,153</b> | <b>125,904</b> | <b>131,397</b> | <b>137,350</b> |
| <b>Sources of capital funding:</b>                                      |                                          |                |                |                |                |                |                |                |                |                |                |
| Subsidies and grants for capital expenditure                            | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Development and financial contributions                                 | 55,647                                   | 59,176         | 62,010         | 81,294         | 83,149         | 72,337         | 62,380         | 66,954         | 60,745         | 60,745         | 60,428         |
| Increase (decrease) in debt                                             | 9,217                                    | (68,147)       | (60,007)       | (61,286)       | (79,844)       | (44,821)       | (11,433)       | (12,778)       | (2,207)        | (27,875)       | (29,599)       |
| Gross proceeds from sale of assets                                      | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19  | LTP<br>2019/20  | LTP<br>2020/21  | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|----------------------------------------------|------------------------------------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Lump sum contributions                       | 0                                        | 0               | 0               | 0               | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other dedicated capital funding              | 0                                        | 0               | 0               | 0               | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total sources of capital funding</b>      | <b>64,864</b>                            | <b>(8,971)</b>  | <b>2,003</b>    | <b>20,008</b>   | <b>3,305</b>     | <b>27,516</b>    | <b>50,947</b>    | <b>54,176</b>    | <b>58,538</b>    | <b>32,870</b>    | <b>30,829</b>    |
| <b>Application of capital funding:</b>       |                                          |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| Capital expenditure:                         |                                          |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| - to meet additional demand                  | 31,088                                   | 35,831          | 36,463          | 41,540          | 39,531           | 50,040           | 57,067           | 54,763           | 60,544           | 53,661           | 54,735           |
| - to improve the level of service            | 32,389                                   | 30,677          | 49,810          | 53,481          | 47,890           | 61,711           | 73,436           | 88,901           | 87,333           | 79,430           | 81,644           |
| - to replace existing assets                 | 39,677                                   | 12,874          | 8,801           | 16,456          | 16,672           | 26,485           | 35,097           | 35,665           | 36,565           | 31,176           | 31,800           |
| Increase (decrease) in reserves              | 0                                        | 0               | 0               | 0               | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Increase (decrease) in investments           | 0                                        | 0               | 0               | 0               | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total applications of capital funding</b> | <b>103,154</b>                           | <b>79,382</b>   | <b>95,074</b>   | <b>111,477</b>  | <b>104,093</b>   | <b>138,236</b>   | <b>165,600</b>   | <b>179,329</b>   | <b>184,442</b>   | <b>164,267</b>   | <b>168,179</b>   |
| <b>Surplus (deficit) of capital funding</b>  | <b>(38,290)</b>                          | <b>(88,353)</b> | <b>(93,071)</b> | <b>(91,469)</b> | <b>(100,788)</b> | <b>(110,720)</b> | <b>(114,653)</b> | <b>(125,153)</b> | <b>(125,904)</b> | <b>(131,397)</b> | <b>(137,350)</b> |
| <b>Funding balance</b>                       | <b>0</b>                                 | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |

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## 3.7 Wastewater treatment and disposal

Watercare Services Limited provides lifeline services to Auckland. Our water and wastewater services are critical to the economic, social and environmental health and well-being of our communities.

Watercare provides safe and reliable wastewater services to 1.4 million Aucklanders. Each day, Watercare's wastewater network collects and treats around 400 million litres of wastewater to a high standard. The two main wastewater plants servicing the majority of the region are located at Māngere on the Manukau Harbour and Rosedale on the North Shore.

### Key Activities

The key activities are managing and maintaining:

- 7,999 km of wastewater pipes
- 518 wastewater pump stations
- 18 wastewater treatment plants.

### How these activities drive Auckland Plan outcomes

|                                                                                                                                  |                                                                                                                                                                                          |                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>Environment &amp; cultural heritage</b> | <p>Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.</p> | <ul style="list-style-type: none"> <li>• providing resilient infrastructure that is adaptive to future changes</li> <li>• managing the impact of wastewater discharges to the receiving environments</li> </ul>                                        |
| <br><b>Homes &amp; places</b>                 | <p>Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public places.</p>                                                                 | <ul style="list-style-type: none"> <li>• identifying initiatives that deliver development opportunities</li> <li>• contributing funding that supports the provision of bulk infrastructure within Auckland, unlocking potential development</li> </ul> |
| <br><b>Māori identity &amp; wellbeing</b>     | <p>A thriving Māori identity is Auckland's point of difference in the world that advances prosperity for Māori and benefits all Aucklanders.</p>                                         | <ul style="list-style-type: none"> <li>• support to co-governance and co-management arrangements through the provision of services and advice on wastewater treatment and disposal</li> </ul>                                                          |

### Key projects

**Central Interceptor** is 13-kilometre wastewater pipeline to run between Western Springs and the Mangere Wastewater Treatment Plant. It will run underground at a depth of between 22 and 110 metres, crossing the Manukau Harbour at about 30 meters below the seabed. The pipeline will increase the capacity of the wastewater network, replace ageing infrastructure and reduce wastewater overflows. Construction is likely to commence in 2019 and be completed in 2025.

**Northern Interceptor** is a large wastewater pipe that will divert flows from north-west Auckland, which currently connect to the Mangere Wastewater Treatment Plant, to the Rosedale Wastewater Treatment Plant on the North Shore. This has two major benefits; it utilises spare capacity at the Rosedale plant and it gives the

Mangere plant greater capacity to support growth in the central and southern areas. Construction is planned to be completed in 2020. Future planned phases are to occur when growth requires it.

**Pukekohe Wastewater Treatment Upgrade** will provide additional capacity to cater for population growth in the Pukekohe wastewater treatment catchment. Construction is planned to be completed in 2020.

**Sub-regional Wastewater Servicing** – Major wastewater treatment plant consolidation and pipe upgrades are planned for two sub-regions. The areas servicing are the south-west communities of Kingseat, Waiuku, Glenbrook and Clarks Beach and the north-east communities of Warkworth, Snells Beach and Algies Bay. At present, the several wastewater treatment plants serving these communities are effective, and the upgrades will cater for population growth and produce high-quality treated wastewater for discharge. Construction of the upgrades in both areas is planned for completion in 2022.

### Performance information

We will measure performance against the following levels of service:

| Level of service statement                                                                                      | Performance measure                                                                                                                                                                                                                   | Actual 2016/17               | Annual Plan Target 2017/18      | Indicative Long-term Plan Targets |                                 |                                 |                                 |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                                                                                                 |                                                                                                                                                                                                                                       |                              |                                 | 2018/19                           | 2019/20                         | 2020/21                         | 2021/22-2027/28 (p. a.)         |
| Provide reliable wastewater services and manage discharges to maintain or improve the health of the environment | The number of dry weather overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system                                                                                 | 0.4                          | ≤10                             | ≤10                               | ≤10                             | ≤10                             | ≤10                             |
|                                                                                                                 | Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:                                                                                                       | a) 0<br>b) 0<br>c) 0<br>d) 0 | a) ≤2<br>b) ≤2<br>c) ≤2<br>d) 0 | a) ≤2<br>b) ≤2<br>c) ≤2<br>d) 0   | a) ≤2<br>b) ≤2<br>c) ≤2<br>d) 0 | a) ≤2<br>b) ≤2<br>c) ≤2<br>d) 0 | a) ≤2<br>b) ≤2<br>c) ≤2<br>d) 0 |
|                                                                                                                 | a) abatement notices<br>b) infringement notices<br>c) enforcement orders<br>d) convictions received by the territorial authority in relation to those resource consents                                                               |                              |                                 |                                   |                                 |                                 |                                 |
|                                                                                                                 | Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that the territorial authority receives notification to the time that service personnel reach the site | 50 mins                      | ≤60 mins                        | ≤60 mins                          | ≤60 mins                        | ≤60 mins                        | ≤60 mins                        |



| Level of service statement | Performance measure                                                                                                                                                                                                                                                                                                                            | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |          |          |                         |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|----------|----------|-------------------------|
|                            |                                                                                                                                                                                                                                                                                                                                                |                |                            | 2018/19                           | 2019/20  | 2020/21  | 2021/22-2027/28 (p. a.) |
|                            | Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution - from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault                                                                       | 3 hours        | ≤5 hours                   | ≤5 hours                          | ≤5 hours | ≤5 hours | ≤5 hours                |
|                            | The total number of complaints received by the territorial authority about any of the following:<br>a) sewerage odour<br>b) sewerage system faults<br>c) sewerage system blockages<br>d) the territorial authority's response to issues with its sewerage system expressed per 1000 connections to the territorial authority's sewerage system | 24             | ≤50                        | ≤50                               | ≤50      | ≤50      | ≤50                     |

### Significant negative effects

There are no significant negative effects associated with these activities, but there are some negative effects arising from these activities.

| Negative effect                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Our response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Watercare's wastewater network effectively moves wastewater from private properties to our wastewater treatment plants. However, during periods of heavy rainfall, wet-weather overflows occur when the volume of stormwater entering the wastewater network exceeds the capacity of our pipes. This is different to dry-weather overflows, which occur when there is a build-up of fat or items like wet wipes in a pipe. These things don't break down in water. Instead, they form large, impenetrable clumps that block pipes and cause overflows. | Watercare operates a preventive maintenance programme, with regular inspections and clearing of known blockage points and has an emergency overflow response and clean-up procedure. We have an Auckland-wide bio solids strategy and are trialling screens on overflow structures to remove solid material from wastewater discharges. Work programmes also include upgrades of non-metropolitan treatment plants, environmental monitoring and sampling programmes. Long-term responses include interceptors planned for the central, western and northern areas. |

## **Māori identity and wellbeing outcomes**

Waste water treatment and disposal helps deliver thriving Māori wellbeing and a Māori identity that is Auckland's point of difference in the world in the following ways:

### **An Empowered Organisation**

Our people, policies and processes will support Māori in exercising leadership in matters that affect them. Our people, policies and processes will value Te Ao Māori, enable Te Tiriti o Waitangi, fulfill statutory obligations, and enable Māori outcomes.

### **Effective Participation**

We will invest in rangitira ki te rangatira relationships that provide Māori opportunity to participate in decision making and provide for Māori customary rights.

### **Strong Maori Communities**

We will apply a Māori world view to treasure and protect our environment (taonga tuku iho), valuing a Māori perspective on water. Our infrastructure will enable thriving Marae and papakainga development. We will allow for the remediation, protection, and improvement of co-managed assets.

## Financial information

| Activity          | Operating cost and revenue \$000<br>Financial year ending 30 June | 2017/18 | Year 1<br>2018/19 | Year 2<br>2019/20 | Year 3<br>2020/21 | Year 4-10<br>2021/22-2027/28 | Total     |
|-------------------|-------------------------------------------------------------------|---------|-------------------|-------------------|-------------------|------------------------------|-----------|
| <b>Wastewater</b> | Non-rates revenue                                                 | 382,481 | 402,103           | 422,587           | 440,927           | 3,539,308                    | 4,804,925 |
|                   | Direct operating expenditure*                                     | 132,470 | 136,220           | 141,679           | 146,397           | 1,187,364                    | 1,611,660 |
|                   | Capital expenditure                                               | 230,838 | 296,983           | 329,126           | 436,709           | 2,535,071                    | 3,597,890 |

\*Direct operating expenditure does not include interest and depreciation.

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## Prospective Funding Impact Statement

| \$000<br>Financial year ending 30 June                                  | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22 | LTP<br>2022/23 | LTP<br>2023/24 | LTP<br>2024/25 | LTP<br>2025/26 | LTP<br>2026/27 | LTP<br>2027/28 |
|-------------------------------------------------------------------------|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sources of operating funding:</b>                                    |                                          |                |                |                |                |                |                |                |                |                |                |
| General rates, UAGCs, rates penalties                                   | (1,471)                                  | (1,511)        | (1,428)        | (1,471)        | (1,516)        | (1,566)        | (1,620)        | (1,678)        | (1,762)        | (1,850)        | (1,942)        |
| Targeted rates                                                          | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Subsidies and grants for operating purposes                             | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Fees and charges                                                        | 324,327                                  | 339,905        | 357,696        | 374,167        | 392,348        | 411,647        | 432,996        | 422,918        | 443,049        | 463,979        | 487,509        |
| Internal charges and overheads recovered                                | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Local authorities fuel tax, fines, infringement fees and other receipts | 52,684                                   | 62,198         | 64,891         | 66,760         | 69,622         | 69,408         | 70,941         | 69,964         | 66,049         | 66,993         | 71,886         |
| <b>Total operating funding</b>                                          | <b>375,540</b>                           | <b>400,592</b> | <b>421,159</b> | <b>439,456</b> | <b>460,454</b> | <b>479,489</b> | <b>502,317</b> | <b>491,204</b> | <b>507,336</b> | <b>529,122</b> | <b>557,453</b> |
| <b>Applications of operating funding:</b>                               |                                          |                |                |                |                |                |                |                |                |                |                |
| Payment to staff and suppliers                                          | 132,471                                  | 136,220        | 141,678        | 146,396        | 151,648        | 157,650        | 164,240        | 166,824        | 174,331        | 181,996        | 190,670        |
| Finance costs                                                           | 80,185                                   | 75,475         | 80,748         | 88,971         | 100,716        | 113,470        | 125,145        | 135,715        | 142,904        | 144,732        | 147,372        |
| Internal charges and overheads applied                                  | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other operating funding applications                                    | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total applications of operating funding</b>                          | <b>212,656</b>                           | <b>211,695</b> | <b>222,426</b> | <b>235,367</b> | <b>252,364</b> | <b>271,120</b> | <b>289,385</b> | <b>302,539</b> | <b>317,235</b> | <b>326,728</b> | <b>338,042</b> |
| <b>Surplus (deficit) of operating funding</b>                           | <b>162,884</b>                           | <b>188,897</b> | <b>198,733</b> | <b>204,089</b> | <b>208,090</b> | <b>208,369</b> | <b>212,932</b> | <b>188,665</b> | <b>190,101</b> | <b>202,394</b> | <b>219,411</b> |
| <b>Sources of capital funding:</b>                                      |                                          |                |                |                |                |                |                |                |                |                |                |
| Subsidies and grants for capital expenditure                            | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Development and financial contributions                                 | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Increase (decrease) in debt                                             | 60,179                                   | 108,086        | 130,393        | 232,621        | 270,673        | 268,502        | 228,526        | 220,360        | 32,234         | 37,099         | 47,715         |

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|----------------------------------------------|------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Gross proceeds from sale of assets           | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Lump sum contributions                       | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other dedicated capital funding              | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total sources of capital funding</b>      | <b>60,179</b>                            | <b>108,086</b>   | <b>130,393</b>   | <b>232,621</b>   | <b>270,673</b>   | <b>268,502</b>   | <b>228,526</b>   | <b>220,360</b>   | <b>32,234</b>    | <b>37,099</b>    | <b>47,715</b>    |
| <b>Application of capital funding:</b>       |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital expenditure:                         |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| - to meet additional demand                  | 124,923                                  | 225,556          | 221,588          | 262,651          | 296,403          | 279,680          | 232,651          | 210,160          | 68,615           | 68,080           | 115,312          |
| - to improve the level of service            | 10,165                                   | 19,167           | 33,453           | 79,036           | 88,677           | 82,661           | 78,503           | 86,790           | 41,963           | 43,404           | 44,564           |
| - to replace existing assets                 | 87,975                                   | 52,260           | 74,085           | 95,023           | 93,683           | 114,530          | 130,304          | 112,075          | 111,757          | 128,009          | 107,250          |
| Increase (decrease) in reserves              | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Increase (decrease) in investments           | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total applications of capital funding</b> | <b>223,063</b>                           | <b>296,983</b>   | <b>329,126</b>   | <b>436,710</b>   | <b>478,763</b>   | <b>476,871</b>   | <b>441,458</b>   | <b>409,025</b>   | <b>222,335</b>   | <b>239,493</b>   | <b>267,126</b>   |
| <b>Surplus (deficit) of capital funding</b>  | <b>(162,884)</b>                         | <b>(188,897)</b> | <b>(198,733)</b> | <b>(204,089)</b> | <b>(208,090)</b> | <b>(208,369)</b> | <b>(212,932)</b> | <b>(188,665)</b> | <b>(190,101)</b> | <b>(202,394)</b> | <b>(219,411)</b> |
| <b>Funding balance</b>                       | <b>0</b>                                 | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |

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## 3.8 Water supply

Watercare Services Limited provides lifeline services to Auckland. Our water and wastewater services are critical to the economic, social and environmental health and well-being of our communities.

Watercare provides 1.4 million Aucklanders with 'Aa'-grade safe and reliable drinking water. The company collects, treats and distributes drinking water from 12 dams, 15 water sources including rivers and underground aquifers. Around 360 million litres of water per day was supplied in 2016/2017.

### Key activities

The key activities are managing and maintaining:

- 28 sources of water including 12 dams
- 15 water treatment plants
- 89 water reservoirs
- 9,096 km of water pipes.

### How these activities drive Auckland Plan outcomes

|                                                                                                                                  |                                                                                                                                                                                          |                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>Environment &amp; cultural heritage</b> | <p>Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage for its intrinsic value and for the benefit of present and future generations.</p> | <ul style="list-style-type: none"> <li>• providing resilient infrastructure that is adaptive to future changes</li> <li>• managing the impact of water consumption to the environment</li> </ul>                                                       |
| <br><b>Homes &amp; places</b>                 | <p>Aucklanders live in secure, healthy, and affordable homes, and have access to a range of inclusive public places.</p>                                                                 | <ul style="list-style-type: none"> <li>• identifying initiatives that deliver development opportunities</li> <li>• contributing funding that supports the provision of bulk infrastructure within Auckland, unlocking potential development</li> </ul> |
| <br><b>Māori identity &amp; wellbeing</b>     | <p>A thriving Māori identity is Auckland's point of difference in the world that advances prosperity for Māori and benefits all Aucklanders.</p>                                         | <ul style="list-style-type: none"> <li>• support to co-governance and co-management arrangements through the provision of services and advice on water supply</li> </ul>                                                                               |

### Key projects

**Hunua 4 Watermain** is a 32-kilometre water pipe that will ultimately connect the reservoirs in Redoubt Rd, Manukau, to those in Khyber Pass, Grafton. It provides security of the water supply and allows for population growth in Auckland. Construction began in 2012 and is expected to be completed in 2020.

**North Harbour No. 2 Watermain** will service growth areas in Auckland's north by increasing the conveyance of treated water from the west to the Albany Reservoirs. It provides an additional route for conveying water from the west to the north to provide security of the water supply. Currently, one pipe (North Harbour No.1) carries water from Titirangi to supply people living in the North Shore, Whangaparaoa and Orewa. This pipe was built between 1975 and 1985 and Watercare is unable to carry out maintenance on it without disrupting the local water supply. Construction will begin in 2018.

**Huia Water Treatment Plant upgrade** The Huia Water Treatment Plant, Auckland's third largest, is nearing the end of its operational life and needs to be replaced in order to continue supplying a growing Auckland with high quality water from the western water supply dams. Watercare is currently assessing the options and requirements needed for a replacement water treatment plant that will meet peak demand and improve the resilience of the network.

**Nihotupu No. 1 and Huia No. 1 Watermains replacement** of two critical watermains nearing the end of their design lives. Construction is expected to be complete in 2023.

## Performance information

We will measure performance against the following levels of service:

| Level of service statement                                      | Performance measure                                                                                                                                                                                       | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |          |          |                         |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|----------|----------|-------------------------|
|                                                                 |                                                                                                                                                                                                           |                |                            | 2018/19                           | 2019/20  | 2020/21  | 2021/22-2027/28 (p. a.) |
| Provide uninterrupted access to safe, clean and drinkable water | The extent to which the local authority's drinking water supply complies with part 4 of the drinking-water standards <sup>(1)</sup> (bacteria compliance criteria)                                        | 100%           | 100%                       | 100%                              | 100%     | 100%     | 100%                    |
|                                                                 | The extent to which the local authority's drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)                                                      | 100%           | 100%                       | 100%                              | 100%     | 100%     | 100%                    |
|                                                                 | Median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site                                  | 41 mins        | ≤60 mins                   | ≤60 mins                          | ≤60 mins | ≤60 mins | ≤60 mins                |
|                                                                 | Median response time for resolution of urgent calls-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption | 3 hours        | ≤5 hours                   | ≤5 hours                          | ≤5 hours | ≤5 hours | ≤5 hours                |
|                                                                 | Median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site                              | 1 day          | ≤3 days                    | ≤3 days                           | ≤3 days  | ≤3 days  | ≤3 days                 |



| Level of service statement | Performance measure                                                                                                                                                                                                                                                                                                                                                                                 | Actual 2016/17 | Annual Plan Target 2017/18 | Indicative Long-term Plan Targets |                     |                     |                                   |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|-----------------------------------|---------------------|---------------------|-----------------------------------|
|                            |                                                                                                                                                                                                                                                                                                                                                                                                     |                |                            | 2018/19                           | 2019/20             | 2020/21             | 2021/22-2027/28 (p. a.)           |
|                            | Median response time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption                                                                                                                                                                                        | 2 days         | ≤6 days                    | ≤6 days                           | ≤6 days             | ≤6 days             | ≤6 days                           |
|                            | The total number of complaints received by the local authority about any of the following:<br>a) drinking water clarity<br>b) drinking water taste<br>c) drinking water odour<br>d) drinking water pressure or flow<br>e) continuity of supply<br>f) the local authority's response to any of these issues<br>expressed per 1000 connections to the local authority's networked reticulation system | 6              | ≤10                        | ≤10                               | ≤10                 | ≤10                 | ≤10                               |
|                            | The percentage of real water loss from the local authority's networked reticulation system <sup>(2)</sup>                                                                                                                                                                                                                                                                                           | 11.9%          | 13%                        | 13%                               | 13%                 | 13%                 | 13%                               |
|                            | The average consumption of drinking water per day per resident within the territorial authority district                                                                                                                                                                                                                                                                                            | 273 litres     | 268 +/- 2.5% litres        | 266 +/- 2.5% litres               | 264 +/- 2.5% litres | 262 +/- 2.5% litres | Decreasing from 260 to 253 litres |

**Note to table:**

- Further details can be found at [www.health.govt.nz/publication/drinking-water-standards-new-zealand-2005-revised-2008](http://www.health.govt.nz/publication/drinking-water-standards-new-zealand-2005-revised-2008).
- This measure tracks unexplained water losses as a percentage of total water produced. Real Losses are defined as total water produced less water sales and accounted-for water losses.

## Significant negative effects

There are no significant negative effects associated with these activities, but there are some negative effects arising from these activities.

| Negative effect                                                                                                         | Our response                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Service disruption during network upgrades and new construction can have economic, social and/or environmental effects. | Watercare carefully manages the discharges from its dams to ensure the downstream ecosystems have sufficient water flow. Compensation and free-discharge valves have been |

| Negative effect                                                                                                                                                                                                                                                                                                                                                                                                                   | Our response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Significant catchment areas are required to collect water into reservoirs. The construction of large infrastructure projects will have effects on the environment. Dams and associated water discharges can have downstream impacts on flora and fauna ecosystems.</p> <p>Capturing finite freshwater resources in rural areas may over the long-term limit other uses, for example horticultural/agricultural activities.</p> | <p>installed on all the dams which allow the release of a continuous flow of water downstream and to simulate floods and reduce algae build-up in the streams. Watercare operates a trap and haul programme for both fish and eels to ensure that mitigation paths of native fish species are not interrupted by the dams.. Whitebait (juvenile galaxiid species) and elvers (juvenile eels) are trapped in downstream river systems and transferred to upstream of the dam. Adult migrating eels, generally between 15 and 40 years old, are caught from within the dams and transferred to suitable locations downstream to complete their breeding cycle in the sea.</p> <p>We are committed to minimising any detrimental effects of water supply activity where possible and encouraging water conservation. Initiatives are in place to encourage our customers and stakeholders to be efficient with their water use to reduce pressure on Auckland's water supply. In rural areas water resources are managed through resource consent processes to ensure over-allocation of aquifers and streams does not occur. Disruption from water main construction works will be mitigated by working collaboratively with service providers and informing the public of disruptions prior to work commencing and ensuring that all areas will be reinstated to original condition.</p> |

## Māori identity and wellbeing outcomes

Water supply helps deliver thriving Māori wellbeing and a Māori identity that is Auckland's point of difference in the world in the following ways:

### An Empowered Organisation

Our people, policies and processes will support Māori in exercising leadership in matters that affect them. Our people, policies and processes will value Te Ao Maori, enable Te Tiriti o Waitangi, fulfill statutory obligations, and enable Māori outcomes.

### Effective Participation

We will invest in rangitira ki te rangatira relationships that provide Māori opportunity to participate in decision making and provide for Māori customary rights.

### Strong Maori Communities

We will apply a Māori world view to treasure and protect our environment (taonga tuku iho), valuing a Māori perspective on water. Our infrastructure will enable thriving Marae and papakainga development. We will allow for the remediation, protection, and improvement of co-managed assets.

## Financial information

| Activity            | Operating cost and revenue \$000<br>Financial year ending 30 June | 2017/18 | Year 1<br>2018/19 | Year 2<br>2019/20 | Year 3<br>2020/21 | Year 4-10<br>2021/22-2027/28 | Total     |
|---------------------|-------------------------------------------------------------------|---------|-------------------|-------------------|-------------------|------------------------------|-----------|
| <b>Water supply</b> | Non-rates revenue                                                 | 206,198 | 217,078           | 226,835           | 234,627           | 2,020,275                    | 2,698,815 |
|                     | Direct operating expenditure*                                     | 78,959  | 80,457            | 83,294            | 85,786            | 712,176                      | 961,713   |
|                     | Capital expenditure                                               | 150,626 | 170,904           | 187,969           | 126,768           | 1,365,284                    | 1,850,925 |

\*Direct operating expenditure does not include interest and depreciation.

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## Prospective Funding Impact Statement

| \$000<br>Financial year ending 30 June                                  | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19 | LTP<br>2019/20 | LTP<br>2020/21 | LTP<br>2021/22 | LTP<br>2022/23 | LTP<br>2023/24 | LTP<br>2024/25 | LTP<br>2025/26 | LTP<br>2026/27 | LTP<br>2027/28 |
|-------------------------------------------------------------------------|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sources of operating funding:</b>                                    |                                          |                |                |                |                |                |                |                |                |                |                |
| General rates, UAGCs, rates penalties                                   | (688)                                    | (706)          | (853)          | (879)          | (906)          | (936)          | (968)          | (1,003)        | (1,053)        | (1,106)        | (1,161)        |
| Targeted rates                                                          | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Subsidies and grants for operating purposes                             | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Fees and charges                                                        | 150,117                                  | 156,090        | 162,023        | 168,155        | 174,946        | 182,116        | 190,063        | 226,814        | 235,624        | 244,691        | 254,934        |
| Internal charges and overheads recovered                                | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Local authorities fuel tax, fines, infringement fees and other receipts | 53,550                                   | 60,988         | 64,813         | 66,472         | 69,204         | 67,838         | 68,782         | 70,578         | 76,390         | 76,297         | 81,998         |
| <b>Total operating funding</b>                                          | <b>202,979</b>                           | <b>216,372</b> | <b>225,983</b> | <b>233,748</b> | <b>243,244</b> | <b>249,018</b> | <b>257,877</b> | <b>296,389</b> | <b>310,961</b> | <b>319,882</b> | <b>335,771</b> |
| <b>Applications of operating funding:</b>                               |                                          |                |                |                |                |                |                |                |                |                |                |
| Payment to staff and suppliers                                          | 78,959                                   | 80,456         | 83,295         | 85,786         | 88,725         | 91,807         | 95,593         | 102,264        | 106,505        | 111,086        | 116,198        |
| Finance costs                                                           | 14,644                                   | 15,440         | 18,167         | 19,967         | 19,945         | 20,076         | 23,000         | 30,377         | 34,081         | 33,067         | 32,609         |
| Internal charges and overheads applied                                  | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other operating funding applications                                    | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total applications of operating funding</b>                          | <b>93,603</b>                            | <b>95,896</b>  | <b>101,462</b> | <b>105,753</b> | <b>108,670</b> | <b>111,883</b> | <b>118,593</b> | <b>132,641</b> | <b>140,586</b> | <b>144,153</b> | <b>148,807</b> |
| <b>Surplus (deficit) of operating funding</b>                           | <b>109,376</b>                           | <b>120,476</b> | <b>124,521</b> | <b>127,995</b> | <b>134,574</b> | <b>137,135</b> | <b>139,284</b> | <b>163,748</b> | <b>170,375</b> | <b>175,729</b> | <b>186,964</b> |
| <b>Sources of capital funding:</b>                                      |                                          |                |                |                |                |                |                |                |                |                |                |
| Subsidies and grants for capital expenditure                            | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Development and financial contributions                                 | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Increase (decrease) in debt                                             | 26,024                                   | 50,428         | 63,448         | (1,228)        | 10,777         | (859)          | 155,764        | 142,135        | (26,959)       | (11,740)       | (11,645)       |
| Gross proceeds from sale of assets                                      | 0                                        | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18<br>(Unaudited) | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|----------------------------------------------|------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Lump sum contributions                       | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Other dedicated capital funding              | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total sources of capital funding</b>      | <b>26,024</b>                            | <b>50,428</b>    | <b>63,448</b>    | <b>(1,228)</b>   | <b>10,777</b>    | <b>(859)</b>     | <b>155,764</b>   | <b>142,135</b>   | <b>(26,959)</b>  | <b>(11,740)</b>  | <b>(11,645)</b>  |
| <b>Application of capital funding:</b>       |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Capital expenditure:                         |                                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| - to meet additional demand                  | 61,993                                   | 106,729          | 110,397          | 60,890           | 65,654           | 53,017           | 87,062           | 94,187           | 33,752           | 31,605           | 49,119           |
| - to improve the level of service            | 21,731                                   | 19,779           | 12,037           | 987              | 2,327            | 6,327            | 24,570           | 26,051           | 3,580            | 3,898            | 2,625            |
| - to replace existing assets                 | 51,676                                   | 44,396           | 65,535           | 64,890           | 77,370           | 76,932           | 183,416          | 185,645          | 106,084          | 128,486          | 123,575          |
| Increase (decrease) in reserves              | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Increase (decrease) in investments           | 0                                        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total applications of capital funding</b> | <b>135,400</b>                           | <b>170,904</b>   | <b>187,969</b>   | <b>126,767</b>   | <b>145,351</b>   | <b>136,276</b>   | <b>295,048</b>   | <b>305,883</b>   | <b>143,416</b>   | <b>163,989</b>   | <b>175,319</b>   |
| <b>Surplus (deficit) of capital funding</b>  | <b>(109,376)</b>                         | <b>(120,476)</b> | <b>(124,521)</b> | <b>(127,995)</b> | <b>(134,574)</b> | <b>(137,135)</b> | <b>(139,284)</b> | <b>(163,748)</b> | <b>(170,375)</b> | <b>(175,729)</b> | <b>(186,964)</b> |
| <b>Funding balance</b>                       | <b>0</b>                                 | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |

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# Section 4: Our Policies and Other Information





## 4.1 Draft Revenue and Financing Policy

### Policy purpose and overview

The purpose of the Revenue and Financing Policy is to provide predictability and certainty about sources and levels of funding available to the council. It explains the rationale for, and the process of selecting various tools to fund the operating and capital expenditures of the council.

### Policy background

#### Funding principles

To assist with the identification of the appropriate funding methods, the council has used a set of guiding principles that incorporate the matters set out in Section 101 of the Local Government Act 2002. These are summarised in table 3.1.1 below.

**Table 3.1.1**

| Principle                                                                            | Rationale for its application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Paying for benefits received or costs imposed                                        | <p>The council will apply this principle to select appropriate funding methods when considering benefit distribution and cost causation and the period in or over which benefits and costs are expected to occur. The allocation of costs to those who benefit from a council service or those who impose costs to the council (whether the community as a whole, any identifiable part of community, or individuals) is considered economically efficient and equitable and the extent to which the actions or inaction of individuals or a group contribute to the need to do the activity</p> <p>Section 101(3)(a)(ii), Section 101(3)(a)(iv), Section 101(3)(a)(iii)</p> |
| Transparency, accountability and costs and benefits of funding activities separately | <p>This principle is applied when considering the costs and benefits of separate funding. Transparency of funding enables the users of services to assess whether they get value for money. Accountability makes the council more efficient in providing these services. From the perspective of the service users, transparency and accountability also enables them to make more informed decisions in using council services</p> <p>Section 101(3)(a)(v)</p>                                                                                                                                                                                                              |
| Market neutrality                                                                    | <p>This principle is relevant when the council is competing with the private sector in producing or delivering services. The council can be placed in an advantageous position vis a vis the private sector because of its ability to fund such services from rates, either fully or partially. This can lead to market distortions and economic inefficiencies. It can also discourage private enterprise. To avoid this, in tandem with other principles such as affordability, the council will apply commercial best practice when providing such services</p> <p>Section 101(3)(b)</p>                                                                                  |
| Financial prudence and sustainability                                                | <p>This principle is relevant in determining appropriate funding mixes. It is recognised that additional revenue may be required to support debt repayment and manage treasury ratios</p> <p>Section 101(2)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Optimal capital usage                                                                | <p>This principle relates to the effectiveness of funding tools in achieving efficiencies. The council's limited financial resources should be used in such a way to maximise the benefits provided to the community, while minimising the burden on ratepayers. Among other things, this principle influences the council's decisions on the best mix of funding (between rates income, other revenue sources, borrowings and asset sales) to pay for its assets and activities</p>                                                                                                                                                                                         |

| Principle                                                    | Rationale for its application                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                              | Section 101(3)(b)                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Strategic alignment                                          | <p>The Auckland Plan sets out a vision for the city over the next 30 years. The Revenue and Financing Policy should have regard to its impact on the broader strategies and priorities as set out in the council's vision and the Auckland Plan</p> <p>The infrastructure strategy outlines how the council intends to manage its infrastructure assets. The Revenue and Financing Policy will show how investment in infrastructure is funded</p> <p>Section 101(3)(b)</p> |
| Overall social, economic, environmental and cultural impacts | <p>Decisions on how the council's revenue requirements will be met (by ratepayers and other groups) should take into account the impact of such decisions on the current and future social, economic, environmental and cultural well-being of the community and the community outcomes to which the activity relates</p> <p>Section 101(3)(b)</p>                                                                                                                          |
| Community outcomes in the Auckland Plan                      | <p>Decisions on how the councils revenue requirements will be met (by ratepayers and other groups) should take into account the impact of such decisions on the community outcomes in the Auckland Plan</p> <p>Section 101(3)(a)(i)</p>                                                                                                                                                                                                                                     |
| Affordability                                                | <p>The council needs to consider the impact of funding methods on people's ability to pay as this can have implications for community well-being</p> <p>Section 101(3)(b)</p>                                                                                                                                                                                                                                                                                               |
| Minimise the effects of change                               | <p>The integration and harmonisation of the policies of the former councils may lead to major changes in the incidence or rates and user charges for services. Funding and financial policies should seek to minimise or manage the impact of these changes</p> <p>Section 101(3)(b)</p>                                                                                                                                                                                    |
| Efficiency and effectiveness                                 | <p>The councils financial policies should have regard to the costs of carrying them out, and how effective they will be in achieving their objectives</p> <p>Section 101(3)(a)(v)</p>                                                                                                                                                                                                                                                                                       |
| Practicality of policy                                       | <p>The councils funding policies must be achievable and unconstrained by practical issues that will prevent compliance</p> <p>Section 101(3)(a)(v)</p>                                                                                                                                                                                                                                                                                                                      |
| Legal compliance                                             | <p>The LGA 2002 and related legislation include a number of legal requirements for the development of the Revenue and Financing Policy. All aspects of the policy will comply with legislation</p>                                                                                                                                                                                                                                                                          |

There are some inherent conflicts between these guiding principles. In practice, establishing the council's specific revenue and financing policies involves balancing competing guiding principles. For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability. In practice, when the council applies these principles to assess how to fund the separate activities, the council then considers the overall impact of any allocation of liability on the community.

## Policy details

### Expenditure to be funded

Legislation requires the council to make adequate provision in its long-term plan to meet expenditure needs identified. Generally, this will mean that all expenditure is funded. Exceptions include funding of depreciation expenditure where it is financially prudent not to do so. In determining the level of non-funded depreciation, the council will have regard to:

- whether at the end of its useful life, the replacement of an asset will be funded by way of a grant or subsidy from a third party
- whether the council has elected not to replace an asset at the end of its useful life
- whether a third party has a contractual obligation to maintain the service potential of an asset throughout all or part of its useful life or to replace the asset at the end of its useful life
- whether fully funding depreciation in the short-term will result in an unreasonable burden on ratepayers, presenting conflict between funding principles, for example between affordability and financial prudence and sustainability. In such circumstances, the council will remain prudent and ensure it promotes both the current and future interests of the community by forecasting to reach a position over time where it fully funds depreciation (apart from the exceptions above).

Table 3.1.2 below sets out the minimum level of depreciation funding the council will incorporate when calculating its rates requirement.

**Table 3.1.2 Proportion of depreciation expenditure to be funded**

| Year              | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Funded</b>     | 78%     | 82%     | 85%     | 89%     | 93%     | 96%     | 100%    | 100%    | 100%    | 100%    |
| <b>Not funded</b> | 22%     | 18%     | 15%     | 11%     | 7%      | 4%      | 0%      | 0%      | 0%      | 0%      |

As a result of this policy of moving towards funding 100 per cent of depreciation by 2025 the council has resolved that for three of the next 10 years, the councils operating revenue (adjusted for items such as vested assets and development contributions) will be less than the councils total operating expenditure (including depreciation). This implies that in the early years of the plan, the council is more reliant on borrowings, rather than rates and other current revenue, to fund its capital expenditure. However, the council considers that the level of council debt is manageable and prudent in every year of the plan. In particular, the projected level of council debt will not result in the council's interest expense exceeding our prudential target of 12 per cent of revenue. Further information about our prudent approach to managing debt is included in our Financial Strategy in section 1.3.

The council considers that this policy on funding depreciation and the consequential impacts on councils operating budgets and debt levels is financially prudent, reasonable and appropriate having had regard to our funding principles, the factors in section 100(2) of the Local Government Act 2002 and all other relevant matters.

### Sources of funding

The sources of funding applied under this policy are limited to those set out under section 103 (2) of the LGA 2002.

#### Sources of funding: Operating expenditure

The council has determined the funding sources for operating expenditure after considering the funding principles set in Table 3.1.1.

**Table 3.1.3 Funding sources for operating expenditure**

| Funding source                                            | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fees and charges                                          | Fees and charges can be applied where the users of a service can be identified and charged according to their use of the service (and those that do not pay are denied access to the service). This is based on the paying for benefits received principle. Fees are also appropriate where an individual's action or inaction creates the need for an activity (cost causation). For example, the cost of obtaining a building consent is met by the building owner                                                                                                                                                                                                                                                                                                                            |
| Grants and subsidies                                      | Grants and subsidies are generally only appropriate for funding the operating costs of the particular activity that the grant or subsidy is intended to pay for. For example, NZTA (government) transport subsidies can only be used to fund transport projects.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Development or financial contributions                    | Development contributions or financial contributions can only be used to fund capital expenditures related to growth. Development contributions also include financing costs incurred due to timing differences between growth-related capital expenditure being incurred and the related development contribution being received                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Targeted rates                                            | Appropriate to fund operating expenditure (including projects to support growth) where one or more of the following apply: <ul style="list-style-type: none"> <li>• that benefit a specific group of ratepayers</li> <li>• to incentivise land owners to develop land in response to a commitment to the provision of infrastructure</li> <li>• to provide certainty of the council recovering its costs</li> <li>• where greater transparency in funding the cost of the activity is desirable</li> <li>• where an individual or a group of ratepayers voluntarily chooses to adopt the rate, such as for business improvement districts or the Retrofit Your Home scheme</li> <li>• where the rate is for a specific service, or bundle of services, such as for waste collection.</li> </ul> |
| General rates                                             | General rates are appropriate for funding activities where it is not practicable or cost-effective to identify the individual or group of beneficiaries (or causers of costs) of the service and charge them for the benefits received or costs imposed (e.g. regional parks and open spaces). It is also appropriate for general rates to partially fund activities where the provision of a private good also generates wider social benefits or where the application of fees and charges either causes affordability issues or compromises the wider objectives of the activity. This is consistent with the guiding principle of affordability                                                                                                                                             |
| CCO profits, and net rental and interest from investments | CCO profits and net returns from investments will be used to offset the general rates funding requirement of other council activities, reducing the burden on all ratepayers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Borrowing                                                 | Borrowing will not generally be used to fund operating expenses. The council may choose to borrow for an operating expense where it is providing a grant to an external community organisation that is building an asset such as a community facility or in other cases where operating expenditure provides enduring economic benefits. Borrowing may also be used to fund the interest expense accrued on borrowing during the period of construction of an asset; and to fund the cost of discovered liabilities such as the council's share of weathertightness claims. In these cases borrowing and repaying the debt over time promotes intergenerational equity by spreading the responsibility for funding across the generations who will benefit                                      |
| Trusts, bequests and other reserve funds                  | Certain operating expenditure may be funded from restricted or special funds that are subject to special conditions of use, whether under statute or accepted as binding by the council. Transfers from reserves may only be made when the specified conditions for use of the funds are met                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Other funding sources                                     | The use of any other funding sources should be assessed with regard to the guiding principles. Any miscellaneous revenue not linked to a specific activity should be used to fund activities that would otherwise be funded through the general rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| Funding source                          | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Surpluses from previous financial years | A surplus may be available to be carried forward if the actual surplus/(deficit) is improved compared to the forecast surplus/(deficit). Generally, only those factors that are cash in nature will be available for use in determining the level of surplus to be carried forward. The amount of any surplus carried forward will be accounted for as an operating deficit in the year the benefit is passed to ratepayers |

**Note:** Auckland Council does not intend to use lump sum contributions or proceeds from asset sales to fund operating expenditure.

Proposed amendment to the policy to add the row below to table 3.1.3:

|                   |                                                                                                                                                                                                                     |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regional Fuel Tax | If enabled by central government the Regional Fuel Tax may be used to fund the operating expenditure associated with transport activities, such as roads, footpaths, public transport and travel demand management. |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The funding mix for activities shown in Table 3.1.6 below reflects the application of the above principles and rationale to the operating expenditure of individual activities.

### Sources of funding: Capital expenditure

The council has determined the funding sources for capital expenditure after considering the funding principles set out in Table 3.1.1.

**Table 3.1.4 Funding sources for capital expenditure**

| Funding source                          | Rationale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General rate                            | Appropriate funding source where it is not practicable or cost-effective to identify the individual or group of beneficiaries (or causers of costs) of the capital expenditure                                                                                                                                                                                                                                                                                                                            |
| Targeted rates                          | Appropriate to fund capital expenditure projects (including projects to support growth) where one or more of the following apply: <ul style="list-style-type: none"> <li>that benefit a specific group of ratepayers</li> <li>to incentivise land owners to develop land in response to a commitment to the provision of infrastructure</li> <li>to provide certainty of the council recovering its costs</li> <li>where greater transparency in funding the cost of the activity is desirable</li> </ul> |
| Fees and charges                        | Appropriate funding source where users of a service can be identified and charged according to their service.<br>Examples include water charges and Infrastructure Growth Charges from Watercare Services Limited                                                                                                                                                                                                                                                                                         |
| Interest and dividends from investments | Interest and dividends from investments may be used where appropriate and consistent with the councils funding principles to fund capital expenditure projects and to reduce the reliance on ratepayer funding.                                                                                                                                                                                                                                                                                           |
| Borrowing                               | Borrowing is used to spread the funding requirement for capital expenditure across multiple years. Given assets deliver benefits throughout their useful lives it is appropriate that the funding is spread across the useful life                                                                                                                                                                                                                                                                        |
| Proceeds from asset sales               | Funds received from the sale of surplus assets will generally be used to repay borrowings.<br>On a case-by-case basis these surpluses may be used to fund investment in another asset of higher strategic priority than the asset sold                                                                                                                                                                                                                                                                    |
| Development or financial contributions  | Appropriate to fund capital expenditure in anticipation of or in response to development (growth) that will generate a demand for additional reserves, network or community infrastructure (such as stormwater systems). Contributions are set through the council's Contributions Policy                                                                                                                                                                                                                 |
| Grants, subsidies, and donations        | Appropriate to fund specific capital expenditure projects as per terms of the grant, subsidy or donation. An example of this is NZTA subsidies to partially fund transport projects                                                                                                                                                                                                                                                                                                                       |

| Funding source                           | Rationale                                                                                                                                                                                                                                                                                                                |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Trusts, bequests and other reserve funds | Certain capital expenditure may be funded from restricted or special funds that are subject to special conditions of use, whether under statute or accepted as binding by the council. Transfers from reserves may only be made when the specified conditions for use of the funds are met                               |
| Other sources                            | Other revenue sources may be used where appropriate and consistent with the council's funding principles to fund capital expenditure projects and to reduce the reliance on ratepayer funding. An example of this is the use of commercial returns from property holdings to fund capital spend on those property assets |

**Note:** Auckland Council does not intend to use lump sum contributions to fund capital expenditure.

Proposed amendment to the policy to add the row below to table 3.1.4:

|                   |                                                                                                                                                                                                                   |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regional Fuel Tax | If enabled by central government the Regional Fuel Tax may be used to fund the capital expenditure associated with transport activities, such as roads, footpaths, public transport and travel demand management. |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The funding mix for activities shown in Table 3.1.6 below reflects the application of the above principles and rationale to the operating and capital expenditure of individual activities.

## Rating Policy

The council will use general rates to fund activities which have a 'public good' element, e.g. civil defence, or where it wishes to subsidise the provision of services because of the wider social benefits they provide e.g. libraries.

## Valuation basis

The general rate will be set on the basis of capital value. Capital value better reflects the level of benefit a property is likely to receive from services rather than land value or annual value.

## Application of a uniform annual general charge

To ensure that the rates incidence isn't disproportionately borne by higher value properties the council sets a uniform annual general charge (UAGC). Every ratepayer will therefore make a minimum contribution to meeting the council's costs.

The charge will apply to every separately used or inhabited part of a rating unit e.g. shop in a mall or granny flat. This ensures equal treatment between these properties and main street shops or apartments on individual titles.

## Rates differentials

It is the council's view that some land uses receive more benefit from, or place more demand on, council services and/or may have a differing ability to pay rates. The differentials will be determined based on land use (including consideration of land use classifications determined under the Rating Valuation Rules) and location.

The council will apply general rates differentially (the base level for rating is the residential sector) and may also apply targeted rates differentially to:

- business properties in the urban area
- business properties in rural areas
- residential properties in the rural areas
- farm/lifestyle properties
- properties with no direct or indirect road access and properties on uninhabited islands.

Proposed amendment to the policy to add the bullet points below to the list above:

- medium-occupancy online accommodation providers in the rural areas
- medium-occupancy online accommodation providers in the urban area

The council has decided that the appropriate differential for business is to raise 25.8 per cent of the general rates take, which is substantially lower than the current level. Business rates will move to that level in equal steps by 2037/2038 to manage the affordability impact of the shift in the rates incidence to the non-business sector.

## Targeted rates

The council mainly uses targeted rates where there is a clearly identifiable group benefiting from a specific council activity. Targeted rates will apply to properties that receive certain services, or which are located in specified areas. Targeted rates may be used where the council wishes to incentivise development in areas where infrastructure investments have been made and/or to provide more certainty over the timing of payment for those investments. Targeted rates may also apply universally to fund a specific activity where a greater degree of transparency is desired. The council does not have a lump sum contribution policy and will not invite lump sum contributions for any targeted rate.

The council intends to set targeted rates to fund activities as set out in Table 3.1.5 below.

**Table 3.1.5: Services to be funded by targeted rates**

| Targeted rate                                    | Services to be funded                                                                                                                                                                                                                           |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Solid waste targeted rates                       | Refuse, inorganic, resource recovery centres and recycling services as appropriate for former council areas<br><br>[Proposed amendment to the policy to add food waste collection to the list of services funded by solid waste targeted rates] |
| City centre targeted rate                        | Investment in projects to enhance the central city environs                                                                                                                                                                                     |
| Local targeted rates as proposed by local boards | Local activities in the local board's area                                                                                                                                                                                                      |
| Business improvement district targeted rates     | Investments to enhance the environs in the area of the business association as agreed with the business association                                                                                                                             |
| Loan repayment targeted rates                    | To repay financial assistance provided by the council to ratepayers for specific purposes                                                                                                                                                       |
| Waitakere rural sewerage targeted rate           | To pay for the provision of inspection and pump out services for on-site waste management systems                                                                                                                                               |
| Infrastructure targeted rates                    | Activities requiring infrastructure investment                                                                                                                                                                                                  |
| Accommodation provider targeted rate             | ATEEDs visitor attraction and major events expenditure                                                                                                                                                                                          |

Proposed amendment to the policy to add the text below to table 3.1.5:

|                                   |                                                           |
|-----------------------------------|-----------------------------------------------------------|
| Interim Transport Levy            | Accelerated capital programme for transport               |
| Water Quality targeted rate       | Additional investment in improving water quality          |
| Natural Environment targeted rate | Additional investment in improving environmental outcomes |

## Annual adjustments to regulatory fees and charges

The council will amend its regulatory fees and charges annually to:

- reflect increases in costs as measured by the council rate of inflation and/or



- maintain the cost recovery levels underlying the basis for setting the fee levels.

The change to fee levels will be made on a practical basis recognising that the percentage change applied to individual fees may not precisely equal the council rate of inflation. This also means smaller fees may increase by more material amounts in one year and remain constant for a period before being adjusted again.

## Application of funding principles to the funding of operating and capital expenditure for each activity

The council has determined the sources of funding for capital and operating expenditure for each of its activities after considering the principles set out in Table 3.1.1 and the rationale for the use of funding sources in Tables 3.1.3 and 3.1.4 above. A brief summary of the decisions and consideration of funding principles for each activity is set out in table 3.1.6 below.

Table 3.1.6 Funding sources for operating and capital expenditure for each activity

### Groups of Activities: Council controlled services

| Activities                                 | Consideration of funding principles                                                                                                                                                                                                                                                                                           | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Development Auckland</b>                | This involves both commercial operations that deliver private benefits and public initiatives that benefit the community as a whole<br>Lessees, tenants and purchasers derive the full benefit                                                                                                                                | Costs of commercial operations are funded from user charges and other non-rates revenue<br>Costs of public initiatives are primarily funded from the general rate<br>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers<br>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers<br>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences |
| <b>Economic growth and visitor economy</b> | The related industries benefit from increased visitor numbers<br>The community as a whole benefit from growth in the economy and employment                                                                                                                                                                                   | Visitor attraction and major events expenditure is funded by a mix of general and targeted rates<br>Economic development costs are primarily funded from the general rate<br>Subsidies from government and other sources are utilised where available<br>User charges are applied where benefits are private (event tickets)<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Regional facilities</b>                 | Users of the facilities derive a direct benefit<br>The community as a whole benefit through a more diverse and vibrant lifestyle and an increased sense of pride and identity created by the events hosted in the facilities<br>An enhancement to the overall economy and employment resulting from increased visitor numbers | The majority of the costs are funded from the general rate with the balance funded from user charges such as venue hire<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Investment</b>                          | All ratepayers as a whole bear the risk of the investments                                                                                                                                                                                                                                                                    | Any profit realised is used to reduce the general rate requirement<br>Any loss would be funded from the general rate or                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



| Activities                                       | Consideration of funding principles                                                                                                                                                                    | Funding policy                                                                                                                                                                                                            |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                  |                                                                                                                                                                                                        | other revenue<br>Borrowings are used to address cash-flow timing differences                                                                                                                                              |
| <b>3<sup>rd</sup> party amenities and grants</b> | Regional amenities such as MOTAT and Auckland War Memorial Museum benefit the community as a whole<br>Council is required under legislation to provide funding for amenities included in this activity | Costs to the council are primarily funded from the general rate<br>Borrowings may be used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences |

#### Groups of Activities: Local services

| Activities                            | Consideration of funding principles                                                                                                                                                                                                                                                                                                                                                                                                                       | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Local planning and development</b> | Business improvement districts (BIDs) directly benefit from council expenditure on local economic development made at their direction<br>The rest of the councils service in local planning and development benefits the community as a whole                                                                                                                                                                                                             | Grants provided to each BID for spending in the BID area are funded from the respective BID targeted rate<br>Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available<br>The balance of the costs are funded from the general rate<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Local environmental management</b> | These are public goods that benefit the community as a whole                                                                                                                                                                                                                                                                                                                                                                                              | Costs are fully funded from the general rate<br>Revenue from any other sources (including from any user charges, targeted rate, grants, donations and sponsorships) will be utilised should they become available<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Local governance</b>               | These are public goods that benefit the community as a whole                                                                                                                                                                                                                                                                                                                                                                                              | Costs are primarily funded from the general rate<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Local community services</b>       | Service users derive a direct benefit<br>The wider public benefit from a more vibrant and friendly community, a safer community environment and access to high quality open space<br>In most cases it is impractical to directly charge users<br>In some cases the service is private and a charge can be implemented (e.g. use of park space or facilities for private functions)<br>The target recipients of the services may have affordability issues | Costs are primarily funded from the general rate<br>User charges may apply where the service is private and a charge can be implemented without compromising the council's social objectives<br>Subsidies from government and other sources, (including from any targeted rate, grants, donations and sponsorships) are utilised where available<br>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers<br>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers<br>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences |

## Groups of Activities: Regional council services

| Activities                         | Consideration of funding principles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Regional planning</b>           | <p>The community as a whole benefit from this activity</p> <p>The city centre redevelopment programme directly benefits businesses in the city centre area through enhancing the quality of the environment in the city centre for workers and visitors</p>                                                                                                                                                                                                                                                                                            | <p>Costs are primarily funded from the general rate</p> <p>Costs associated with the city centre redevelopment programme are funded from a combination of the city centre targeted rate and general rates</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p> |
| <b>Regulatory services</b>         | <p>The need for the council involvement is mainly caused by licence or consent applicants or holders whose activities, if unregulated, could cause nuisance to the public or pose a threat to the safety or health of the community</p> <p>In some cases it is difficult to identify and charge the parties who cause the costs (e.g. owners of unregistered dogs)</p> <p>In some cases charging the full cost may discourage compliance</p> <p>Certain related services (e.g. provision of property information) deliver private benefit to users</p> | <p>Costs are primarily funded from user charges</p> <p>Certain charges are set at a level below cost to encourage compliance, with the balance funded from general rates</p> <p>Where costs cannot be easily attributed to individual parties, they are funded from the general rate</p> <p>Targeted rates are used where there is a clearly identifiable group benefiting from a specific council activity (e.g. on-site sewerage pump out)</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>                                                                                                                                                                                                                                                                                                                        |
| <b>Organisational support</b>      | <p>Certain services within this activity (e.g. provision of financial assistance to certain ratepayers and supply of information for commercial or private use) deliver private benefits</p> <p>The remainder of the activity contributes to the council's provision of other external services</p>                                                                                                                                                                                                                                                    | <p>Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers</p> <p>There is a small amount of revenue from fees and charges</p> <p>The remainder of the costs are allocated to the council's external services</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Regional governance</b>         | <p>These are public goods that benefit the community as a whole</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>Costs are primarily funded from the general rate (see note below)</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Regional community services</b> | <p>Service users derive a direct benefit</p> <p>The wider public benefit from a more vibrant and friendly community, a safer community environment and access to high quality open space</p> <p>In most cases it is impractical to directly charge users</p> <p>In some cases the service is private and a charge can be implemented (e.g. use of park space or facilities for private functions)</p> <p>The target recipients of the services may have affordability issues</p>                                                                       | <p>Costs are primarily funded from the general rate</p> <p>User charges may apply where the service is private and a charge can be implemented</p> <p>Subsidies from government and other sources (including from any targeted rate, grants, donations and sponsorships) are utilised where available</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers</p> <p>Development contributions are used to fund the</p>                                                                                                                                                                                  |

| Activities                    | Consideration of funding principles                                                                       | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               |                                                                                                           | majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences                                                                                                                                                                         |
| <b>Environmental services</b> | The provision of environmental services is primarily a public good that benefits the community as a whole | Costs are funded predominantly from the general rate<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences<br>[Proposed amendment to the policy to add the following text to this section]<br>Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired |

Note: Revenue from council owned cafeteria is currently grouped under this activity and is used to offset the general rate.

### Groups of Activities: Roads and Footpaths

| Activities                | Consideration of funding principles                                                                                                                                  | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Road and footpaths</b> | Road and footpath users derive a direct benefit<br>There are legal and practical constraints in directly charging users<br>The vast majority of the public are users | Costs are funded from a combination of the general rate and government grants.<br>Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired. Targeted rates may also be used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers<br>Costs associated with the city centre redevelopment programme are funded from a combination of the city centre targeted rate and general rates<br>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers<br>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers<br>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure<br>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences<br>[Proposed amendment to the policy to add the following text to this section]<br>If enabled by central government the Regional Fuel Tax may be used to fund the some of the operating and capital expenditure |

### Groups of Activities: Public Transport and Travel Demand Management

| Activities                                           | Consideration of funding principles                                                                                                                                          | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Public Transport and travel demand management</b> | Service users derive a direct benefit<br>Public transport provides benefit for the wider community by reducing demand from private transportation for roading infrastructure | Costs are funded from a combination of the general rate, user charges and government grants<br>Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired<br>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers<br>Targeted rates are used to fund interest and capital |

| Activities                                         | Consideration of funding principles                                                                                                                                                                                                                                                                 | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                    |                                                                                                                                                                                                                                                                                                     | <p>expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p> <p>[Proposed amendment to the policy to add the following text to this section]</p> <p>If enabled by central government the Regional Fuel Tax may be used to fund the some of the operating and capital expenditure</p> |
| <b>Parking and enforcement</b>                     | <p>Parking customers derive the full benefit</p> <p>Individuals failing to comply with restrictions create the need for the council involvement</p>                                                                                                                                                 | <p>Costs are fully funded from user charges and fines</p> <p>Borrowings are used to address cash-flow timing differences</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Organisational support (Auckland Transport)</b> | <p>Certain services within this activity (e.g. provision of financial assistance to certain ratepayers and supply of information for commercial or private use) deliver private benefits</p> <p>The remainder of the activity contributes to the council's provision of other external services</p> | <p>Costs are allocated to the council's external services</p> <p>Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p>                                                                                                                                                                                                                                                                                                                                   |

#### Groups of Activities: Stormwater Management

| Activities                   | Consideration of funding principles                                                                                                                           | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stormwater management</b> | <p>These are public goods that benefit the community as a whole (except for a small number of local projects that benefit a specific group of ratepayers)</p> | <p>Costs are primarily funded from the general rate</p> <p>Targeted rates are used where financial assistance is provided by the council for a specific group of ratepayers to fund local projects that solely benefit those ratepayers</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) not funded from development contributions where a project benefits a specific group of ratepayers</p> <p>Development contributions are used to fund the majority of the total cost of interest and capital expenditure on qualifying growth-related public infrastructure</p> <p>Financial contributions are used to fund the costs of environmental mitigation through the resource consent process</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of ratepayers and to address cash-flow timing differences</p> <p>[Proposed amendment to the policy to add the following text to this section]</p> <p>Targeted rates applied universally on a differential basis (business and non-business) are used where a greater degree of transparency is desired</p> |

## Groups of Activities: Wastewater treatment and disposal

| Activities        | Consideration of funding principles                    | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Wastewater</b> | Water and wastewater customers derive the full benefit | <p>Costs are mainly funded from user charges</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) and are not funded by other user charges and/or development contributions where a project benefits a specific group of ratepayers</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of water users and to address cash-flow timing differences</p> |

## Groups of Activities: Water Supply

| Activities          | Consideration of funding principles                    | Funding policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Water supply</b> | Water and wastewater customers derive the full benefit | <p>Costs are mainly funded from user charges</p> <p>Targeted rates are used to fund operations, maintenance and renewal costs where a project benefits a specific group of ratepayers</p> <p>Targeted rates are used to fund interest and capital expenditure cost for infrastructure (including projects to support growth) and are not funded by other user charges and/or development contributions where a project benefits a specific group of ratepayers</p> <p>Borrowings are used to spread the costs fairly and prudently across different generations of water users and to address cash-flow timing differences</p> |

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## 4.2 Prospective funding impact statement

The draft FIS includes editorial changes that reflect desirable amendments for reasons of clarity and certainty (highlighted in yellow) and potential changes which may be required to implement some of the possible policy issues to be consulted on as part of development of the Long-term Plan 2018-2028 (highlighted in green).

### Prospective consolidated funding impact statement

#### Auckland Council group consolidated

| \$000<br>Financial year ending 30 June                                  | Annual<br>Plan<br>2017/18 | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21   | LTP<br>2021/22   | LTP<br>2022/23   | LTP<br>2023/24   | LTP<br>2024/25   | LTP<br>2025/26   | LTP<br>2026/27   | LTP<br>2027/28   |
|-------------------------------------------------------------------------|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Sources of operating funding:</b>                                    |                           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General rates, UAGCs, rates penalties                                   | 1,517,067                 | 1,582,588        | 1,653,430        | 1,744,573        | 1,840,278        | 1,939,834        | 2,044,606        | 2,154,464        | 2,270,810        | 2,392,497        | 2,519,724        |
| Targeted rates                                                          | 197,643                   | 197,144          | 207,345          | 203,944          | 210,304          | 215,399          | 220,386          | 223,914          | 228,317          | 232,654          | 237,546          |
| Subsidies and grants for operating purposes                             | 273,705                   | 290,932          | 303,955          | 312,683          | 321,003          | 329,083          | 337,621          | 344,913          | 351,737          | 358,625          | 366,393          |
| Fees and charges                                                        | 1,255,679                 | 1,321,759        | 1,382,833        | 1,459,428        | 1,515,374        | 1,572,060        | 1,635,441        | 1,697,400        | 1,761,454        | 1,830,976        | 1,901,586        |
| Interest and dividends from investments                                 | 67,976                    | 69,895           | 67,863           | 67,867           | 67,793           | 69,414           | 71,195           | 73,059           | 74,889           | 76,854           | 78,875           |
| Local authorities fuel tax, fines, infringement fees and other receipts | 289,074                   | 425,905          | 439,991          | 447,427          | 460,793          | 477,759          | 466,223          | 492,147          | 476,736          | 488,073          | 497,408          |
| <b>Total operating funding</b>                                          | <b>3,601,144</b>          | <b>3,888,223</b> | <b>4,055,417</b> | <b>4,235,922</b> | <b>4,415,545</b> | <b>4,603,549</b> | <b>4,775,472</b> | <b>4,985,897</b> | <b>5,163,943</b> | <b>5,379,679</b> | <b>5,601,532</b> |
| <b>Applications of operating funding:</b>                               |                           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Payment to staff and suppliers                                          | 2,418,699                 | 2,527,980        | 2,607,433        | 2,679,945        | 2,762,779        | 2,861,597        | 2,964,003        | 3,062,865        | 3,165,932        | 3,265,031        | 3,368,655        |
| Finance costs                                                           | 454,998                   | 465,774          | 502,483          | 538,473          | 560,536          | 574,763          | 588,659          | 603,580          | 616,377          | 623,683          | 629,808          |
| Other operating funding applications                                    | 7,763                     | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total applications of operating funding</b>                          | <b>2,881,460</b>          | <b>2,993,754</b> | <b>3,109,916</b> | <b>3,218,418</b> | <b>3,323,315</b> | <b>3,436,360</b> | <b>3,552,662</b> | <b>3,666,445</b> | <b>3,782,309</b> | <b>3,888,714</b> | <b>3,998,463</b> |
| <b>Surplus (deficit) of operating funding</b>                           | <b>719,684</b>            | <b>894,469</b>   | <b>945,501</b>   | <b>1,017,504</b> | <b>1,092,230</b> | <b>1,167,189</b> | <b>1,222,810</b> | <b>1,319,452</b> | <b>1,381,634</b> | <b>1,490,965</b> | <b>1,603,069</b> |



Section 4: Our policies and other information  
4.2 Prospective funding impact statement

| \$000<br>Financial year ending 30 June       | Annual<br>Plan<br>2017/18 | LTP<br>2018/19   | LTP<br>2019/20   | LTP<br>2020/21     | LTP<br>2021/22     | LTP<br>2022/23     | LTP<br>2023/24     | LTP<br>2024/25     | LTP<br>2025/26     | LTP<br>2026/27     | LTP<br>2027/28     |
|----------------------------------------------|---------------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Sources of capital funding:</b>           |                           |                  |                  |                    |                    |                    |                    |                    |                    |                    |                    |
| Subsidies and grants for capital expenditure | 403,083                   | 362,000          | 412,094          | 412,245            | 397,250            | 410,242            | 537,402            | 535,494            | 482,389            | 643,395            | 622,689            |
| Development and financial contributions      | 214,358                   | 251,720          | 251,184          | 300,961            | 288,020            | 274,698            | 258,841            | 262,362            | 254,322            | 253,068            | 252,187            |
| Increase (decrease) in debt                  | 354,308                   | 570,666          | 668,234          | 557,383            | 485,913            | 429,317            | 534,213            | 344,210            | 173,050            | 114,669            | 25,218             |
| Gross proceeds from sale of assets           | 114,505                   | 49,337           | 34,550           | 50,871             | 49,883             | 35,111             | 36,211             | 36,794             | 36,794             | 36,794             | 36,794             |
| Lump sum contributions                       | 0                         | 0                | 0                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Other dedicated capital funding              | 0                         | 0                | 0                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| <b>Total sources of capital funding</b>      | <b>1,086,254</b>          | <b>1,233,723</b> | <b>1,366,062</b> | <b>1,321,460</b>   | <b>1,221,066</b>   | <b>1,149,368</b>   | <b>1,366,667</b>   | <b>1,178,860</b>   | <b>946,555</b>     | <b>1,047,926</b>   | <b>936,888</b>     |
| <b>Application of capital funding:</b>       |                           |                  |                  |                    |                    |                    |                    |                    |                    |                    |                    |
| Capital expenditure:                         |                           |                  |                  |                    |                    |                    |                    |                    |                    |                    |                    |
| - to meet additional demand                  | 797,653                   | 785,229          | 689,290          | 635,788            | 699,852            | 713,337            | 783,365            | 775,885            | 515,152            | 506,033            | 492,424            |
| - to improve the level of service            | 609,111                   | 659,782          | 703,468          | 659,375            | 600,296            | 567,273            | 834,592            | 860,282            | 774,005            | 1,070,878          | 1,043,546          |
| - to replace existing assets                 | 609,952                   | 556,562          | 556,915          | 584,468            | 651,171            | 733,688            | 957,021            | 986,410            | 924,668            | 980,876            | 981,065            |
| Increase (decrease) in reserves              | 65,329                    | 32,319           | 81,369           | 78,655             | 38,820             | 16,620             | 12,631             | 12,393             | 10,325             | 6,385              | 3,001              |
| Increase (decrease) in investments           | (276,107)                 | 94,300           | 280,521          | 380,678            | 323,157            | 285,639            | 1,868              | (136,658)          | 104,039            | (25,281)           | 19,921             |
| <b>Total applications of capital funding</b> | <b>1,805,938</b>          | <b>2,128,192</b> | <b>2,311,563</b> | <b>2,338,964</b>   | <b>2,313,296</b>   | <b>2,316,557</b>   | <b>2,589,477</b>   | <b>2,498,312</b>   | <b>2,328,189</b>   | <b>2,538,891</b>   | <b>2,539,957</b>   |
| <b>Surplus (deficit) of capital funding</b>  | <b>(719,684)</b>          | <b>(894,469)</b> | <b>(945,501)</b> | <b>(1,017,504)</b> | <b>(1,092,230)</b> | <b>(1,167,189)</b> | <b>(1,222,810)</b> | <b>(1,319,452)</b> | <b>(1,381,634)</b> | <b>(1,490,965)</b> | <b>(1,603,069)</b> |
| <b>Funding balance</b>                       | <b>0</b>                  | <b>0</b>         | <b>0</b>         | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           |



## Rating mechanism

This section sets out how the council will set its rates for 2018/2019. It explains the basis on which rating liability will be assessed. In addition, it covers the council's early payment discount policy.

### Background

The council's general rate is made up of the Uniform Annual General Charge (UAGC) and the value-based general rate. Revenue from the general rate is used to fund the council activities that are deemed to generally and equally benefit Auckland and that part of activities that are not funded by other sources.

The following table sets out the projected number of rating units at the end of the preceding financial year for each year of the long-term plan.

| Financial year ending 30 June | Number of rating units for Auckland Council |
|-------------------------------|---------------------------------------------|
| 2018                          | 559,616                                     |
| 2019                          | 570,529                                     |
| 2020                          | 581,939                                     |
| 2021                          | 593,345                                     |
| 2022                          | 604,737                                     |
| 2023                          | 616,227                                     |
| 2024                          | 627,936                                     |
| 2025                          | 639,866                                     |
| 2026                          | 651,768                                     |
| 2027                          | 663,630                                     |

### How the increase in the rate requirement is applied

The increase in the general rate requirement will be split to maintain the proportion of the UAGC at around 13.4 per cent of the total general rate (UAGC plus value base general rates). This is achieved by applying the general rates increase to the UAGC and rounding to the nearest dollar.

### Uniform annual general charge (UAGC) and other fixed rates

The UAGC is a fixed rate that is used to fund general council activities. The council will apply the UAGC to all rateable land in the region per separately used or inhabited part of a rating unit (SUIP). The definition of a separately used or inhabited part of a rating unit is set out in the following section.

Where two or more rating units are contiguous or separated only by a road, railway, drain, water race, river, or stream, are owned by the same person or persons, and are used jointly as a single unit, the ratepayer will be liable for only one uniform annual general charge.

The council will also set the following targeted rates which will have a fixed rate component:

- Interim Transport Levy (ITL)
- Waste management targeted rate
- part of some Business Improvement District targeted rates
- City centre targeted rate for residential properties
- Point Wells wastewater targeted rate
- Jackson Crescent wastewater targeted rate
- Riverhaven Drive targeted rate
- Waitākere rural sewerage targeted rate

- Ōtara-Papatoetoe swimming pool targeted rate
- Māngere-Ōtāhuhu swimming pool targeted rate.

**New provisions to the FIS (arising from proposals for consultation) to add the bullet points below to the list above:**

- Rodney Local Board Transport targeted rate

Funds raised by uniform fixed rates, which include the UAGC and any targeted rate set on a uniform fixed basis<sup>1</sup>, cannot exceed 30 per cent of total rates revenue sought by the council for the year (under Section 21 of Local Government (Rating) Act 2002).

A UAGC of \$414 (including GST) will be applied per SUIP for 2018/2019. This is estimated to produce around \$219.7 million (excluding GST) for 2018/2019.

### **The definition of a separately used or inhabited part of a rating unit**

The council defines a separately used or inhabited part (SUIP) of a rating unit as 'any part of a rating unit that is separately used or inhabited by the ratepayer, or by any other person having a right to use or inhabit that part by virtue of a tenancy, lease, licence or any other agreement'. For the purposes of this definition, parts of a rating unit will be treated as separately used if they come within different differential categories, which are based on use. An example would be a rating unit that has a shop on the ground floor (which would be rated as business) and a residence upstairs (rated as residential).

Rating units used for commercial accommodation purposes, such as motels and hotels, will be treated for rating purposes as having one separately used or inhabited part, unless there are multiple businesses within the rating unit or another rating differential applies. Examples of how this might apply in practice are as follows:

- a business operating a motel on a rating unit will be treated for rating purposes as a single separately used or inhabited part. If that rating unit also includes a residential unit, in which the manager or owner resides, then the rating unit will be treated for rating purposes as having two separately used or inhabited parts
- a hotel will be treated for rating purposes as a single separately used or inhabited part, irrespective of the number of rooms. If, on the premises, there is a florist business and a souvenir business, then the rating unit will be treated for rating purposes as having three separately used or inhabited parts.

A similar approach applies to universities, hospitals, rest homes and storage container businesses. Vacant land will be treated for rating purposes as having one separately used or inhabited part.

Rating units that have licence to occupy titles, such as some retirement villages or rest homes, will be treated as having a separately used or inhabited part for each part of the property covered by a licence to occupy.

### **Value-based general rate**

The value-based general rate will apply to all rateable land in the region and will be assessed on capital value and is assessed by multiplying the capital value of a rating unit by the rate per dollar that applies to that ratepayer differential group.

### **Rates differentials**

General and targeted rates can be charged on a differential basis. This means that a differential is applied to the rate or rates so that some ratepayers may pay more or less than others with the same value rating unit.

The differential for urban residential land is set at 1.00. Business land attracts higher rates differentials than residential land. Lower differentials are applied to rural, farm/lifestyle and no road access land.

The council defines its rates differential categories using location and the use to which the land is put. When determining the use to which the land is put, the council will consider information it holds concerning the actual

<sup>1</sup> Except rates set solely for water supply or sewerage disposal.

use of the land, and the land use classification that council has determined applies to the property under the Rating Valuation Rules.

Where there is no actual use of the land (i.e. the land is vacant), the council considers the location of the land and the highest and best use of the land to determine the appropriate rates differential. Highest and best use is determined by the activities that are permitted, controlled, or discretionary for the area in which the land is situated, and the rules to which the land is subject under an operative district plan or regional plan under the Resource Management Act 1991.

The definition for each rates differential category is listed in the table below. For clarity, where different parts of a rating unit fall within different differential categories then rates will be assessed for each part according to its differential category. Each part will also be classified as being a separate SUIP (see definition above).

### Rates differential definitions

| Differential group    | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Urban business        | <p>Land in the Metropolitan Urban Limit (MUL) as well as land within the Pukekohe township that has a land use classification under the Rating Valuation Rules of commercial, industrial, transport, utility or public communal – licensed. Also includes any land that is used for community services, but which is used for commercial, or governmental purposes, or which is covered by a liquor licence.</p> <p><b>New provisions to the policy (arising from proposals for consultation) to add the following text to this section:</b></p> <p>Also includes land in the MUL as well as land within the Pukekohe township, where a residence is let out on a short-term basis, via online web-based accommodation services such as Airbnb and bookabach, for more than 135 nights in the 12 months ending 30 June of the previous financial year.</p> |
| Urban residential     | <p>Land in the MUL, as well as land within the Pukekohe township that is used exclusively or almost exclusively, for residential purposes, and includes tenanted residential land, rest homes and geriatric hospitals. It excludes hotels, motels, serviced apartments, boarding houses and hostels.<sup>(1)</sup> Land used for community services and used by a not for profit ratepayer for the benefit of the community will be charged the residential rate (this does not include land covered by a liquor licence)</p>                                                                                                                                                                                                                                                                                                                              |
| Rural business        | <p>Land outside the MUL that has a land use classification under the Rating Valuation Rules of commercial, industrial, transport, utility network<sup>(2)</sup>, or public communal – licensed. Also includes any land that is used for community services, but which is used for commercial, or governmental purposes, or which is covered by a liquor licence.</p> <p><b>New provisions to the policy (arising from proposals for consultation) to add the following text to this section:</b></p> <p>Also includes land outside the MUL where a residence is let out on a short-term basis, via online web-based accommodation services such as Airbnb and bookabach, for more than 135 nights in the 12 months ending 30 June of the previous financial year.</p>                                                                                      |
| Rural residential     | <p>Land outside the MUL that is used exclusively or almost exclusively for residential purposes, and includes tenanted residential land, rest homes and geriatric hospitals. It excludes hotels, motels, serviced apartments, boarding houses and hostels<sup>(1)</sup>. Land used for community services and used by a not for profit ratepayer for the benefit of the community will be charged the residential rate (this does not include land covered by a liquor licence)</p>                                                                                                                                                                                                                                                                                                                                                                        |
| Farm and lifestyle    | <p>Any land with a land use classification under the Rating Valuation Rules of lifestyle or rural industry, excluding mineral extraction<sup>(3)</sup></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| No road access        | <p>Includes all land (irrespective of use) for which direct or indirect access by road is unavailable or provided for, and all land situated on the islands of Ihumoana, Kaikoura, Karamuramu, Kauwahia, Kawau, Little Barrier, Mokohinau, Motahaku, Motuketekete, Motutapu, Motuihe, Pakatoa, Pakihi, Ponui, Rabbit, Rakitu, Rangiahua, Rotoroa and The Noises</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Uninhabitable islands | <p>Includes land on all Hauraki Gulf islands and Manukau Harbour other than Waiheke, Great Barrier and the islands named in the definition of No road access.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

#### Notes to previous table:

- Hotels, motels, serviced apartments, boarding houses and hostels will be rated as business except when the land is used exclusively or almost exclusively for residential purposes. Ratepayers must provide proof of long-term stay (at least 90 days) as at 30 June of the previous financial year. Proof should be in the form of a residential tenancy agreement or similar documentation.
- Utility networks are classed as rural business differential. However, all other utility rating units are categorised based on their land use and location.
- To be considered "lifestyle", land must be in a rural or semi-rural area, must be predominantly used for residential purposes, must be larger than an ordinary residential allotment, and must be used for some small-scale non-commercial rural activity.

#### New provisions to the FIS (arising from proposals for consultation) to add the rows below to Rates Differential Definitions table above:

| Differential group                                   | Definition                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Urban medium-occupancy online accommodation provider | Land in the Metropolitan Urban Limit (MUL) as well as land within the Pukekohe township where a residence is let out on a short-term basis, via online web-based accommodation services such as Airbnb and bookabach, for more than 28 nights and less than 136 nights in the 12 months ending 30 June of the previous financial year. |
| Rural medium-occupancy online accommodation provider | Land outside the MUL where a residence is let out on a short-term basis, via online web-based accommodation services such as Airbnb and bookabach, for more than 28 nights and less than 136 nights in the 12 months ending 30 June of the previous financial year.                                                                    |

#### The long-term differential strategy

In 2018/2019 the council is recommencing the long-term differential strategy. The business differential ratios will be set so that 32.4 per cent of general rates (UAGC and value-based general rate) come from businesses.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2018/2019. This is estimated to produce around \$1,389.6 million (excluding GST) for 2018/2019.

#### Value-based general rate differentials for 2018/2019

| Property category                   | Effective relative differential ratio for general rate for 2018/2019 | Rate in the dollar for 2018/2019 (including GST) (\$) | Share of value-based general rate (excluding GST) (\$) | Share of value-based general rate (%) |
|-------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|---------------------------------------|
| Urban business                      | 2.76                                                                 | 0.00505997                                            | 455,275,466                                            | 32.8%                                 |
| Urban residential                   | 1.00                                                                 | 0.00183227                                            | 775,704,125                                            | 55.8%                                 |
| Rural business                      | 2.49                                                                 | 0.00455397                                            | 43,653,916                                             | 3.1%                                  |
| Rural residential                   | 0.90                                                                 | 0.00164904                                            | 42,785,067                                             | 3.1%                                  |
| Farm and lifestyle                  | 0.80                                                                 | 0.00146582                                            | 71,485,174                                             | 5.1%                                  |
| No road access                      | 0.25                                                                 | 0.00045807                                            | 227,509                                                | Less than 0.1%                        |
| Uninhabitable island <sup>(1)</sup> | 0.00                                                                 | 0.00000000                                            | 0                                                      | 0                                     |

**Note:** 1. Uninhabitable islands ratepayers are liable for the UAGC only, which is automatically remitted through the rate remission policy.

**New provisions to the FIS (arising from proposals for consultation) to add the rows below to Value based general rate differentials for 2018/2019 table above:**

| Property category                                    | Effective relative differential ratio for general rate for 2018/2019 | Rate in the dollar for 2018/2019 (including GST) (\$) | Share of value-based general rate (excluding GST) (\$) | Share of value-based general rate (%) |
|------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|---------------------------------------|
| Urban medium-occupancy online accommodation provider | 1.44                                                                 | 0.00263919                                            | 509,388                                                | Less than 0.1%                        |
| Rural medium-occupancy online accommodation provider | 1.30                                                                 | 0.00237528                                            | 0                                                      | 0                                     |

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the value-based general rates requirement determined on their share of the city's land value rather than a share of the city's capital value as applies for other properties.

## Targeted rates

The council does not have a lump sum contribution policy and will not invite lump sum contributions for any targeted rate. Unless otherwise stated, the targeted rates described below will be used as sources of funding for each year of the Long-term Plan 2018-2028.

## Interim Transport Levy

### Background

The council is funding additional transport investment to deliver improved transport outcomes. The rate will fund expenditure within the following activities: Roads and footpaths; and Public transport and travel demand management.

### Activities to be funded

The Interim Transport Levy (ITL) will be used to help fund the capital costs of transport investment. The targeted rate will only apply for 2018/2019.

### How the rate will be assessed

A differentiated targeted rate will be applied as an amount per SUIP (see UAGC section prior for the council's definition of a SUIP) on all rateable land except land categorised as uninhabited Islands as defined for rating purposes. A targeted rate of \$182.85 (including GST) per SUIP will be applied to all rateable land categorised as business (Urban business and Rural business) as defined for rating purposes, and \$113.85 (including GST) per SUIP to all rateable land not categorised as business (Urban residential, Rural residential, Farm and lifestyle, and No road access) as defined for rating purposes. The fixed amounts will remain at this level for three years. This is estimated to produce around \$63.9 million (excluding GST) for 2018/2019, \$9.3 million from business and \$54.6 million from non-business.

**New provisions to the FIS (arising from proposals for consultation) to extend the ITL for an additional year in the event that the Regional Fuel Tax is unavailable.**

**New provisions to the FIS (arising from proposals for consultation) to add Urban medium-occupancy online accommodation provider and Rural medium-occupancy online accommodation provider to the land not categorised as business.**

**New provisions to the FIS (arising from proposals for consultation) to add the text below regarding the Water Quality Targeted Rate and Natural Environment Targeted Rate:**

## **Water Quality Targeted Rate**

### **Background**

The council is funding an additional investment from 2018/2019 to 2027/2028 to clean up Auckland's waterways. The rate will fund expenditure within the following activities: Stormwater Management.

### **Activities to be funded**

The Water Quality Targeted Rate (WQTR) will be used to help fund the capital costs of investment in cleaning up Auckland's waterways.

### **How the rate will be assessed**

A differentiated targeted rate will be applied on the capital value of all rateable land except land categorised as uninhabited Islands as defined for rating purposes. A targeted rate of \$0.00010690 (including GST) per dollar of capital value will be applied to all rateable land categorised as business (Urban business and Rural business) as defined for rating purposes, and \$0.00006145 (including GST) per dollar of capital value to all rateable land not categorised as business (Urban residential, Rural residential, Farm and lifestyle, Urban medium-occupancy online accommodation provider, Rural medium-occupancy online accommodation provider, and No road access) as defined for rating purposes. This is estimated to produce around \$41 million (excluding GST) for 2018/2019, \$10.6 million from business and \$30.4 million from non-business.

## **Natural Environment Targeted Rate**

### **Background**

The council is funding an additional investment from 2018/2019 to 2027/2028 to enhance Auckland's natural environment. The rate will fund expenditure within the following activities: Local environmental management.

### **Activities to be funded**

The Natural Environment Targeted Rate (NETR) will be used to help fund the capital and operating costs of investment to deliver enhanced environmental outcomes.

### **How the rate will be assessed**

A differentiated targeted rate will be applied on the capital value of all rateable land except land categorised as uninhabited Islands as defined for rating purposes. A targeted rate of \$0.00003385 (including GST) per dollar of capital value will be applied to all rateable land categorised as business (Urban business and Rural business) as defined for rating purposes, and \$0.00001945 (including GST) per dollar of capital value to all rateable land not categorised as business (Urban residential, Rural residential, Farm and lifestyle, Urban medium-occupancy online accommodation provider, Rural medium-occupancy online accommodation provider, and No road access) as defined for rating purposes. This is estimated to produce around \$13 million (excluding GST) for 2018/2019, \$3.3 million from business and \$9.6 million from non-business.



## Waste Management targeted rate

### Background

The benefit of the provision of waste management services in public areas e.g. public litter bins is funded through the general rate. Privately generated waste is funded through a mixture of targeted rates and pay as you throw charges.

The refuse, recycling, inorganic collection and other waste management services in Auckland are being standardised under the Waste Management and Minimisation Plan (WMMP). The service will be rolled out across the region gradually until full coverage is achieved in 2020/2021. Refuse collection is also being standardised. All areas will move to bin collection paid for with pre-purchased bin tags.

**New provisions to the FIS (arising from proposals for consultation) to add the following sentences to the paragraph above.**

In 2018/2019 Papakura will be the first area to receive a food waste collection service. Papakura is moving to pay as you throw refuse bins in 2018.

Solid waste targeted rates for 2018/2019 include:

- a region-wide base rate to cover the cost of recycling, inorganic collection, resource recovery centres, the Hauraki Gulf Islands subsidy and other regional waste services
- a standard refuse rate will apply in the former Auckland City and the former Manukau City to fund refuse collection
- additional rates may apply to properties that request additional recycling or refuse services.

Where user charges currently apply, these will continue.

**New provisions to the FIS (arising from proposals for consultation) to add the point below to the list above.**

- an additional targeted rate for Papakura to cover the cost of the food waste collection

The council is implementing the Auckland WMMP. Information on the plan can be found on the council's website.

### Activities to be funded

The targeted rate for waste management is used to fund refuse collection and disposal services (including the inorganic refuse collection), recycling, waste transfer stations and resource recovery centres within the solid waste and environmental services activity.

**[New provisions to the FIS (arising from proposals for consultation) to include food waste collection as a service that is funded from the targeted rate for waste management]**

### How the rate will be assessed

For land outside of the district of the former Auckland City Council where a service is provided or available, the targeted rate for the base service and the standard refuse service (for the former Manukau City) will be charged on a per SUIP basis. See the UAGC section prior for the council's definition of a SUIP. The standard refuse service includes one 120 litre refuse bin (or equivalent).

**[New provisions to the FIS (arising from proposals for consultation) to add "food waste service (for the former Papakura District)" to the first sentence in the paragraph above]**

For land within the district of the former Auckland City Council, the targeted rate for the base service and the standard refuse service will be charged based of the number and type of services supplied or available to each rating unit. For rating units made up of one SUIP, the council will provide one refuse collection service. For rating units made up of more than one SUIP, the council will provide the same service as was provided at 30

June 2018, unless otherwise informed by the owner of the rating unit (that is, at least one base service and one refuse collection service). Land which has an approved alternative service will be charged the waste service charge that excludes the approved alternative service or services.

For land within the former district of Auckland City and Manukau City, a large refuse rate will apply, on top of the standard refuse rate, if a 240 litre refuse bin is supplied instead of the standard 120 litre bin.

For all land across Auckland, an additional recycling rate will apply if an additional recycling service is supplied.

In the future, the waste management targeted rate may be adjusted to reflect changes in the nature of services and the costs of providing waste management services to reflect the implementation of the Auckland Waste Management and Minimisation Plan.

The following table sets out the waste management targeted rates to be applied in 2018/2019. This is estimated to produce around \$78.1 million (excluding GST) for 2018/2019.

#### Waste management targeted rates

| Service                          | Differential group                                                                                                         | Amount of targeted rate for 2018/2019 (including GST) \$ | Charging basis        | Share of targeted rate (excluding GST) (\$) |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------|---------------------------------------------|
| Base service                     | Rating units in the former Auckland City                                                                                   | 98.94                                                    | Per service available | 14,118,000                                  |
|                                  | Rating units in the former Franklin District, Manukau City, North Shore City, Papakura, Rodney District and Waitakere City | 98.94                                                    | Per SUIP              | 32,190,251                                  |
| Base service excluding recycling | Rating units in the former Auckland City                                                                                   | 33.82                                                    | Per service available | 767,299                                     |
| Standard refuse                  | Rating units in the former Auckland City                                                                                   | 123.79                                                   | Per service available | 17,524,719                                  |
|                                  | Rating units in the former Manukau City                                                                                    | 123.79                                                   | Per SUIP              | 11,957,537                                  |
| Large refuse                     | Rating units in the former Auckland City and Manukau City                                                                  | 55.00                                                    | Per service available | 438,748                                     |
| Additional recycling             | All rating units                                                                                                           | 65.12                                                    | Per service available | 83,355                                      |

#### New provisions to the FIS (arising from proposals for consultation) to add the row below to Waste management targeted rates table above:

|            |                                              |       |          |         |
|------------|----------------------------------------------|-------|----------|---------|
| Food waste | Rating units in the former Papakura District | 67.00 | Per SUIP | 997,324 |
|------------|----------------------------------------------|-------|----------|---------|

For the avoidance of doubt, properties that opt out of one or more council services in the former Auckland City area will be rated as below:

- land which has an approved alternative refuse service will be charged the base service rate (\$98.94)
- land which has an approved alternative recycling service will be charged the standard refuse rate (\$123.79) plus the base service excluding recycling rate (\$33.82)
- land which has approved alternative refuse and recycling services will be charged the base service excluding recycling rate (\$33.82).



## Accommodation provider targeted rate

### Background

Auckland Council, through Auckland Tourism, Events, and Economic Development (ATEED), has a strong focus on developing Auckland's visitor economy into a sustainable year-round industry, including working with industry partners such as Tourism New Zealand and Auckland International Airport Limited to attract high-value visitors, and facilitating the establishment of world-class attractions. The Auckland Convention Bureau team attracts business events which inject millions annually into the economy.

ATEED is also focused on continuing to expand Auckland as a world-leading events city through attracting, delivering and/or supporting an annual portfolio of more than 30 major events.

### Activities to be funded

The Accommodation provider targeted rate will be used to help part fund the costs of visitor attraction, major events and destination and marketing which are part of council's "economic growth and visitor economy" activity. The rate will apply from 2018/2019.

### How the rate will be assessed

A differentiated targeted rate will be applied to all land in Zones A and B defined as business for rating purposes operated as Tier one or two accommodation. The capital value to which the targeted rate applies excludes the portion of value not attributable to the provision of commercial accommodation.

**New provisions to the FIS (arising from proposals for consultation) to include medium-occupancy online accommodation provider definition for which the targeted rate will apply and to include new 3<sup>rd</sup> and 4<sup>th</sup> tier in the accommodation types.**

The rate will be differentiated by provider type and by location as laid out below.

#### Provider type

The rate will be differentiated by provider type as described in the categories of accommodation below:

1. hotels
2. motels and motor inns
3. lodges
4. pub accommodation
5. serviced apartments
6. campgrounds, motor parks, and holiday parks
7. backpackers and short stay hostels
8. bed and breakfasts and homestays.

**New provisions to the FIS (arising from proposals for consultation) to include the following additional provider types into the list above.**

9. high-occupancy online accommodation provider (residences let out on a short-term basis, via online web-based accommodation services such as Airbnb and bookabach, for more than 135 nights in the 12 months ending 30 June of the previous financial year)
10. medium-occupancy online accommodation provider (residences let out on a short-term basis, via online web-based accommodation services such as Airbnb and bookabach, for more than 28 nights and less than 136 nights in the 12 months ending 30 June of the previous financial year)

Long-stay residential accommodation is excluded from liability for the rate. Note that some motor inns, campgrounds, motor parks or holiday parks may be primarily long-stay accommodation and treated accordingly where appropriate supporting evidence can be provided. Additionally, any portion of commercial

accommodation contracted for emergency housing by the Ministry of Social Development will be excluded from liability for the rate.

Where an accommodation operator offers differing accommodation types from one establishment then the different parts should be treated according to their differential category use. For example, many campgrounds, motor parks, and holiday parks offer a mixture of self-contained units (similar to motels), cabins (similar to backpackers), and camp sites.

Provider types will be grouped into the following three tiers:

- Tier 1: hotels, serviced apartments\*
- Tier 2: motels and motor inns, lodges, pub accommodation, and self-contained accommodation not included in Tier 1
- Tier 3: other accommodation providers such as backpackers, short stay hostels, bed and breakfasts, homestays and campgrounds.

\* serviced apartments that have characteristics similar to motels (such as parking provided directly outside the apartment, managers accommodation on-site, buildings are 1 or 2 levels) will be classified as Tier 2 for the purposes of establishing liability for the Accommodation Provider targeted rate.

**New provisions to the FIS (arising from proposals for consultation) to include high-occupancy online accommodation providers in Tier 1, to rename Tier 3 as Tier 5, add high-occupancy online accommodation providers alongside serviced apartments to the note at the bottom of the list, and introduce new Tier 3 and Tier 4 as per the text below:**

- Tier 3: medium-occupancy online accommodation providers that have characteristics similar to hotels (different to motels as described above)
- Tier 4: medium-occupancy online accommodation providers that have characteristics similar to motels (as described above)

## Location

The rate will also be differentiated by location as described in the zones below:

- Zone A: accommodation providers located in local board areas of Albert-Eden, Devonport-Takapuna, Mangere-Ōtāhuhu, Maungakiekie-Tamaki, Ōrākei, Waitemātā.
- Zone B: accommodation providers located in local board areas of Henderson-Massey, Hibiscus and Bays, Howick, Kaipātiki, Manurewa, Ōtara-Papatoetoe, Puketāpapa, Upper Harbour, Waiheke, Whau.
- Zone C: accommodation providers located in local board areas of Franklin, Great Barrier, Papakura, Rodney and Waitakere Ranges.

## Differential ratios

The table below sets out the differential ratios that are applied to the differential categories described above for the Accommodation provider targeted rate:

| Differential ratios |        | Provider type |        |
|---------------------|--------|---------------|--------|
|                     |        | Tier 1        | Tier 2 |
| Location            | Zone A | 1.0           | 0.6    |
|                     | Zone B | 0.5           | 0.3    |

**New provisions to the FIS (arising from proposals for consultation) to add the following column to the table above:**

| Tier 3 | Tier 4 |
|--------|--------|
| 0.25   | 0.15   |
| 0.125  | 0.075  |

### Accommodation provider targeted rate

The following table sets out the Accommodation provider targeted rate to be applied to the differential categories described above for 2018/2019. This is estimated to produce around \$13.68 million (excluding GST) for 2018/2019.

| Rate in the dollar to be based on the portion of capital value of the rating unit used for commercial accommodation (including GST) (\$) |        | Provider type |            |
|------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------|------------|
|                                                                                                                                          |        | Tier 1        | Tier 2     |
| Location                                                                                                                                 | Zone A | 0.00537784    | 0.00322671 |
|                                                                                                                                          | Zone B | 0.00268892    | 0.00161335 |

**New provisions to the FIS (arising from proposals for consultation) to add the following column to the table above:**

| Tier 3     | Tier 4     |
|------------|------------|
| 0.00134446 | 0.00080668 |
| 0.00067223 | 0.00040334 |

Accommodation located in Zone C or used for Tier 3 purposes will not be liable for the Accommodation provider targeted rate.

**New provisions to the FIS (arising from proposals for consultation) to change Tier 3 to Tier 5 for accommodation providers not liable for the Accommodation provider rate.**

### City centre targeted rate

#### Background

The City Centre targeted rate is to help fund the development and revitalisation of the city centre. The rate applies to business and residential land in the City Centre area.

#### Activities to be funded

The City Centre redevelopment programme aims to enhance the city centre as a place to work, live, visit and do business. It achieves this by providing a high-quality urban environment, promoting the competitive advantages of the city centre as a business location, and promoting the city centre as a place for high-quality education, research and development. The programme intends to reinforce and promote the city centre as a centre for arts and culture, with a unique identity as the heart and soul of Auckland. The rate will fund expenditure within the following activity: Regional planning; Roads and footpaths; Local parks, sports and recreation.

The targeted rate will continue until 2024/2025 to cover capital and operating expenditure generated by the projects in the City Centre redevelopment programme. From 2016/2017, unspent funds from the targeted rate is used to transition the depreciation and consequential operating costs of capital works to the general rate so that from 2019/2020 these costs will be entirely funded from general rates.

#### How the rate will be assessed

A differentiated targeted rate will be applied to business and residential land, as defined for rating purposes, in the city centre. You can view a map of the city centre area at [www.aucklandcouncil.govt.nz/rates](http://www.aucklandcouncil.govt.nz/rates) or at any Auckland Council library or service centre.

A rate in the dollar of \$0.00118867 (including GST) of rateable capital value will be applied to business land in 2018/2019. This is estimated to produce around \$21.3 million (excluding GST) for 2018/2019.

A fixed rate of \$60.42 (including GST) per SUIP (see UAGC section prior for the council's definition of a SUIP) will be applied to residential land in 2018/2019. This is estimated to produce around \$0.96 million (excluding GST) for 2018/2019.

**New provisions to the FIS (arising from proposals for consultation) to include a new targeted rate as below:**

## **Rodney Local Board Transport Targeted Rate**

### **Background**

The council is funding additional transport investment to deliver improved transport outcomes in the Rodney Local Board area. The rate will fund expenditure within the following activities: Roads and footpaths; and Public transport and travel demand management.

### **Activities to be funded**

The Rodney Local Board Transport Targeted Rate (RLBTTR) will be used to help fund the capital and operating costs of additional transport investment and services.

### **How the rate will be assessed**

The targeted rate will be applied as an amount per SUIP (see UAGC section prior for the council's definition of a SUIP) on all rateable land in the Rodney Local Board area except land categorised as uninhabited Islands as defined for rating purposes. The amount of the targeted rate would be \$150 (including GST) per SUIP. This is estimated to produce around \$4.1 million (excluding GST) for 2018/2019.

## **Business Improvement District targeted rates**

### **Background**

Business Improvement Districts (BID) are areas within Auckland where local businesses have agreed to work together, with support from the council, to improve their business environment and attract new businesses and customers. The funding for these initiatives comes from BID targeted rates, which the businesses within a set boundary have voted and agreed to pay to fund BID projects and activities.

### **Activities to be funded**

The main objectives of the BID programmes are to enhance the physical environment, promote business attraction, retention and development, and increase employment and local business investment in BID areas. The programmes may also involve activities intended to identify and reinforce the unique identity of a place and to promote that identity as part of its development. The rate will fund expenditure within the following activities: Local planning and development – locally driven initiatives, Local planning and development – asset based services.

### **How liability will be assessed**

The BID targeted rates will be applied to business land, as defined for rating purposes, that is located in defined areas in commercial centres outlined in the following table. For maps of the areas where the BID rates will apply, go to [www.aucklandcouncil.govt.nz/rates](http://www.aucklandcouncil.govt.nz/rates).

The BID targeted rates will be assessed using a fixed rate and value-based rate on the capital value of the property. Each BID area may recommend to council that part of its budget be funded from a fixed rate of up to

\$575 (including GST) per rating unit. The remaining budget requirement will be funded from a value-based rate for each area and be applied as a rate in the dollar. There will be different rates for each BID programme.

The table below sets out the budgets and the rates for each BID area that the council will apply in 2018/2019. This is estimated to produce around \$17.9 million (excluding GST) in targeted rates revenue for 2018/2019.

**Business Improvement Districts fixed rates per rating unit and rates in the dollar of capital value**

| BID area             | Amount of BID grant 2018/2019 (excluding GST) (\$) | Amount of BID targeted rate 2018/2019 (excluding GST) (\$) | Amount to be funded by fixed charge for 2018/2019 (excluding GST) (\$) | Fixed rate per rating unit for 2018/2019 (including GST) (\$) | Amount to be funded by property value rate based on the capital value of the rating unit for 2018/2019 (excluding GST) (\$) | Rate in the dollar for 2018/2019 to be multiplied by the capital value of the rating unit (including GST) (\$) |
|----------------------|----------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Avondale             | 140,000                                            | 140,000                                                    | 0                                                                      | 0.00                                                          | 140,000                                                                                                                     | 0.00115046                                                                                                     |
| Birkenhead           | 187,000                                            | 189,158                                                    | 0                                                                      | 0.00                                                          | 189,158                                                                                                                     | 0.00088971                                                                                                     |
| Blockhouse Bay       | 58,000                                             | 58,000                                                     | 0                                                                      | 0.00                                                          | 58,000                                                                                                                      | 0.00143473                                                                                                     |
| Browns Bay           | 150,000                                            | 150,000                                                    | 0                                                                      | 0.00                                                          | 150,000                                                                                                                     | 0.00052683                                                                                                     |
| Devonport            | 120,000                                            | 120,206                                                    | 17,391                                                                 | 250.00                                                        | 102,815                                                                                                                     | 0.00061230                                                                                                     |
| Dominion Road        | 180,000                                            | 180,000                                                    | 0                                                                      | 0.00                                                          | 180,000                                                                                                                     | 0.00053351                                                                                                     |
| Ellerslie            | 152,000                                            | 152,000                                                    | 0                                                                      | 0.00                                                          | 152,000                                                                                                                     | 0.00193147                                                                                                     |
| Glen Eden            | 91,920                                             | 91,920                                                     | 0                                                                      | 0.00                                                          | 91,920                                                                                                                      | 0.00107980                                                                                                     |
| Glen Innes           | 166,000                                            | 167,124                                                    | 0                                                                      | 0.00                                                          | 167,124                                                                                                                     | 0.00103474                                                                                                     |
| Greater East Tāmaki  | 500,000                                            | 501,809                                                    | 331,340                                                                | 195.00                                                        | 170,469                                                                                                                     | 0.00003114                                                                                                     |
| Heart of the City    | 4,643,315                                          | 4,656,465                                                  | 0                                                                      | 0.00                                                          | 4,656,465                                                                                                                   | 0.00041870                                                                                                     |
| Howick               | 167,772                                            | 167,772                                                    | 0                                                                      | 0.00                                                          | 167,772                                                                                                                     | 0.00088107                                                                                                     |
| Hunters Corner       | 126,590                                            | 126,629                                                    | 0                                                                      | 0.00                                                          | 126,629                                                                                                                     | 0.00072813                                                                                                     |
| Karangahape Road     | 425,648                                            | 448,579                                                    | 0                                                                      | 0.00                                                          | 448,579                                                                                                                     | 0.00051090                                                                                                     |
| Kingsland            | 210,000                                            | 212,271                                                    | 0                                                                      | 0.00                                                          | 212,271                                                                                                                     | 0.00038990                                                                                                     |
| Mairangi Bay         | 63,000                                             | 63,000                                                     | 5,000                                                                  | 250.00                                                        | 58,000                                                                                                                      | 0.00126775                                                                                                     |
| Māngere Bridge       | 28,800                                             | 28,800                                                     | 0                                                                      | 0.00                                                          | 28,800                                                                                                                      | 0.00140697                                                                                                     |
| Māngere East Village | 6,100                                              | 6,100                                                      | 0                                                                      | 0.00                                                          | 6,100                                                                                                                       | 0.00029693                                                                                                     |
| Māngere Town         | 284,949                                            | 284,949                                                    | 0                                                                      | 0.00                                                          | 284,949                                                                                                                     | 0.00401509                                                                                                     |
| Manukau Central      | 490,000                                            | 490,376                                                    | 0                                                                      | 0.00                                                          | 490,376                                                                                                                     | 0.00033316                                                                                                     |
| Manurewa             | 142,470                                            | 142,626                                                    | 0                                                                      | 0.00                                                          | 142,626                                                                                                                     | 0.00093771                                                                                                     |
| Milford              | 132,000                                            | 132,000                                                    | 0                                                                      | 0.00                                                          | 132,000                                                                                                                     | 0.00057089                                                                                                     |
| Mt Eden Village      | 89,035                                             | 90,065                                                     | 0                                                                      | 0.00                                                          | 90,065                                                                                                                      | 0.00055968                                                                                                     |
| New Lynn             | 176,091                                            | 176,091                                                    | 0                                                                      | 0.00                                                          | 176,091                                                                                                                     | 0.00053367                                                                                                     |
| Newmarket            | 1,634,409                                          | 1,636,658                                                  | 0                                                                      | 0.00                                                          | 1,636,658                                                                                                                   | 0.00066349                                                                                                     |

| BID area            | Amount of BID grant 2018/2019 (excluding GST) (\$) | Amount of BID targeted rate 2018/2019 (excluding GST) (\$) | Amount to be funded by fixed charge for 2018/2019 (excluding GST) (\$) | Fixed rate per rating unit for 2018/2019 (including GST) (\$) | Amount to be funded by property value rate based on the capital value of the rating unit for 2018/2019 (excluding GST) (\$) | Rate in the dollar for 2018/2019 to be multiplied by the capital value of the rating unit (including GST) (\$) |
|---------------------|----------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| North Harbour       | 690,621                                            | 690,621                                                    | 324,119                                                                | 150.00                                                        | 366,502                                                                                                                     | 0.00009651                                                                                                     |
| North West District | 180,000                                            | 181,461                                                    | 89,999                                                                 | 250.00                                                        | 91,462                                                                                                                      | 0.00021511                                                                                                     |
| Northcote           | 120,000                                            | 120,000                                                    | 0                                                                      | 0.00                                                          | 120,000                                                                                                                     | 0.00233449                                                                                                     |
| Old Papatoetoe      | 113,090                                            | 113,090                                                    | 0                                                                      | 0.00                                                          | 113,090                                                                                                                     | 0.00145553                                                                                                     |
| Onehunga            | 422,758                                            | 423,695                                                    | 0                                                                      | 0.00                                                          | 423,695                                                                                                                     | 0.00114019                                                                                                     |
| Orewa               | 232,220                                            | 232,220                                                    | 0                                                                      | 0.00                                                          | 232,220                                                                                                                     | 0.00086185                                                                                                     |
| Ōtāhuhu             | 628,425                                            | 628,425                                                    | 0                                                                      | 0.00                                                          | 628,425                                                                                                                     | 0.00066018                                                                                                     |
| Ōtara               | 90,219                                             | 90,219                                                     | 0                                                                      | 0.00                                                          | 90,219                                                                                                                      | 0.00155399                                                                                                     |
| Panmure             | 422,759                                            | 427,288                                                    | 0                                                                      | 0.00                                                          | 427,288                                                                                                                     | 0.00143736                                                                                                     |
| Papakura            | 270,000                                            | 270,275                                                    | 0                                                                      | 0.00                                                          | 270,275                                                                                                                     | 0.00078226                                                                                                     |
| Parnell             | 815,000                                            | 815,000                                                    | 0                                                                      | 0.00                                                          | 815,000                                                                                                                     | 0.00053527                                                                                                     |
| Ponsonby            | 471,586                                            | 471,586                                                    | 0                                                                      | 0.00                                                          | 471,586                                                                                                                     | 0.00059602                                                                                                     |
| Pukekohe            | 440,000                                            | 440,000                                                    | 0                                                                      | 0.00                                                          | 440,000                                                                                                                     | 0.00050911                                                                                                     |
| Remuera             | 242,564                                            | 242,564                                                    | 0                                                                      | 0.00                                                          | 242,564                                                                                                                     | 0.00110880                                                                                                     |
| Rosebank            | 430,000                                            | 430,000                                                    | 0                                                                      | 0.00                                                          | 430,000                                                                                                                     | 0.00037349                                                                                                     |
| South Harbour       | 81,325                                             | 81,325                                                     | 0                                                                      | 0.00                                                          | 81,325                                                                                                                      | 0.00044770                                                                                                     |
| St Heliers          | 138,484                                            | 138,485                                                    | 0                                                                      | 0.00                                                          | 138,485                                                                                                                     | 0.00106727                                                                                                     |
| Takapuna            | 403,541                                            | 403,541                                                    | 0                                                                      | 0.00                                                          | 403,541                                                                                                                     | 0.00036424                                                                                                     |
| Te Atatu            | 92,000                                             | 92,000                                                     | 0                                                                      | 0.00                                                          | 92,000                                                                                                                      | 0.00133463                                                                                                     |
| Torbay              | 15,415                                             | 15,415                                                     | 0                                                                      | 0.00                                                          | 15,415                                                                                                                      | 0.00090904                                                                                                     |
| Uptown              | 270,000                                            | 270,000                                                    | 0                                                                      | 0.00                                                          | 270,000                                                                                                                     | 0.00014891                                                                                                     |
| Waiuku              | 133,100                                            | 133,313                                                    | 0                                                                      | 0.00                                                          | 133,313                                                                                                                     | 0.00110593                                                                                                     |
| Wiri                | 737,000                                            | 739,883                                                    | 0                                                                      | 0.00                                                          | 739,883                                                                                                                     | 0.00024474                                                                                                     |
| <b>Total</b>        | <b>17,805,206</b>                                  | <b>17,863,004</b>                                          | <b>767,849</b>                                                         |                                                               | <b>17,095,155</b>                                                                                                           |                                                                                                                |

**Note to the table:** Targeted rate amounts include deficits (if any) carried over from 2016/2017 so may differ from grant amounts. Both surpluses and deficits from 2016/2017 will be factored into the calculation of the BID rates for 2018/2019 when the final rates are set in June 2018.

## Business Improvement Districts fixed rate per property and rates in the dollar based on land value

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009.



These properties will pay a share of the Business Improvement District value based rates requirement determined on their share of the BID areas land value rather than a share of the BID areas capital value as applies for other properties.

## Māngere-Ōtāhuhu and Ōtara-Papatoetoe swimming pool targeted rates

### Background

Auckland Council has a region-wide swimming pool pricing policy, whereby children 16 years and under have free access to swimming pool facilities and all adults are charged. These targeted rates fund free access to swimming pools for adults 17 years and over in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas.

### Activities to be funded

To fund the cost of free adult entry to swimming pool facilities in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. The rate will fund expenditure within the following activity: Local parks sport and recreation – asset based services.

### How liability will be assessed

These local activity targeted rates apply to all residential land, as defined for rating purposes that are located in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas.

### How the rate will be assessed

The local activity targeted rate will be assessed using a fixed rate applied to each SUIP (see UAGC section prior for the council's definition of a SUIP) of a residential property, as defined for rating purposes, in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. There will be a different fixed rate for each local board area.

The following table sets out the local activity targeted rates that apply in 2018/2019 for the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. This is estimated to produce around \$1.1 million (excluding GST) for 2018/2019.

| Local board area | Local activity targeted rates                                                                             |                                                     |
|------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
|                  | Fixed rate for each separately used or inhabited part of a rating unit for 2018/2019 (including GST) (\$) | Revenue from the targeted rate (excluding GST) (\$) |
| Māngere-Ōtāhuhu  | 31.94                                                                                                     | 519,793                                             |
| Ōtara-Papatoetoe | 29.94                                                                                                     | 558,731                                             |

## Riverhaven Drive targeted rate

The council has constructed Riverhaven Drive for the benefit of the rating units in the immediate area. The construction of the road and the payment of the rate have been agreed with the association representing the owners of the rating units. The Riverhaven Drive targeted rate is used to repay the council for the cost of the road, including interest costs. The rate will fund expenditure within the following activities: Local planning and development – locally driven initiatives, Roads and footpaths.

The targeted rate applies to the land which benefits from the construction of a road that provides access to the rating unit. The rate will apply until the cost of the project is recovered. The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal

repayment required for that year. The targeted rate will apply for 25 years (2006/2007 to 2030/2031). The outstanding balance will reduce each year as the principal is repaid.

The council will apply a uniform rate of \$10,317.02 (including GST) per rating unit for 2018/2019. This is estimated to produce around \$72,000 (excluding GST) for 2018/2019.

### Glorit Flood Gate Restoration targeted rate

A targeted rate for three rating units, detailed below, to recover the cost of Glorit flood gate restoration. The rate will fund expenditure within the following activity: Stormwater management. The rate will apply until the cost of the project is recovered. The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 10 years (2009/2010 to 2018/2019). The costs of works, together with interest and administration charges are apportioned on an area of benefit basis.

The following table sets out the Glorit Flood Gate Restoration targeted rates for 2018/2019. This is estimated to produce around \$38,000 (excluding GST) for 2018/2019.

#### Glorit Flood Gate Restoration targeted rate

| Valuation number | Legal description (abbreviated) | Area of benefit in hectares | Amount of targeted rate for 2018/2019 (including GST) (\$) |
|------------------|---------------------------------|-----------------------------|------------------------------------------------------------|
| 00910-00102      | Sec 27 SO 59120                 | 245                         | 40,689.21                                                  |
| 00910-00502      | Lot 5 DP 127940                 | 2                           | 332.15                                                     |
| 00910-12128597   | Lot 1 DP 497349                 | 17.5                        | 2,906.37                                                   |

### Waitākere rural sewerage targeted rate

The Waitākere rural sewerage targeted rate is set as a uniform charge on all rating units in the Non-Drainage Area of the former district of the Waitākere City Council where there are on-site waste management systems that are scheduled to be inspected and/or pumped out by the council within the three-yearly cycle, to recover the costs of implementation of the On-site Waste Systems Management Plan. The uniform charge is assessed in respect of each on site waste management system utilised in conjunction with the particular rating unit. The rate will fund expenditure within the following activities: Regulation.

For 2018/2019 the council will apply a uniform rate of \$194.54 (including GST) for each on-site waste management system utilised in conjunction with the rating unit. This is estimated to produce around \$0.8 million (excluding GST) for 2018/2019.

### Retro-fit your home targeted rate

The Retro-fit Your Home targeted rate is set on land that has received financial assistance from Auckland Council for the installation of clean heat, insulation, water conservation, mechanical extraction and fire place decommissioning in respect of the land. The rate will fund expenditure within the following activities: Regulation.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for nine years. The outstanding balance will reduce each year as the principal is repaid.

The targeted rate will apply as a rate in the dollar, which is multiplied against the ratepayer's outstanding balance as at 1 July each year. The rate in the dollar is set at different levels for each year that the ratepayer has been repaying the financial assistance.



The following table sets out the Retro-fit Your Home targeted rate that the council will apply in 2018/2019. This is estimated to produce around \$6.1 million (excluding GST) for 2018/2019.

#### Retro-fit your home targeted rate

| Year of repayment | Rate in the dollar for 2018/2019 to be multiplied by the ratepayers outstanding balance as at 30 June 2018 (including GST) (\$) |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 1                 | 0.14617954                                                                                                                      |
| 2                 | 0.15985726                                                                                                                      |
| 3                 | 0.17753323                                                                                                                      |
| 4                 | 0.20120718                                                                                                                      |
| 5                 | 0.23447852                                                                                                                      |
| 6                 | 0.28454599                                                                                                                      |
| 7                 | 0.36820646                                                                                                                      |

#### Kumeu Huapai Riverhead wastewater targeted rate

The Kumeu Huapai Riverhead wastewater targeted rate is set on land that has received financial assistance from Auckland Council for the purchase and installation of equipment for pumping waste from the property to Watercare's pressurised wastewater scheme. The rate will fund expenditure within the following activity: Organisational support.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 15 years. The outstanding balance will reduce each year as the principal is repaid.

The targeted rate will apply as a rate in the dollar, which is multiplied against the ratepayer's outstanding balance as at 1 July each year. The rate in the dollar is set at different levels for each year that the ratepayer has been repaying the financial assistance.

The following table sets out the Kumeu Huapai Riverhead wastewater targeted rate that council will apply in 2018/2019. This is estimated to produce around \$5,800 (excluding GST) for 2018/2019.

#### Kumeu Huapai Riverhead wastewater targeted rate

| Year of repayment | Rate in the dollar for 2018/2019 to be multiplied by the ratepayers outstanding balance as at 30 June 2018 (including GST) (\$) |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 1                 | 0.11877039                                                                                                                      |
| 2                 | 0.12393132                                                                                                                      |
| 3                 | 0.12993943                                                                                                                      |
| 4                 | 0.13700709                                                                                                                      |
| 6                 | 0.15559520                                                                                                                      |

[Proposed amendment to the FIS to add the text below in the event that an application to join the scheme is received prior to 30 June 2018]

### On-site wastewater systems (septic tank) upgrades targeted rate

The On-site wastewater systems (septic tank) upgrades targeted rate is set on land that has received financial assistance from Auckland Council for the replacement or upgrade of failing on-site wastewater systems (septic tanks) in the west coast lagoons (Piha, Te Henga and Karekare) and Little Oneroa (Waiheke Island) catchments. The rate will fund expenditure within the following activities: Regulation.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 15 years. The outstanding balance will reduce each year as the principal is repaid.

The targeted rate will apply as a rate in the dollar, which is multiplied against the ratepayer's outstanding balance as at 1 July each year. The rate in the dollar is set at different levels for each year that the ratepayer has been repaying the financial assistance.

Applications to join the scheme were open from 2016/2017. The following table sets out the On-site wastewater systems (septic tank) upgrades targeted rate that the council will apply in 2018/2019. To date there have been no applications to join the scheme and no revenue has been forecast to be produced from this rate for 2018/2019. If there are no applications to join the scheme are received before adoption of the Long-term Plan 2018-2028 in June 2018 then no rate will be set for 2018/2019.

#### On-site wastewater systems (septic tank) upgrades targeted rate

| Year of repayment | Rate in the dollar for 2018/2019 to be multiplied by the ratepayers outstanding balance as at 30 June 2018 (including GST) (\$) |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 1                 | 0.11877039                                                                                                                      |

### Point Wells wastewater targeted rate

The Point Wells wastewater targeted rate is set on land that received financial assistance to connect to the pressure wastewater collection (PWC) scheme in the Point Wells area. The rate will fund expenditure within the following activity: Organisational support.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year according to the amount of assistance provided. The targeted rate will apply for 15 years (2009/2010 to 2023/2024). The outstanding balance will reduce each year as the principal is repaid.

The following table sets out the Point Wells wastewater targeted rate that council will apply in 2018/2019. This is estimated to produce around \$14,700 (excluding GST) for 2018/2019.

#### Point Wells wastewater targeted rate

| Total assistance provided | Amount of targeted rate per rating unit for 2018/2019 (including GST) (\$) |
|---------------------------|----------------------------------------------------------------------------|
| \$8,000                   | \$674.60                                                                   |
| \$8,500                   | \$716.76                                                                   |
| \$9,000                   | \$758.92                                                                   |
| \$9,500                   | \$801.08                                                                   |
| \$10,000                  | \$843.25                                                                   |

### **Jackson Crescent wastewater targeted rate**

The Jackson Crescent wastewater targeted rate is set on the rating unit that received financial assistance to connect to the pressure wastewater collection (PWC) scheme in Jackson Crescent, Martins Bay area. The rate will fund expenditure within the following activity: Organisational support.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 15 years (2009/2010 to 2023/2024). The outstanding balance will reduce each year as the principal is repaid.

The council will apply a uniform rate of \$608.88 (including GST) per rating unit in 2018/2019. This is estimated to produce \$529 (excluding GST) for 2018/2019.

### **Rates payable by instalment**

Rates will be payable by four equal instalments due on:

- Instalment 1: 31 August 2018
- Instalment 2: 28 November 2018
- Instalment 3: 28 February 2019
- Instalment 4: 28 May 2019.

It is council policy that any payments received will be applied to the oldest outstanding rates before being applied to the current rates.

### **Penalties on rates not paid by the due date**

The council will apply a penalty of 10 per cent of the amount of rates assessed under each instalment in the 2018/2019 financial year that are unpaid after the due date of each instalment. Any penalty will be applied to unpaid rates on the day following the due date of the instalment.

A further 10 per cent penalty calculated on former years' rate arrears to be added on the first business day of the new financial year (or five working days after the rates resolution is adopted, whichever is the later) and then again six months later.

### **Early payment discount policy**

#### **Objectives**

The council encourages ratepayers to pay their rates in full by the date that their first instalment is due by providing a discount.

#### **Conditions and criteria**

Ratepayers will qualify for the discount if their rates are paid in full, together with any outstanding prior years' rates and penalties, by 5.00pm on the day their first rates instalment for the new financial year is due.

#### **Delegation of decision-making**

Decisions about applying the discount will be made by staff in accordance with the Chief Executive's delegation register.

#### **Review process**

The council will set the rate of discount that ratepayers are eligible for on an annual basis. The discount will be set to return to those ratepayers making an early payment the interest cost saving to the council. The interest cost saving will be set based on the council's short term cost of borrowing for the financial year in which the discount will apply. In making this forecast the council will take into account current market interest rate

forecasts provided by financial institutions. The reviewed discount rate will be adopted by a council resolution at the same time as other rates-related decisions are made as part of its annual plan or long-term plan decision making process.

If the council wants to make any significant change to the discount policy, it must consult with the public.

### Discount in 2018/2019

The discount is 0.83 per cent for 2018/2019.

### Sample properties

The following section is intended to provide examples of the individual rates for 2018/2019. The following targeted rates are not shown:

- Business improvement district targeted rates
- Riverhaven Drive targeted rate
- Glorit Flood Gate Restoration targeted rate
- Point Wells wastewater targeted rate
- Jackson Crescent wastewater targeted rate.

For more information on these and other rates please see the relevant section of the Rating mechanism.

### General rates and Interim Transport Levy

The table below shows indicative general rates and Targeted Transport Levy for fully rateable rating units with one SUIP at different values for each of the main differential categories. An extra UAGC charge and Interim Transport Levy should be added for each extra SUIP the rating unit has.

| Differential category | Capital value | UAGC<br>(including<br>GST) (\$) | General rate<br>(including GST)<br>(\$) | Interim Transport<br>Levy,<br>(including GST) (\$) | Total rates<br>(including GST)<br>(\$) |
|-----------------------|---------------|---------------------------------|-----------------------------------------|----------------------------------------------------|----------------------------------------|
| Urban - business      | 500,000       | 414                             | 2,530                                   | 183                                                | 3,127                                  |
|                       | 1,500,000     | 414                             | 7,590                                   | 183                                                | 8,187                                  |
|                       | 3,000,000     | 414                             | 15,180                                  | 183                                                | 15,777                                 |
|                       | 10,000,000    | 414                             | 50,600                                  | 183                                                | 51,197                                 |
| Urban - residential   | 500,000       | 414                             | 916                                     | 114                                                | 1,444                                  |
|                       | 750,000       | 414                             | 1,374                                   | 114                                                | 1,902                                  |
|                       | 1,000,000     | 414                             | 1,832                                   | 114                                                | 2,360                                  |
|                       | 1,500,000     | 414                             | 2,748                                   | 114                                                | 3,276                                  |
| Rural - business      | 500,000       | 414                             | 2,277                                   | 183                                                | 2,874                                  |
|                       | 1,500,000     | 414                             | 6,831                                   | 183                                                | 7,428                                  |
|                       | 3,000,000     | 414                             | 13,662                                  | 183                                                | 14,259                                 |
|                       | 10,000,000    | 414                             | 45,540                                  | 183                                                | 46,137                                 |
| Rural - residential   | 500,000       | 414                             | 825                                     | 114                                                | 1,353                                  |
|                       | 750,000       | 414                             | 1,237                                   | 114                                                | 1,765                                  |
|                       | 1,000,000     | 414                             | 1,649                                   | 114                                                | 2,177                                  |
|                       | 1,500,000     | 414                             | 2,474                                   | 114                                                | 3,002                                  |

| Differential category | Capital value | UAGC<br>(including<br>GST) (\$) | General rate<br>(including<br>GST)<br>(\$) | Interim Transport<br>Levy,<br>(including GST) (\$) | Total rates<br>(including GST)<br>(\$) |
|-----------------------|---------------|---------------------------------|--------------------------------------------|----------------------------------------------------|----------------------------------------|
| Farm/lifestyle        | 500,000       | 414                             | 733                                        | 114                                                | 1,261                                  |
|                       | 1,500,000     | 414                             | 2,199                                      | 114                                                | 2,727                                  |
|                       | 3,000,000     | 414                             | 4,397                                      | 114                                                | 4,925                                  |
|                       | 10,000,000    | 414                             | 14,658                                     | 114                                                | 15,186                                 |

The following tables contain indicative values for the most common targeted rates. If a rating unit is liable for one of these, then the value shown should be added to the general rates and Targeted Transport Levy figure from the table above to determine the total rates liability.

**New provisions to the FIS (arising from proposals for consultation) to insert Water Quality Targeted Rates and Natural Environment Targeted Rate into the heading of this section, the description of the table, columns (below) into the table, and description of additional rates liable:**

| Differential category | Capital value | Water quality targeted rate<br>(including GST) (\$) | Natural Environment targeted<br>rate (including GST) |
|-----------------------|---------------|-----------------------------------------------------|------------------------------------------------------|
| Urban - business      | 500,000       | 53                                                  | 17                                                   |
|                       | 1,500,000     | 160                                                 | 51                                                   |
|                       | 3,000,000     | 321                                                 | 102                                                  |
|                       | 10,000,000    | 1,069                                               | 339                                                  |
| Urban - residential   | 500,000       | 31                                                  | 10                                                   |
|                       | 750,000       | 46                                                  | 15                                                   |
|                       | 1,000,000     | 61                                                  | 19                                                   |
|                       | 1,500,000     | 92                                                  | 29                                                   |
| Rural - business      | 500,000       | 53                                                  | 17                                                   |
|                       | 1,500,000     | 160                                                 | 51                                                   |
|                       | 3,000,000     | 321                                                 | 102                                                  |
|                       | 10,000,000    | 1,069                                               | 339                                                  |
| Rural - residential   | 500,000       | 31                                                  | 10                                                   |
|                       | 750,000       | 46                                                  | 15                                                   |
|                       | 1,000,000     | 61                                                  | 19                                                   |
|                       | 1,500,000     | 92                                                  | 29                                                   |
| Farm/lifestyle        | 500,000       | 31                                                  | 10                                                   |
|                       | 1,500,000     | 92                                                  | 29                                                   |
|                       | 3,000,000     | 184                                                 | 58                                                   |
|                       | 10,000,000    | 615                                                 | 195                                                  |

## Waste management targeted rate

Most rating units are liable for waste management targeted rates. These vary depending on the former council area that the property is located.

| Former council area                                                                        | Service                                                  | Total amount of charges (including GST) (\$) |     |     |       |       |
|--------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------|-----|-----|-------|-------|
|                                                                                            | Number of waste management charges                       | 1                                            | 2   | 3   | 5     | 10    |
| Auckland City                                                                              | Full service (base service plus standard refuse service) | 223                                          | 445 | 668 | 1,114 | 2,227 |
|                                                                                            | Opt out of refuse                                        | 99                                           | 198 | 297 | 495   | 989   |
|                                                                                            | Opt out of recycling                                     | 158                                          | 315 | 473 | 788   | 1,576 |
|                                                                                            | Opt out of both refuse and recycling                     | 34                                           | 68  | 101 | 169   | 338   |
|                                                                                            | Additional recycling                                     | 65                                           | 130 | 195 | 326   | 651   |
| Manukau City                                                                               | Full service (base service plus standard refuse service) | 223                                          | 445 | 668 | 1,114 | 2,227 |
| Papakura District, North Shore City, Waitākere City, Franklin District and Rodney District | Base service                                             | 99                                           | 198 | 297 | 495   | 989   |

[New provisions to the FIS (arising from proposals for consultation) to add the following row to the table above]

| Former council area | Service                            | Total amount of charges (including GST) (\$) |     |     |     |     |
|---------------------|------------------------------------|----------------------------------------------|-----|-----|-----|-----|
|                     | Number of waste management charges | 1                                            | 2   | 3   | 5   | 10  |
| Papakura District   | Food waste                         | 67                                           | 134 | 201 | 335 | 670 |

## Accommodation provider targeted rate

All business rating units that provide visitor accommodation are liable for the Accommodation provider targeted rate.

| Capital value | Rating units that provide visitor accommodation |                                           |                                           |                                           |
|---------------|-------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
|               | Zone A – Tier 1 rate (including GST) (\$)       | Zone A – Tier 2 rate (including GST) (\$) | Zone B – Tier 1 rate (including GST) (\$) | Zone B – Tier 2 rate (including GST) (\$) |
| 500,000       | 2,689                                           | 1,613                                     | 1,344                                     | 807                                       |
| 1,500,000     | 8,067                                           | 4,840                                     | 4,033                                     | 2,420                                     |
| 3,000,000     | 16,134                                          | 9,680                                     | 8,067                                     | 4,840                                     |
| 10,000,000    | 53,778                                          | 32,267                                    | 26,889                                    | 16,134                                    |

[New provisions to the FIS (arising from proposals for consultation) to add the following columns to the table above]

| Zone A – Tier 3 rate<br>(including GST)<br>(\$) | Zone A – Tier 4 rate<br>(including GST)<br>(\$) | Zone B – Tier 3 rate<br>(including GST)<br>(\$) | Zone B – Tier 4 rate<br>(including GST)<br>(\$) |
|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| 672                                             | 403                                             | 336                                             | 202                                             |
| 2,017                                           | 1,210                                           | 1,008                                           | 605                                             |
| 4,033                                           | 2,420                                           | 2,017                                           | 1,210                                           |
| 13,445                                          | 8,067                                           | 6,722                                           | 4,033                                           |

### City centre targeted rate

All business and residential rating units in the City Centre are liable for the City Centre targeted rate.

| Business rating units located in the city centre area |                           |
|-------------------------------------------------------|---------------------------|
| Capital value                                         | Rate (including GST) (\$) |
| 500,000                                               | 594                       |
| 1,500,000                                             | 1,783                     |
| 3,000,000                                             | 3,566                     |
| 10,000,000                                            | 11,887                    |

| Residential rating units located in the city centre area |                           |
|----------------------------------------------------------|---------------------------|
| Number of separately used or inhabited parts             | Rate (including GST) (\$) |
| 1                                                        | 60                        |
| 2                                                        | 121                       |
| 3                                                        | 181                       |
| 5                                                        | 302                       |
| 10                                                       | 604                       |

[New provisions to the FIS (arising from proposals for consultation) to add the following section]

### Rodney Local Board Transport Targeted Rate

Rating units in the Rodney local board is liable for the Rodney Local Board Transport Targeted Rate.

| Total targeted rate amount (including GST) (\$) |       |       |       |       |         |
|-------------------------------------------------|-------|-------|-------|-------|---------|
| Number of separately used or inhabited parts    | 1     | 2     | 3     | 5     | 10      |
|                                                 | \$150 | \$300 | \$450 | \$750 | \$1,500 |

## Swimming pool targeted rates

Residential rating units in Māngere-Ōtāhuhu and Ōtara-Papatoetoe local boards are liable for Swimming Pool targeted rates.

| Residential rating units located in | Number of separately used or inhabited parts | Total targeted rate amount (including GST) (\$) |    |    |     |     |
|-------------------------------------|----------------------------------------------|-------------------------------------------------|----|----|-----|-----|
|                                     |                                              | 1                                               | 2  | 3  | 5   | 10  |
| Māngere-Ōtāhuhu                     |                                              | 32                                              | 64 | 96 | 160 | 319 |
| Ōtara-Papatoetoe                    |                                              | 30                                              | 60 | 90 | 150 | 299 |

## Waitākere rural sewerage targeted rate

Some residential rating units not connected to the wastewater system in the former Waitākere City area are liable for the Waitākere Rural Sewerage targeted rate.

| Residential rating units located in                         | Number of septic tanks pumped out once every 3 years | Total targeted rate amount (including GST) (\$) |     |     |     |       |
|-------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------|-----|-----|-----|-------|
|                                                             |                                                      | 1                                               | 2   | 3   | 5   | 10    |
| Waitākere City that have septic tanks pumped out by council |                                                      | 195                                             | 389 | 584 | 973 | 1,945 |

## Retro-fit your home targeted rate

Ratepayers who have taken advantage of the Retro-fit Your Home scheme repay the financial assistance provided via a targeted rate.

| Outstanding balance at beginning of 2018/2019 | Rate for 1st year of repayment (including GST) (\$) | Rate for 2nd year of repayment (including GST) (\$) | Rate for 3rd year of repayment (including GST) (\$) | Rate for 4th year of repayment (including GST) (\$) | Rate for 5th year of repayment (including GST) (\$) | Rate for 6th year of repayment (including GST) (\$) | Rate for 7th year of repayment (including GST) (\$) |
|-----------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| 1,500                                         | 219                                                 | 240                                                 | 266                                                 | 302                                                 | 352                                                 | 427                                                 | 552                                                 |
| 2,000                                         | 292                                                 | 320                                                 | 355                                                 | 402                                                 | 469                                                 | 569                                                 | 736                                                 |
| 2,500                                         | 365                                                 | 400                                                 | 444                                                 | 503                                                 | 586                                                 | 711                                                 | 921                                                 |
| 3,500                                         | 512                                                 | 560                                                 | 621                                                 | 704                                                 | 821                                                 | 996                                                 | 1,289                                               |

## Kumeu Huapai Riverhead wastewater targeted rate

Ratepayers who have taken advantage of the Kumeu Huapai Riverhead wastewater scheme repay the financial assistance provided via a targeted rate.

| Outstanding balance at beginning of 2018/2019 | Rate for 1st year of repayment (including GST) (\$) | Rate for 2nd year of repayment (including GST) (\$) | Rate for 3rd year of repayment (including GST) (\$) | Rate for 4th year of repayment (including GST) (\$) | Rate for 6th year of repayment (including GST) (\$) |
|-----------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| 5,000                                         | 594                                                 | 620                                                 | 650                                                 | 685                                                 | 778                                                 |
| 7,000                                         | 831                                                 | 868                                                 | 910                                                 | 959                                                 | 1,089                                               |
| 9,000                                         | 1,069                                               | 1,115                                               | 1,169                                               | 1,233                                               | 1,400                                               |
| 11,000                                        | 1,306                                               | 1,363                                               | 1,429                                               | 1,507                                               | 1,712                                               |



## 4.3 Draft Local Boards Funding Policy

### 1. Purpose/Introduction

The Local boards funding policy sets out how local boards are funded to meet the costs of:

- providing local activities
- administration support.

### 2. Background

Auckland Council's 21 local boards have decision making responsibility for local activities. The full list of local activities is set out in the Allocation of decision making table in the long-term plan. They include amongst others:

- local recreation services e.g.: swimming pools
- local libraries
- local parks
- local events
- local community development.

Funding for local activities is split into three parts based on the nature of the service provided and the allocation of decision making between the Governing Body and local boards. The three classifications of activities are set out in the table below.

| Nature of service               | Nature of local board decision making role*                                                          | Examples of activities                              |
|---------------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| Asset based services            | Make decisions within parameters set by the Governing Body                                           | Swimming pools, Libraries<br>Local parks            |
| Locally driven initiatives      | Make decisions on how locally driven initiative funding allocated from Governing Body is spent       | Local events<br>Local community grants              |
| Locally driven capital projects | Make decisions on how locally driven capital projects funding allocated from Governing Body is spent | Local Park improvements<br>Streetscape improvements |

\* Local boards make decisions on specific location, design, and build of new facilities, service standards, and renewals, within parameters set by the governing body. Local boards also decide on use of facilities, including change of use and leases. Local board's decision making is set out in full in the "Allocation of decision making responsibility for non-regulatory activities" in the Long-term Plan.

Local boards have decision making responsibility for fees and charges for both asset based services and locally driven initiatives within any parameters set by the Governing Body. For example, local boards can set the fees for adult entry to swimming pools but may not charge for the entry of children, under 16.

How local asset based services, locally driven initiatives, locally driven capital projects and administration support, will be funded is set out below.

### 3. Funding for local asset based services

Local asset based services will be funded by:

1. fees and charges collected from local asset based services for base fee levels set by the Governing Body
2. plus any other revenue including grants, donations, and sponsorships
3. plus any revenue from a targeted rate set to fund local asset based services
4. plus general rate funding to meet the balance of costs for providing the services levels set by the Governing Body in the long-term plan for local asset based services being provided to each local board area.

## 4. Funding for locally driven initiatives (operational funding)

### 4.1 Funding sources

The amount of budget available to each local board for locally driven initiatives is determined by:

1. fees and charges collected from locally driven initiatives
2. plus revenue from fees and charges for local asset based services in excess of that projected by the Governing Body where the local boards sets higher fees, (see section 3 above)
3. minus revenue from fees and charges for local asset based services below that projected by the Governing Body where the local boards sets lower fees, (see section 3 above)
4. plus any revenue from grants, donations, and sponsorships
5. plus any revenue from a targeted rate set to fund local activities in the local board area
6. plus an allocation from a budget pool for locally driven initiatives funded from the general rate.

### 4.2 Level of total budget available for locally driven initiatives

The total general rates funded budget available for locally driven initiatives will be set by the Governing Body and will be identified in the long-term plan or annual plan.

### 4.3 Allocation of total budget pool

Each local board will be allocated a share of the total budget available after deducting the funding for the Great Barrier Island Local Board and the Waiheke Island Local Board, see section 4.4 below. Each local board's share of the budget will be equivalent to its share of the regional population adjusted for deprivation<sup>1</sup> and land area, excluding Great Barrier Island and Waiheke Island. This is set out in the table on the next page.

| Factor        | Proportion of total general rate funded locally driven initiative budget | Local board share                                                                                      |
|---------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Population*   | 90%                                                                      | Local board population divided by the total population of all local boards***                          |
| Deprivation** | 5%                                                                       | Average local board deprivation divided by the total of the average deprivation of each local board*** |
| Land area     | 5%                                                                       | Local board land area divided by the total land area of all local boards***                            |

\* adjusted each year to reflect changes in population estimates provided by Statistics New Zealand

\*\* based on the most recently available update of the Index of Deprivation provided by the Ministry of Health

\*\*\* excluding Great Barrier Island Local Board and Waiheke Local Board

### 4.4 Funding for Great Barrier Island Local Board and Waiheke Island Local Board

The amount of budget available for locally driven initiatives on Great Barrier Island and Waiheke Island is determined by:

1. fees and charges collected from locally driven initiatives
2. plus revenue from fees and charges for local asset based services in excess of that projected by the Governing Body where the local boards sets higher fees, (see section 3 above)
3. minus revenue from fees and charges for local asset based services below that projected by the Governing Body where the local boards sets lower fees, (see section 3 above)
4. plus any revenue from grants, donations, and sponsorships

<sup>1</sup> Population will be adjusted annually based on revised estimates from Statistics New Zealand.

5. plus any revenue collected from targeted rates set to fund local activities
6. plus a general rates allocation

General rates funding will be provided to meet the balance of the costs of providing locally driven initiatives on Great Barrier Island and the Waiheke Island. This will be based on the expenditure on these activities agreed with the Governing Body in their local board agreements each year net of revenue generated from the items in 1 to 5 above.

## 4.5 Transition

The table below sets out the transition mechanism that will be applied from 2018/2019 onwards.

| Local boards funded to the level of the allocation formula                                             | Local boards funded above their allocation under the formula                                                                                                       |
|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Increases in the total budget for locally driven initiatives budget will be applied as per the formula | Locally driven initiatives budget will be held at its current absolute level (no increases for inflation) until it is exceeded by the allocation under the formula |

## 4.6 Definition of local asset based services and locally driven initiatives

The Governing Body, after considering local board feedback, will determine which services are local asset based services and locally driven initiatives when the total budget for local activities is set.

## 5. Funding allocation for locally driven initiatives (capital funding)

This funding enables local boards to deliver small local asset based projects, either directly, in partnership with the community, or through joint agreements between boards.

The budget available for locally driven capital projects will be set by the Governing Body and will be identified in the long-term plan or annual plan. These funds will be allocated to local boards on the following basis:

1. one per cent of the total fund allocated to the Great Barrier Island local board
2. two per cent of the total fund allocated to Waiheke Island local board
3. the remainder of the fund allocated to the remaining local boards, with each board's share equivalent to its share of the regional population adjusted for deprivation and land area, as set out in the table below:

| Factor        | Proportion of budget for locally driven capital projects | Local board share                                                                                      |
|---------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Population*   | 90%                                                      | Local board population divided by the total population of all local boards***                          |
| Deprivation** | 5%                                                       | Average local board deprivation divided by the total of the average deprivation of each local board*** |
| Land area     | 5%                                                       | Local board land area divided by the total land area of all local boards***                            |

\* adjusted each year to reflect changes in population estimates provided by Statistics New Zealand

\*\* based on the most recently available update of the Index of Deprivation provided by the Ministry of Health

\*\*\* excluding Great Barrier Island Local Board and Waiheke Local Board

## 6. Funding allocation for other purposes

The Governing Body may make available funds to local boards for purposes other than local asset based services, locally driven initiatives, locally driven capital projects or administrative support. These funds will be allocated to local boards on the same basis as funding for locally driven initiatives (capital funding).

## 7. Funding allocation for administrative support

The funding for administrative support is allocated by adopting the following method:

- a) Allocation for the costs related to elected members in a local board - number of elected members multiplied by the budgeted cost per elected member
- b) Allocation for meeting other administrative costs - estimated cost of other administrative support for all local boards divided by the number of local boards.

In estimating the costs, the special circumstances of the Great Barrier Island and Waiheke Island are taken into consideration to ensure equitable allocation of funds.

## **8. Funding allocation for non-dedicated purposes**

There will be no allocation of non-dedicated (general purpose) funding to local boards in the LTP 2018-2028.

## **9. Funding sources for funds allocated for local activities**

Funding sources for funds allocated for local activities are set out in the Revenue and Financing policy.

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## 4.4 Summary of the Draft Tūpuna Maunga Authority Draft Operational Plan 2018/2019

The Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014 (the Act) requires the Tūpuna Maunga o Tāmaki Makaurau Authority (Tūpuna Maunga Authority) and Auckland Council to prepare an Annual Operational Plan and a summary of that plan for inclusion in the Auckland Council's 10 Year Budget (Long Term Plan) 2018-28 process.

The Tūpuna Maunga Authority and Auckland Council are required to approve the Draft Annual Operational Plan. The Tūpuna Maunga Operational Plan 2018/19 must be considered and adopted concurrently with the Long Term Plan 2018-28. A summary of the Tūpuna Maunga Authority's indicative funding requirements are outlined in this Section.

### Ngā Mana Whenua O Tāmaki Makaurau

Ngā Mana Whenua o Tāmaki Makaurau negotiated a collective settlement of their historical Treaty claims with the Crown. Ngā Mana Whenua o Tāmaki Makaurau is the collective name of the 13 iwi/hapū with historical Treaty claims in wider Tāmaki Makaurau. The iwi/hapū are grouped into the following three rūpū:

| Marutūāhu Rōpū  | Ngāti Whātua              | Waiohua Tāmaki Rōpū |
|-----------------|---------------------------|---------------------|
| Ngāti Maru      | Ngāti Whātua o Kaipara    | Ngāi Tai ki Tāmaki  |
| Ngāti Pāoa      | Ngāti Whātua Ōrākei       | Ngāti Tamaoho       |
| Ngāti Tamaterā  | Te Rūnanga o Ngāti Whātua | Ngāti Te Ata        |
| Ngāti Whanaunga |                           | Te Ākitai Waiohua   |
| Te Patukirikiri |                           | Te Kawerau ā Maki   |

### The Ngā Mana Whenua O Tāmaki Makaurau Collective Redress Act 2014

The Collective Redress Act 2014 vested the Crown owned land in 14 Tūpuna Maunga (ancestral mountains / volcanic cones) in Ngā Mana Whenua o Tāmaki Makaurau. They are held for the common benefit of the iwi/hapū of Ngā Mana Whenua o Tāmaki Makaurau and the other people of Auckland. The Tūpuna Maunga are vested as reserves under the Reserves Act 1977.

#### The 14 Tūpuna Maunga covered by the Act include:

- Matukutūruru - Wiri Mountain
- Maungakiekie - One Tree Hill
- Maungarei - Mount Wellington
- Maungawhau - Mount Eden
- Ōhinerau - Mount Hobson
- Ohuierangi - Pigeon Mountain
- Ōtāhuhu – Mt Richmond
- Owairaka / Te Ahi-ka-a-Rakatura - Mount Albert
- Maungauika - North Head
- Pukewīwī / Puketāpapa - Mount Roskill
- Rarotonga - Mount Smart.
- Takarunga - Mount Victoria
- Te Kōpuke / Tītīkōpuke - Mount St John

- Te Tātua a Riukiuta – Big King

## Co-Governance

The Act also established the Tūpuna Maunga Authority, a bespoke co-governance entity, to administer the Tūpuna Maunga.

The Authority has six representatives from Ngā Mana Whenua o Tāmaki Makaurau, six from Auckland Council and one non-voting Crown representative appointed by the Minister for Arts, Culture and Heritage. The term of the Authority aligns with the term of the Council.

Under the Act the Tūpuna Maunga Authority is the administering body for each maunga for the purposes of the Reserves Act 1977, with two exceptions of Maungauika / North Head and Rarotonga / Mt Smart.

Maungauika / North Head is administered by the Crown (Department of Conservation). Maungauika / North Head may be included under the administration of the Tūpuna Maunga Authority in the future if the council, in consultation with the Maunga Authority, agrees to assume responsibility for its future maintenance.

Responsibility for administration and management of Rarotonga / Mt Smart remains with Auckland Council (Regional Facilities Auckland) under the Mount Smart Regional Recreation Centre Act 1985 and Reserves Act 1977.

The Tūpuna Maunga Authority is also the administering body for Te Pane-o-Mataaho/ Te Ara Pueru/Māngere Mountain and the Maungakiekie / One Tree Hill northern land.

The legislation provides for funding and staff resourcing through Auckland Council. The Authority is currently supported by a core team of seven council staff across the Governance and Parks, Sport and Recreation units.

The scale of this co-governance arrangement is unparalleled in Auckland and the resulting unified and cohesive approach to caring for the maunga has garnered wide spread support.

## Strategic Framework: Tūpuna Maunga Values

In its Integrated Management Plan for the Tūpuna Maunga, the Tūpuna Maunga Authority has articulated a set of values of the Tūpuna Maunga. The values promote the statutory purpose of the Tūpuna Maunga under section 109 of the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014, where in exercising its powers and functions the Authority must have regard to the spiritual, ancestral, cultural, customary and historical significance of the Tūpuna Maunga to Ngā Mana Whenua.

The values weave together and give expression to mana whenua and other world views, and the connections and histories in a manner that highlights the way in which these views complement each other and create a richness to the relationship people have with the Tūpuna Maunga and multiple ways in which these relationships are thought of and expressed.

The values provide a strategic framework to guide the Tūpuna Maunga Authority in making any decision about the Tūpuna Maunga. The values are the key driver of the Tūpuna Maunga 10 year work programme.

**The values are as follows:**

| Values                                 | What this means for the Tūpuna Maunga                                                                                                                                                                                                                                    |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Waituatanga/ Spiritual                 | <ul style="list-style-type: none"> <li>• restore and recognise the relationship between the Maunga and its people tread gently</li> <li>• recognise the tihī is sacred</li> <li>• treat the Maunga as taonga tuku iho – treasures handed down the generations</li> </ul> |
| Mana Aotūroa/<br>Cultural and Heritage | <ul style="list-style-type: none"> <li>• enable Mana Whenua role as kaitiaki over the Tūpuna Maunga</li> <li>• encourage culturally safe access</li> </ul>                                                                                                               |

| Values                                        | What this means for the Tūpuna Maunga                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               | <ul style="list-style-type: none"> <li>restoring customary practices and associated knowledge</li> <li>recognise European and other histories and interaction with the Maunga</li> </ul>                                                                                                                                                                                                                                                                                        |
| Takotoranga /Landscape                        | <ul style="list-style-type: none"> <li>protect the integrity of the Tūpuna Maunga</li> <li>encourage design that reflects Tūpuna Maunga Values</li> <li>promote a connected network of Maunga</li> <li>preserve the visual and physical integrity of the maunga as landmarks of Tāmaki</li> <li>active restoration and enhancement of the natural features of the Maunga</li> <li>encourage activities that are in keeping with the natural and indigenous landscape</li> </ul> |
| Mauri Pūnaha Haurōpi/Ecology and Biodiversity | <ul style="list-style-type: none"> <li>strengthen ecological linkages between the Maunga</li> <li>Maunga tū mauri ora, maunga tū Makaurau ora /if the Maunga are well, Auckland is well</li> <li>restore the biodiversity of the Tūpuna Maunga</li> </ul>                                                                                                                                                                                                                       |
| Mana Hononga Tangata /Living Connection       | <ul style="list-style-type: none"> <li>a place to host people</li> <li>actively nurture positive relationships</li> <li>give expression to the history and cultural values of the Maunga</li> <li>rekindle the sense of living connection between the Maunga and the people</li> </ul>                                                                                                                                                                                          |
| Whai Rawa Whakauka/ Economic and Commercial   | <ul style="list-style-type: none"> <li>focus on commercial activities that create value and enhance experience</li> <li>explore alternative and self-sustaining funding opportunities</li> <li>foster partnerships and collaboration</li> <li>alignment with the Tūpuna Maunga Values</li> </ul>                                                                                                                                                                                |
| Mana Whai a Rēhia/Recreational                | <ul style="list-style-type: none"> <li>promote health and wellbeing</li> <li>encourage informal inclusive recreation activities</li> <li>balance informal and formal recreation</li> <li>recreational activities consistent with tikanga Māori</li> <li>Maunga are special places and treasures handed down</li> </ul>                                                                                                                                                          |

## Draft Tūpuna Maunga Operational Plan 2018/19

Each financial year, the Tūpuna Maunga Authority and Council must agree an annual operational plan to provide a framework in which the Council will carry out its functions for the routine management of the Tūpuna Maunga and administered lands for that financial year, under the direction of the Tūpuna Maunga Authority.

The Draft Tūpuna Maunga Operational Plan 2018/19 identifies a number of projects to be delivered or commenced in the coming financial year. In addition to identifying projects to be delivered or commenced in the coming financial year, the Draft Tūpuna Maunga Operational Plan 2018/19 also sets out a 10 year work programme.

A copy of the draft Operational Plan can be found at [akhaveyoursay.co.nz](http://akhaveyoursay.co.nz).

Priority programmes and projects include:



## Policy and Management

- Completion of several key strategy documents to deliver on the values and pathways outlined in the Tūpuna Maunga Integrated Management Plan.
- Transfer of Maungauika / North Head administration from DoC to Auckland Council, and transfer of land contiguous to other Tūpuna Maunga.

## Healing

- Protection and restoration of the tihi (summits) through restriction of vehicle access to the tihi and significant track and viewing platform developments
- Protection and restoration of historic kumara pits, pā sites and wāhi tapu
- Restoration of indigenous native ecosystems; reintroducing native plants and attracting native animal species; removing inappropriate exotic trees and weeds
- Pest control on all maunga in line with Auckland's plan to be pest free by 2050.

## Development

- Cultural interpretation including distinct entrance ways, pou whenua, visitor information hubs and educational signage
- Exemplary visitor infrastructure including tracks and viewing platforms, toilets and play spaces
- Removal of redundant infrastructure (built structures, water reservoirs, impermeable surfaces, etc) and returning areas to open space
- Commercial activities to develop alternative revenue streams to invest in the protection and enhancement of the values of the Tūpuna Maunga.

## Connection

- Mana whenua living connection programme focusing on their role as kaitiaki (guardians), restoring customary practices and associated knowledge and enabling cultural activities
- On-site staff to protect and enhance the Tūpuna Maunga and the visitor experience
- Volunteer programmes to connect communities to the Tūpuna Maunga
- Education programmes, community events and a bespoke website that celebrates the living connection that all communities have with the Tūpuna Maunga.

All projects are designed to deliver outcomes for the 13 iwi/hapū of the Tāmaki Collective and all the people of Auckland, enhance the mana and mauri of the Tūpuna Maunga and deliver improved open spaces across the eight local board areas.

They will also enable a compelling case in a future UNESCO World Heritage bid for the Tūpuna Maunga, which will contribute to a Māori identity that is Auckland's point of difference in the world.



## Summary of Indicative Funding Requirements

The funding for Tūpuna Maunga is set at a regional level. The proposed 10 Year budget to enable the priority projects and programmes is:

| Funding Envelope                               | 2018/19<br>\$000's | 2019/20<br>\$000's | 2020/21<br>\$000's | 2021/22<br>\$000's | 2022/23<br>\$000's | 2023/24<br>\$000's | 2024/25<br>\$000's | 2025/26<br>\$000's | 2026/27<br>\$000's | 2027/28<br>\$000's |
|------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Net Operating expenditure:</b>              |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Net Operating expenditure 2018-2028</b>     | 3,318              | 3,284              | 3,293              | 3,639              | 3,642              | 3,742              | 3,967              | 3,967              | 3,967              | 3,967              |
| <b>Capital expenditure:</b>                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Capital expenditure 2018-2028</b>           | 5,093              | 7,008              | 7,110              | 6,925              | 8,875              | 9,086              | 9,395              | 9,820              | 12,780             | 12,800             |
| <b>Total LTP Funding requirement 2018-2028</b> | 8,411              | 10,292             | 10,403             | 10,564             | 12,517             | 12,828             | 13,362             | 13,787             | 16,747             | 16,767             |

**Notes:**

Figures in 2017/18 year values - no inflation adjustments.

Net operating expenditure excludes depreciation.

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# Section 5: Our Council-Controlled Organisations (CCOs)



## 5.1 Overview of Auckland Council's CCOs

A council-controlled organisation (CCO) is a company or organisation in which the council controls 50 per cent or more of the votes or the right to appoint 50 per cent or more of the directors or trustees.

The council uses CCOs to apply commercial disciplines and specialist expertise in the management of key regional council assets and efficient service delivery.

CCOs are accountable to the council, which agrees the objectives and targets for each CCO and also monitors their performance. The council, in turn, is accountable to ratepayers and residents for the performance of the CCOs. The council is required to have a policy on the accountability of its substantive CCOs. The policy [establishes the council's enduring expectations for each CCO](#). The CCO Accountability Policy is currently being amended as part of the Long-term Plan 2018-2028 to better align the objectives of CCOs with the council. More information is available in Section 5.2 of this Supporting Information document.

To find out more about each of the CCOs, refer to their Statements of Intent, which can be found on the council's website. Go to Home>About Auckland Council> How Auckland Council works>Council-controlled organisations.

### The substantive CCOs

A substantive CCO<sup>1</sup> is either responsible for the delivery of a significant service or activity on behalf of the council or owns or manages assets with a value of more than \$10 million.

The council's substantive CCOs are:

- **Auckland Council Investments Limited (ACIL)** – manages investments in Ports of Auckland Limited (POAL), a large shareholding in Auckland International Airport Limited (AIAL). ACIL's role is to support the council's vision of a robust, growing economy by bringing a strong commercial focus to the ownership and management of the council's investments, securing a good economic return for the benefit of ratepayers. Ports of Auckland Limited is a subsidiary of ACIL. Subsidiaries of Ports of Auckland Limited are: Bunker Shipz Limited, Waikato Freight Hub Limited, Conlinxx Limited, Nexus Logistics Limited and Seafuels Limited. ACIL is currently being reviewed for potential disestablishment or modification. More information can be found in Section 7.10 of this Supporting Information document.
- **Auckland Tourism, Events and Economic Development Limited (ATEED)** – promotes economic performance and growth in the region, including managing tourism and major events that are exciting, successful and which attract visitors and revenue. In doing so, it helps towards the goal of transforming Auckland into a world class city. World Masters Games 2017 Limited is a subsidiary of ATEED but is in the process of being disestablished.
- **Auckland Transport (AT)** – responsible for managing the region's transport system. AT provides Auckland's transport requirements (except state highways and Auckland motorways) which include roads, footpaths, cycleways, the public transport network and parking and enforcement.
- **Panuku Development Auckland (Panuku)** – Panuku partners with the development sector, iwi and central government to facilitate redevelopment of selected areas across Auckland to promote quality built environments and residential and commercial growth. Panuku will actively review the council group property portfolio for sites that are surplus to service requirements, require renewal or are underutilised and make land available for redevelopment. Panuku will continue to redevelop the city waterfront area and manage

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<sup>1</sup> The meaning of CCO includes subsidiaries of CCOs, with the exception of Ports of Auckland Limited (as per the Port Companies Act 1988). For the purpose of this document any reference to a substantive CCO means the substantive CCO and its subsidiaries.

non-service properties on behalf of the Auckland Council Group. Panuku's subsidiaries are: Downtown Marinas (98.37%) and Westhaven Marina Limited.

- **Regional Facilities Auckland (RFA)** – supports the council's vision for Auckland as a vibrant and dynamic international destination city by providing a regional approach to running and developing Auckland's arts, culture and heritage, sport and leisure sector. RFA manages major regional facilities and landmark venues across the city, including: ANZ Viaduct Events Centre, Aotea Centre, Auckland Art Gallery Toi o Tāmaki, Auckland Town Hall, Auckland Zoo, Bruce Mason Centre, The Civic, Mt Smart Stadium, QBE Stadium and Western Springs Stadium.
- **Watercare Services Limited (Watercare)** – provides high quality drinking water supply and wastewater treatment and disposal for the Auckland region. Watercare's subsidiaries are: Watercare Harbour Clean-up Trust, Auckland City Water Limited and Hunua Forests Limited. Watercare also has control of Water Utility Consumer Assistance Trust.

## Contribution to council strategies and activities

As this plan is prepared on a group basis, each of the substantive CCOs' financial and performance information is embedded with the group of activity information contained in this plan. The group of activities information can be found in Section 3 of this Supporting Information document. The groups of activities that each CCO contributes to are listed below.

| CCO       | Group of activities                           |
|-----------|-----------------------------------------------|
| AT        | Public transport and travel demand management |
|           | Roads and footpaths                           |
| ACIL      | Council controlled services                   |
| ATEED     | Council controlled services                   |
| Panuku    | Council controlled services                   |
| RFA       | Council controlled services                   |
| Watercare | Water supply                                  |
|           | Wastewater treatment and disposal             |

## Legacy CCOs

In addition to the six substantive CCOs, Auckland Council have several CCOs which were established before amalgamation.

These are commonly referred to as legacy CCOs.

While legacy CCOs are smaller in size and scale, they provide a valuable service to a wide range of stakeholders and are key contributors to delivering council programmes and services.

The following two CCOs are required to meet CCO governance requirements such as half-year and annual reports and Statements of Intent:

- Community Education Trust Auckland (COMET Auckland) – promotes and supports better education and training opportunities, especially for communities of high educational needs across Auckland
- Contemporary Art Foundation (Te Tuhi) – promotes the arts through ownership and management of the Te Tuhi Centre for the Arts, a public gallery in Pakuranga which hosts local, national and international art exhibitions

The following six CCOs are exempt from the above requirement:

- Arts Regional Trust (ARTS) – ART aims to grow entrepreneurship in the Auckland's arts, culture and creative sectors to generate cultural, creative and economic outcomes that benefit the region through the provision of unique and innovative programmes
- Highbrook Park Trust – the Trust manages Highbrook Estate, which includes 40 hectares of parkland open to the public
- Mangere Mountain Education Trust – the Trust administers the Māngere Mountain Education Centre (MMEC) which provides educational opportunities for Aucklanders of all ages to learn about Māngere mountain and its people
- Manukau Beautification Charitable Trust – the Trust promotes, supports and undertakes programmes, actions and initiatives to beautify Auckland
- Mount Albert Grammar School Community Swimming Pool Trust – supports the Mt Albert Aquatic Centre, which is a local community pool
- Te Puru Community Charitable Trust – manages the community centre at Te Puru Park and supports sports, leisure, community and cultural groups in the Beachlands, Maraetai and Whitford communities.

DRAFT



## 5.2 Draft CCO Accountability Policy

### 1. The council's expectations for CCO's contribution to the council's objectives and priorities

Section 90(2) of the Local Government (Auckland Council) Act 2009 (LGACA) sets out the requirements of the accountability policy, and states that:

*“(2) The policy must—*

- a) include a statement of the Council's expectations in respect of each substantive council-controlled organisation's contributions to, and alignment with, the Council's objectives and priorities.*
- b) include a statement of the Council's expectations in respect of each substantive council-controlled organisation's contributions to, and alignment with, any relevant objectives and priorities of central government.”*

Central government departments have been involved in the development of plans and strategies of the council, including the Auckland Plan and the Auckland Transport Alignment Plan. Therefore, the objectives and priorities of central government are reflected in the expectations set out in this policy.

#### 1.1 Common expectations

Auckland Council has a number of expectations of each of its substantive council-controlled organisations in respect of their contribution to, and alignment with, the council's objectives and priorities. Each substantive CCO is to meet the common expectations set out below and the specific expectations for each.

##### 1.1.1 Build public trust and confidence in the council group

Each substantive CCO is to be responsible for building public trust and confidence in itself and the council group. This is to be achieved by:

- Acting in the interests of all Aucklanders, both current and future.
- Recognising that the services and assets it may own or manage are public services and assets, which should be managed in the best interests of Aucklanders.
- Meeting the public's expectation of transparency and accountability, and always considering the council group's reputation.
- Improving the public's perception of transparency and accountability by tracking and reporting investment and performance data in a clear and accessible manner.
- Operating under a 'no surprises' policy, which means informing the council well in advance of any events, transactions or other issues that could be considered contentious or attract wide public interest, whether positive or negative.
- Ensuring excellent customer service, including understanding the communities it serves.
- Ensuring that any conflicts of interest or potential conflicts of interest (whether actual or perceived) are declared and managed appropriately.
- Providing transparent information about the activities and services it provides to the community.
- Including customers and communities in decision-making where appropriate, using the principles in the Significance and Engagement Policy.
- Being aware, as a public entity, of the need to be especially prudent around sensitive expenditure such as travel and entertainment, and ensuring that it only occurs where there is a justifiable business purpose.

- Engaging with central government on central government policy issues through the council parent (note that engagement on day-to-day issues that is in the normal course of the CCO's business does not need to be carried out through the council parent).
- Improving the recognition of ratepayer funding for public services and assets through the use of consistent, group-wide branding in accordance with the council's Brand Navigation Guidelines.

### 1.1.2 Provide value for money

Each substantive CCO is to ensure that it provides value for money for Aucklanders, which means achieving the outcomes and levels of service specified by the council as efficiently as possible. This is to be achieved by:

- Being accountable for decisions about spending and the use of council group resources and assets.
- Ensuring that all activities and services are underpinned by prudent use of resources and assets.
- Ensuring that there is a high degree of transparency in financial planning, budgeting, and sources of revenue.
- Informing the council well in advance of entering into any commitments or obligations that may:
  - have financial impacts which are outside of approved funding; or
  - negatively affect the group's prudential ratios<sup>1</sup> through a significant increase in group debt or reduction in revenue.
- Providing transparent information to Aucklanders on financial and non-financial performance to demonstrate value for money.
- Ensuring that there is a justifiable business purpose for all spending.
- Ensuring that investment is supported by robust business cases which meet the standards of any relevant group policies and provide a clear and strategic rationale for investment.
- Ensuring that the delivery of activities and services is as efficient as possible, and that corporate spending is kept to a minimum.

### 1.1.3 Building a group approach to achieve outcomes for Aucklanders

The substantive CCOs are to work with the council and with each other to achieve outcomes for Aucklanders. This is to be achieved by:

- Working together to align and achieve group strategies as set out in the Auckland Plan and prioritised through the Long-term Plan.
- Building and maintaining a culture of collaboration across the group to achieve the objectives and priorities of the council and to provide value for money.
- Open and transparent sharing of information where that is required to achieve outcomes for Aucklanders.
- Presenting a unified front with the parent and with other CCOs on key issues facing Auckland.
- Implementing agreed group policies such as those on Treasury, Insurance and Procurement<sup>2</sup>, and participating in the development of any further group policies, for example 'Our Charter', which includes foundation principles and standards for staff behaviours.
- Participating proactively and constructively in efforts to achieve efficiencies and savings for the council group and make the most of its size and scale, including group procurement and the use of shared services.
- Acknowledging the council's wider policy settings in its own decision-making and considering issues from the perspective of the council.

<sup>1</sup> The council has established prudential limits for the group that ensure borrowings (which can include things such as lease commitments) and interest expense do not grow too large relative to rates and other revenue. These are set out in Section XX of the Long-term Plan.

<sup>2</sup> The group policies on insurance and procurement were approved by the Finance and Performance Committee on 19 September 2017 (Resolution FIN/2017/121). The same committee approved the policy on treasury management subject to receipt of a signed service level agreement between Watercare Services Limited and Auckland Council on 21 November 2017 (Resolution FIN/2017/161).

#### 1.1.4 Improve outcomes for Māori

The substantive CCOs are to give effect to the council's Māori responsiveness framework and foster more positive and productive relationships between the council group and Māori, develop the ability of the council group and its people to respond more effectively to Māori and contribute to Māori wellbeing by developing strong Māori communities in Tāmaki Makaurau. This is to be achieved by:

- Ensuring that the principles of te Tiriti o Waitangi, such as shared decision-making, partnership and mutual benefit, are applied consistently in activities and decision-making.
- Fulfilling statutory obligations to Māori under the Local Government (Auckland Council) Act 2009, Local Government Act 2002 and other statutes.
- Enabling Māori outcomes.
- Valuing te ao Māori – the Māori world view.
- In addition, the substantive CCOs are to contribute to achieving a collaborative and aligned approach across the council group to working with mana whenua and matāwaka.

#### 1.1.5 Health and safety

Each substantive CCO is to give effect to the group Health, Safety and Wellbeing Policy and Behaviours Statement. This sets out principles and behaviours to give effect to the health and safety vision of the group.

#### 1.1.6 Manage risk appropriately

Each substantive CCO is to proactively manage all their risks including strategic, financial, operational, and reputational risks (including the risk of fraud and/or corruption). Each CCO must:

- Manage, monitor and report on their risk management activities undertaken in accordance with either the council's Enterprise Risk Management Policy and Framework, or the CCO's own risk management framework.
- Actively report on the effectiveness of their risk management processes and outcomes.
- Proactively report on all significant risks and issues and their management to ensure no surprises, transparency and that the significant risks are being appropriately managed.

Section 2.5 contains specific reporting requirements relating to these provisions, including quarterly reporting and appearing before the Audit and Risk Committee for the purpose of addressing risk management and risks.

#### 1.1.7 Understanding and giving effect to Auckland's shared governance

Both the governing body and the local boards are responsible and democratically accountable for the decision making of Auckland Council.

The governing body has, among other decision-making roles, decision-making in relation to the governance of the council's CCOs. Therefore the substantive CCOs are directly accountable to Auckland Council through the governing body, and the board of each CCO has a direct governance relationship with the governing body. The substantive CCOs should

- Understand the role of the governing body.
- Proactively build and maintain good relationships with members of the governing body.
- Actively engage with the relevant ward councillors on projects and issues within their ward areas that are likely to be of interest.

Local boards make decisions on local activities and services, and play an important role in representing local communities. The activities of CCOs are very important in local communities, and each CCO must ensure that it works effectively with local boards. The substantive CCOs should:

- Understand the role of local boards, both their role as local decision-makers and their responsibility to identify and communicate the views and preferences of the communities in its local board area.
- Proactively build and maintain good relationships with each local board.
- Consult with local boards genuinely and early in a way that allows them to influence decisions that may:
  - affect a local board's governance role.
  - have a significant local impact (taking into account any mitigation measures).
  - require a CCO to undertake local or regional community consultation.

Substantive CCOs will need to recognise local interests while ensuring that regional priorities and strategies are achieved.

## 1.2 Auckland Council Investments Limited

### A. Objectives of Auckland Council Investments Limited

The objectives of Auckland Council Investments Limited (ACIL) are<sup>3</sup>:

- To provide a strong commercial focus to the ownership and governance of the Auckland Council's major investment assets.
- To provide an efficient structure for the ownership of those assets.

### B. The council's expectations of ACIL in relation to its objectives and priorities

ACIL is to:

- Provide substantial financial returns to the council which are financially sustainable in the long term.
- Maximise the contribution of its assets to the Auckland economy.

### C. Methods

ACIL is to meet these expectations by:

- Encouraging Ports of Auckland Land (POAL) to be a good neighbour, supporting the Auckland waterfront becoming a key destination and events venue for businesses, residents and visitors.
- In particular, ACIL shall give guidance to POAL in the management of its boundary issues associated with the broader development aspirations associated with Panuku Development Auckland and the Waterfront Development Master Plan.
- Maintain an effective working relationship with Auckland International Airport Limited (AIAL).
- Ensure that it acts consistently with the council's policy on its shareholding in AIAL, and makes the council aware of any issues that may significantly affect this shareholding.

## 1.3 Auckland Tourism, Events and Economic Development

### A. Objectives of Auckland Tourism, Events and Economic Development

The objectives of Auckland Tourism, Events and Economic Development (ATEED) are<sup>4</sup>:

- To lift Auckland's economic wellbeing.
- To support and enhance Auckland's performance as a key contributor to the New Zealand economy.
- To support and enhance Auckland's ability to compete internationally as a desirable place to visit, live, work, invest and do business.

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<sup>3</sup> Auckland Council Investments Limited company constitution

<sup>4</sup> ATEED company constitution

**B. The council's expectations of ATEED in relation to its objectives and priorities**

ATEED is to give effect to the objectives and priorities of the council in the Auckland Plan, and the Auckland Economic Development Strategy, and in particular by:

Opportunities and prosperity

- Create the conditions for a resilient economy, innovation, and employment growth, and raise productivity
- Attract and retain skills, talent and investment
- Develop skills and talent for the changing nature of work and life-long achievement

Māori identity and wellbeing

- Showcase Auckland's Māori identity and vibrant Māori culture
- Promote Māori cultural innovation and enterprise that contributes to economic, social and environmental success

In doing so, ATEED is to:

- Use regulatory and other mechanisms to support innovation and economic growth
- Advance Māori employment and create the environment for Māori business and iwi organisations to be a powerhouse in Auckland's economy
- Leverage Auckland's position to support growth in exports and a competitive New Zealand economy
- Increase ongoing learning and training in new and emerging areas, with a focus on those most in need

**C. Methods**

ATEED is to meet these expectations by:

- Ensuring that its funding, policies and activities are directed towards achieving the council's objectives and priorities.
- Collaborating with the council, council-controlled organisations and the relevant central government agencies to maximise benefits for Aucklanders and ensure value for money.

**1.4 Auckland Transport**

**A. Purpose of Auckland Transport**

The purpose of Auckland Transport is to contribute to an effective, efficient, and safe Auckland land transport system in the public interest<sup>5</sup>.

**B. The council's expectations of Auckland Transport in relation to its objectives and priorities**

Auckland Transport is to give effect to the objectives and priorities of the council in the Auckland Plan, and in particular by:

- Creating an integrated transport system that efficiently connects people, places, goods and services
- Increasing real travel choices to support a vibrant, equitable and healthy Auckland
- Minimising harm from the transport system on people and the environment

In doing so, Auckland Transport is to:

- Make better use of existing transport networks, including a greater focus on influencing travel demand.
- Target new transport investment to the most significant challenges to support key long-term outcomes.
- Maximise the benefits of existing and emerging transport technology.
- Make walking, cycling and public transport preferred choices for many more Aucklanders.
- Better integrate land-use and transport decisions to support quality urban living, including a balance between the movement and place-making functions of our roads and streets.

<sup>5</sup> Section 39, Local Government (Auckland Council) Act 2009.



- Move to a safe transport network free from death and serious injury.
- Develop a resilient transport system that achieves the most positive environmental and health impacts.

Auckland Transport is to contribute to other relevant outcomes in the Auckland Plan, including:

- Māori Identity and Wellbeing
- Belonging and Participation
- Homes and Places
- Environment and Cultural Heritage

C. Methods:

Auckland Transport is to meet these expectations by:

- Ensuring that its capital and operating expenditure, policies and plans are directed towards achieving these objectives and priorities.
- Implementing, through its role as a provider of infrastructure critical to urban development, the Development Strategy set out in the Auckland Plan. The Development Strategy sets out how Auckland will change and grow over the next 30 years, through a quality compact approach.
- Engaging early with the council to ensure any proposed major investment decisions, city-shaping projects or significant policies align with the council's objectives and priorities, in accordance with the policy on Strategic Assets in Section 5.
- Working with the council, other council-controlled organisations and infrastructure providers to achieve the council's objectives and priorities in an efficient and effective way, including in particular the integration of transport infrastructure with land use.
- Aiming to secure co-funding from the New Zealand Transport Agency for all eligible investments which are aligned with the council's priorities to maximise value for money for Aucklanders.

## 1.5 Panuku Development Auckland

A. Purpose<sup>6</sup>

The purpose of Panuku Development Auckland (Panuku) is to contribute to the implementation of the Auckland Plan and encourage economic development by facilitating urban redevelopment that optimises and integrates good public transport outcomes, efficient and sustainable infrastructure and quality public services and amenities.

Panuku will manage council's non-service<sup>7</sup> property portfolio and provide strategic advice on council's other property portfolios. It will recycle or redevelop sub-optimal or underutilised council assets and aim to achieve an overall balance of commercial and strategic outcomes.

B. The council's expectations of Panuku in relation to its objectives and priorities

Panuku is to give effect to the objectives and priorities of the council in the Auckland Plan, and in particular by:

1. Facilitating redevelopment of urban locations

Panuku is to facilitate private sector, third sector<sup>8</sup>, iwi and government investment and collaboration into the sustainable redevelopment of brownfield urban locations consistent with the Development Strategy in the Auckland Plan. It will also co-ordinate the provision of the council's infrastructure and other investment in these locations.

<sup>6</sup> Panuku Development Auckland company constitution

<sup>7</sup> Non service properties are defined in the Local Government (Tamaki Makaurau Reorganisation) Council-controlled Organisations Vesting Order 2010 as property that is not infrastructure or used to deliver services.

<sup>8</sup> The third sector refers to organisations that are not for profit or non-government organisations.

## 2. Accommodating urban growth through redevelopment

Panuku is to contribute to accommodating residential and commercial growth through facilitating the quality redevelopment of urban locations with excellent public infrastructure and services. Redevelopment of the overall portfolio should offer a range of residential choices and price points to cater for diverse households.

## 3. Facilitating vibrant places

Panuku is to facilitate the creation of adaptable and resilient places that contribute to wellbeing, promote health and safety and are fully accessible to people with disabilities and older people. It will harness and incorporate the local community's unique identity, attributes and potential to create vibrant communities.

## 4. Developing the Auckland waterfront

Panuku is to continue to lead the development of the Auckland waterfront in a way that is consistent with the Waterfront Plan 2012, and which balances commercial and public good objectives, including high quality urban design.

## 5. Strategically create value from assets

In partnership with the council group, Panuku is to use its commercial expertise and knowledge of land and property markets to:

- Panuku may facilitate quality redevelopment of underutilised council landholdings within current urban boundaries.
- Manage the council group's non-service properties in a way that optimises the returns to the council group.
- Acquire land consistent with the council's specifications.
- Optimise returns from the disposal and development of land in a commercially robust way<sup>9</sup>.

## 6. Promoting Māori identity and wellbeing

Panuku is to promote Māori identity and wellbeing by:

- Showcasing Auckland's Māori identity and vibrant Māori culture.
- Recognising Te Tiriti o Waitangi and supporting mana whenua in their unique role as kaitiaki of Tāmaki Makaurau.

### C. Methods

Panuku is to meet these expectations by:

- Ensuring that its capital and operating expenditure, policies and plans (including locally-specific development plans) are directed towards achieving these objectives and priorities.
- Working with the council, other council-controlled organisations and infrastructure providers to facilitate urban redevelopment.

## 1.6 Regional Facilities Auckland Limited

### A. Purpose

The purpose of Regional Facilities Auckland Limited (RFA) is to engage the communities of Auckland through cultural, heritage, and lifestyle opportunities. This will be done primarily by operating, administering and developing various regional facilities on a prudent, commercial basis<sup>10</sup>.

<sup>9</sup> The council has set targets for the return from disposals of assets and land in the Long-term Plan.

<sup>10</sup> Regional Facilities Auckland deed of trust

**B. The council's expectations of RFA in relation to its objectives and priorities**

Through its activities and the facilities and venues it operates, Regional Facilities Auckland is to contribute to several of the outcome areas in the Auckland Plan. These include:

- Belonging and participation, and specifically to support arts and cultural initiatives, and providing opportunities and spaces for people to connect with one another.
- Environment and cultural heritage, and specifically contributing to our cultural heritage, valuing and enhancing our environment, future-proofing infrastructure for a changing Auckland and supporting and enabling Aucklanders to be stewards of our cultural heritage.
- Māori identity and wellbeing, and specifically celebrating Māoritanga through cultural facilities.

In addition, Regional Facilities Auckland is to give effect to the relevant objectives and priorities set out in council strategies including:

- Toi Whitiki: Arts and Culture Strategic Action Plan.
- The Auckland Sport & Recreation Strategic Action Plan.

**C. Methods**

Regional Facilities Auckland is to meet these expectations by:

- Ensuring that its planning and investment in, and management of, regional venues and facilities is aligned to these objectives and priorities.
- Focussing on commercial operation of venues and facilities.
- Taking a regional perspective to the provision of facilities for Aucklanders, including working closely with the council to ensure that plans for regional venues and facilities and plans affecting national-level venues and facilities are aligned with the network of local and community facilities.
- Ensuring that the development of significant plans and strategies to achieve its aims are carried out in collaboration with the council, to ensure major investments are aligned with the council's broader development strategies and intentions.
- Recognising central government as a strategic partner, and aligning, where appropriate, with its policy for and investment in facilities providing cultural, heritage, and lifestyle opportunities.

**1.7 Watercare Services Limited**

**A. Purpose of Watercare Services Limited**

The purpose of Watercare Services Limited (Watercare) is to provide Auckland's integrated water supply and wastewater services.<sup>11</sup>

**B. The council's expectations of Watercare in relation to its objectives and priorities**

Watercare is to give effect to the objectives and priorities of the council in the Auckland Plan, and in particular by:

Environment and cultural heritage:

- Ensuring Auckland's environment and ecosystems are valued and cared for
- Applying a Māori world view to treasure and protect our environment (taonga tuku iho)
- Using growth and development to protect and enhance Auckland's environment
- Ensuring Auckland's infrastructure is future-proofed

Homes and places:

- Developing a quality, compact urban form to accommodate Auckland's growth

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<sup>11</sup> Constitution of Watercare Services Limited



Māori identity and wellbeing:

- Recognise Te Tiriti o Waitangi and support mana whenua in their unique role as kaitiaki of Tamaki Makaurau.

C. Methods:

Watercare is to meet these expectations by:

- Ensuring that its capital and operating expenditure, policies and plans are directed towards achieving these objectives and priorities.
- Implementing, through its role as a provider of infrastructure critical to urban development, the Development Strategy set out in the Auckland Plan. The Development Strategy sets out how Auckland will change and grow over the next 30 years, through a quality compact approach.
- Working with the council, other council-controlled organisations and infrastructure providers to achieve the council's objectives and priorities in an efficient and effective way, including in particular the optimisation and integration of water, wastewater and stormwater (the three waters) for the benefit of current and future Aucklanders.
- Actively facilitating the participation of Māori in the management of natural resources.

## 2. Additional reporting requirements

Section 90(2) of the LGACA states that:

*“(2) The policy must—*

*...*

- c) specify any reporting requirements that each substantive council-controlled organisation must undertake in addition to those required under Part 5 of the Local Government Act 2002 or this Act.”*

### 2.1 Statutory requirements

Sections 66 to 68 of the Local Government Act 2002 (LGA) set out requirements for CCOs to provide half-yearly and annual reports on their operations to the council.

The half-yearly report must be provided within two months after the end of the first half of each financial year. The annual report must be delivered to the council no later than three months after the end of the financial year, and must be publicly available on the CCO's website, with a hard copy available to any member of the public upon request. The release of the half-yearly and annual reports are required to be managed in accordance with the New Zealand Stock Exchange (NZX) continuous disclosure requirements as noted under Section 2.4.

In addition to the statutory requirements, each substantive CCO is to provide additional reporting as set out below.

### 2.2 Quarterly reporting

In addition to the statutory requirements for half-yearly and annual reports, the council requires all substantive CCOs to provide a quarterly report on their performance to the council, no later than 1 month after the end of the first and third quarter of each financial year<sup>12</sup> or as per the instructions of the Group Financial Controller.

The quarterly report must report against the performance targets set out in its SOI, and must be in the format required by the council.

### 2.3 Attendance at council committee meetings

The chair and chief executive of each substantive CCO are expected to appear before the relevant council committee when it meets to consider the CCO's performance against its SOI.

<sup>12</sup> As provided for in s91(1)(b) of the LGACA.

The board of each substantive CCO is required to appear before the relevant council committee when it meets to consider its annual report and/or fourth quarter report.

## 2.4 New Zealand Stock Exchange requirements

Substantive CCOs must adhere to the New Zealand Stock Exchange (NZX) requirements and work with the council on the timing of public release of financial information. In particular, CCO and group information must remain confidential until the group interim report and full Auckland Council annual report have been adopted by the council and released to the NZX at the end of February and September, respectively.

Substantive CCOs must also comply with the requirements of the continuous disclosure policy.

## 2.5 Audit and risk reporting requirements

Each substantive CCO is to:

- Provide a risk report and top risks register (as presented to its own audit and risk committee, board or equivalent) to council staff on a quarterly basis. This information will be reported to the council's Audit and Risk Committee as a confidential item. Ensure relevant senior executives attend the meeting of the council's Audit and Risk Committee as requested by the council. This will be every six months or as the Committee requires.
- As part of end of financial year processes, report all Audit New Zealand findings through council staff to the council's Audit and Risk Committee.

## 2.6 Provide information as required

Each substantive CCO is required to provide information on any aspect of a CCO's performance against its statement of intent if required to by a resolution of the relevant council committee.

# 3. Additional planning requirements

Section 90(2) of the LGACA states that:

*“(2) The policy must—*

*...*

- d) specify any planning requirements that each substantive council-controlled organisation must undertake in addition to those required under Part 5 of the Local Government Act 2002 or this Act.”*

## 3.1 Inputs to Long-term Plan and Annual Plan

Each substantive CCO is to have asset management plans, activity plans, performance frameworks and supporting financial information as inputs to the council's Long-term Plan and Annual Plan in accordance with the timeframes and other requirements specified by the council.

## 3.2 Further requirements

Each substantive CCO must:

- Use the council's asset management framework, or obtain the council's approval for an alternative framework.
- Use accounting policies and standards that are consistent with the council group's accounting policies and standards.
- Comply with council tax initiatives and policies.
- Follow any other planning requirements specified by the council and notified to CCOs.
- Prepare a Māori Responsiveness Plan, and work with the council to monitor and report against it.
- Prepare a local board engagement plan in accordance with the framework set out in the Governance Manual for Substantive CCOs.

## 4. Management of strategic assets by council-controlled organisations

Section 90(2) of the LGACA states that:

“(2) The policy must—

...

- e) *identify or define any strategic assets in relation to each substantive council-controlled organisation and set out any requirements in relation to the organisation’s management of those assets, including the process by which the organisation may approve major transactions in relation to them.”*

### 4.1 Definition and identification of strategic assets

Strategic assets are defined in section 5 of the Local Government Act 2002 (LGA) as assets that a local authority needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community. This includes:

- a) any asset or group of assets listed in the local authority’s Significance and Engagement Policy; and
- b) any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy; and
- c) any equity securities held by the local authority in—
  - a) a port company;
  - b) an airport company.

For the purposes of this policy, the council considers that the “current or future well-being of the community” means the economic, social, environmental and cultural well-being, and the health and safety of communities.

The strategic assets owned and/or managed by the council’s CCOs are any scheduled heritage buildings or structures and the assets set out in table 1.

**Table 1 – Strategic assets owned or managed by substantive CCOs**

| Council-controlled organisation                           | Strategic assets owned and managed by the CCO                                                                                                                                                                                                      | Strategic assets owned by the council and managed by the CCO |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Auckland Council Investments Limited                      | 100% shareholding in Ports of Auckland Limited, including its freehold interests in waterfront land<br>Shares held in Auckland International Airport Limited                                                                                       | none                                                         |
| Auckland Tourism, Events and Economic Development Limited | none                                                                                                                                                                                                                                               | none                                                         |
| Auckland Transport                                        | The public transport network including Britomart                                                                                                                                                                                                   | The roading network                                          |
| Regional Facilities Auckland                              | Auckland Art Gallery (including the arts collections owned by Regional Facilities Auckland)<br>Auckland Zoo<br>Aotea Centre<br>Civic Theatre<br>Viaduct Events Centre<br>Mt Smart Stadium<br>QBE Stadium (formerly known as North Harbour Stadium) | none                                                         |

| Council-controlled organisation     | Strategic assets owned and managed by the CCO                                               | Strategic assets owned by the council and managed by the CCO |
|-------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------|
|                                     | The council's contractual rights and interest in Auckland City Arena (known as Spark Arena) |                                                              |
| Panuku Development Auckland Limited | The freehold interests in central Auckland waterfront land                                  | none                                                         |
| Watercare Services Limited          | The wastewater network<br>The water supply network                                          | none                                                         |

## 4.2 Requirements in relation to the management of strategic assets by CCOs

### 4.2.1 Principles for the management of strategic assets

Each substantive CCO must manage the strategic assets set out in Table 1 in a way that:

- maximises the long-term benefit of the strategic assets to Auckland.
- gives effect to the expectations set out in Part 1 of this policy and the performance measures set out in this long-term plan.
- enables the CCO to achieve the objectives and performance measures set out in its statement of intent.

In making a decision about a strategic asset that may affect the council's long-term interest in that asset or the associated service delivery to Aucklanders, each substantive CCO must consider the following factors in relation to the proposal, in addition to any of its own considerations:

- the contribution of the issue or proposal to meeting the expectations set out in this policy and in the statement of intent.
- any impacts on the council's other objectives or priorities (both positive and negative).
- its consistency with the council's other plans and strategies, including area-specific plans.
- the likely financial impacts of the proposal, noting the opportunity cost of any investment or expenditure.

### 4.2.2 Additional requirements for Auckland Council Investments Limited

Auckland Council Investments Limited (ACIL) must:

- give effect to the council's Auckland Airport Shareholding Policy.
- not make any decisions that are inconsistent with that policy.

### 4.2.3 Shareholder oversight of significant decisions and major transactions

The table below sets out the approach to shareholder oversight of decisions about strategic assets and major transactions.

**Table 2 – Shareholder oversight of major transactions and significant decisions**

| Where a CCO proposes to                                                                                                                                                                                                           | The shareholder must be involved in the following way                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Carry out a <i>major transaction</i> (defined below)</li> <li>• Undertake an action or make a decision which may affect the council's long-term interest in a strategic asset</li> </ul> | Approval of the governing body of Auckland Council is required except where it is already provided for in the Long-term Plan. Note that some major transactions must be set out in the Long-term Plan. <sup>13</sup> |

<sup>13</sup> Some decisions must be included in the long-term plan: section 97 of the Local Government Act 2002 requires that (a) a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority, including a decision to commence or cease any such activity and (b) a decision to transfer the ownership or control of a strategic asset to or from the local authority must be consulted on during the development of a long-term plan.

| Where a CCO proposes to                                                                                                                                                                                                                                                                                            | The shareholder must be involved in the following way                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>or the associated service delivery to Aucklanders and: <ul style="list-style-type: none"> <li>o which represents or may represent a departure from an agreed strategy of the council; or</li> <li>o where there is no agreed strategy of the council</li> </ul> </li> </ul> |                                                                                                                                                                                                   |
| <ul style="list-style-type: none"> <li>• Undertake an action or make a decision which may affect the council's long-term interest in a strategic asset or the associated service delivery to Aucklanders which is consistent with an agreed strategy of the council</li> </ul>                                     | <p>Provide information to the governing body through a workshop or memorandum.</p> <p>Engage with relevant local boards to the degree required by the principles in Section 1 of this policy.</p> |
| <ul style="list-style-type: none"> <li>• Undertake any operational action decision that are part of day-to-day business, or which implement agreed decisions</li> </ul>                                                                                                                                            | <p>No governing body involvement is required.</p> <p>Engage with relevant local boards to the degree required by the principles in Section 1 of this policy.</p>                                  |

Where it is not clear if the proposed action or decision is consistent with an agreed strategy of the council, a CCO should engage with council staff to assess its alignment with the objectives and priorities of the council.

#### 4.2.4 Definition of major transaction

For the purposes of this accountability policy, a "major transaction"<sup>14</sup> is:

- a) Any acquisition, disposal or replacement of a strategic asset, other than ongoing asset renewal in accordance with a CCO's asset management plan
- b) Any transaction or dealing in relation to a strategic asset:
  - That will affect the asset's control (whether directly or indirectly)
  - Reducing or materially affecting the asset's value
  - Granting any legal interest in the asset to a third party
  - That affects the CCO's or council's ownership of the asset
- c) Any long-term contracts for the development or operation of a strategic asset (being a contract binding the CCO to a term exceeding fifteen (15) years, including any renewals at the contractor's option)
- d) Any matters covered by Section 3.4 (rights and securities issues) or Section 3.5 (takeover offers, mergers and capital restructuring) of the Auckland Airport Shareholding Policy.

In relation to network infrastructure, a transaction only qualifies as a major transaction if it relates to any part of a network which:

- is integral to the functioning of the network as a whole, or
- substantially affects the level of service provided to the community.

A lease granted by a CCO on a strategic asset is not a major transaction if the lease:

- i. is granted in the ordinary course of the CCO's business on arms-length terms; and
- ii. does not exceed fifteen (15) years in duration (including any renewals at the lessee's option); and
- iii. does not exceed \$500,000 in rent per annum.

#### 4.2.5 Situations where the council's approval may not be required

Where a proposal requires the approval of the shareholder according to Table 2 above, but is not material to the council's long-term interest in the strategic asset and the associated service delivery to Aucklanders, approval

<sup>14</sup> Note that this is a different definition of "major transaction" to that provided for in the Companies Act 1993, which has different requirements associated with it.

from the council may not be required. This can be granted at the discretion of the Mayor, Chair of the Finance and Performance Committee and the council's Chief Executive, according to the criteria in the council's Significance and Engagement Policy.

#### **4.2.6 Process where the council's approval is required**

Where approval of the council is required, it will be assessed against the following criteria:

- The contribution of the proposal to meeting the expectations set out in this policy and in the statement of intent, and other plans and strategies of council.
- The financial impacts of the decision.
- Whether the relevant CCO's Board has considered all of the relevant information which would influence the decision, including the risks and mitigations; and
- Any other factor that the council considers to be relevant.

## Section 6: Local Board Information





## 6.1 Albert-Eden Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction. We are seeking your input on our new proposals for the 2018/2019 financial year.

### Message from the Chair

Our 2018/2019 local board agreement sets out what we propose to deliver in your local area this financial year. During 2017 we consulted on our local board plan priorities but inevitably we need to introduce additional projects and advocacy items or make changes as required. This is the first financial year of the plan and the council's 10-year Budget 2018-2028.

We will continue to deliver the projects you have already identified as being priorities, so we are not proposing major changes to our 2018/2019 budgets or work programmes. These projects include widening the uses of Chamberlain Park, working to improve water quality in our urban streams and upgrading our community centres and town centres.

We will also continue to provide a high level of service to our community through maintaining quality parks, libraries, and community and recreation facilities.

### What we propose in your local board area in 2018/2019

In 2018/2019 we plan to invest \$8.6 million to renew and develop assets in your local board area and \$17.4 million to maintain and operate these assets as well as provide other local initiatives such as:

- making a start on the development of Chamberlain Park;
- providing funding to the community to identify, maintain and care for our notable trees in Albert-Eden;
- collaborating with neighbouring local boards and community groups to develop joint management plans for caring for our urban streams, Te Auaunga / Oakley Creek and Waititiko / Meola Creek;
- investigating the creation of a cycling and walking connection between St Lukes and Greenlane train station;
- supporting local businesses in our town centres to implement sustainable practices, for example providing alternatives to putting fat and oil down the drain, and reducing plastic bag usage.

### Our key advocacy projects for 2018/2019

Providing quality community and recreational facilities in Albert-Eden is a priority. Current and future growth predictions in the local board area mean we need to plan ahead to ensure the requirements of our growing population are met, either through facility upgrades or replacement buildings. Community facilities and social infrastructure need to be planned for in areas where development is taking place, such as Pt Chevalier, Ōwairaka, and Waterview,

We will continue to advocate for an aquatic centre in Albert-Eden. This will replace the Mt Albert pool sited on Mt Albert Grammar School as the land, which is owned by the school, is required for the expansion of the school.

We will also advocate for an investigation into a replacement indoor multi-sport facility at Gillies Ave, Epsom, which is home to regional badminton and table tennis organisations.

### What do you think?

- Do you support the provision of small grants being provided to private landowners to assist them with the maintenance and care of significant trees on their property?
- Would you like to see neighbouring local boards and community groups work together to develop an action plan that will help to improve the health of Te Auaunga-Oakley Creek and Waititiko-Meola Creek?
- Should the Board help local businesses in our town centres implement sustainable practices, for example alternatives to putting fat and oil down the drain, or reducing plastic bag usage?
- Would you use a cycling and walking connection between St Lukes and Greenlane train station?

## 6.2 Devonport-Takapuna Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

It's an exciting time for the Devonport-Takapuna Local Board area. Year one of this 10-year budget enables us to start planning and delivering the projects you helped us identify as part of our recently adopted 2017 local board plan.

For 2018/2019, we are proposing a number of innovative local projects across the local board area – from delivering a new skate park in Sunnynook, to improved cycle and walkways across our area, linking our places of work, with our places of play.

We also have some challenges that we need to tackle with the community, such as securing the budget to fix congestion on Lake Road. In particular, we want your views on whether you would support targeted rate to help fund the project.

Please take the time to read and consider this document, as your input is important to helping us create a vibrant and beautiful area.

Dr. Grant Gillon

Chair – Devonport-Takapuna Local Board

### What we propose in your local board area in 2018/2019

In developing this document, we considered your feedback from the local board plan to determine which projects are the most important to the community. You told us that we need to ensure our parks continue to meet our communities' needs, protecting our natural environment by eliminating pests, and fixing traffic congestion issues on Lake Road.

You've told us your priorities for our area - now we want your views to help inform the projects as they're developed and undertaken over the next year. These include:

- finding a suitable location for a dog park, to provide an additional dedicated space outside of our busy beaches
- commence planning for new and upgraded cycle and walkways to support the Lake Road Improvements project
- develop a pest-free strategy to enable and deliver effective eradication of pest vegetation and vermin.

### Our key advocacy project

Our key advocacy project is securing the budget for the Auckland Transport (AT) Lake Road Improvements project. This project is critical to fixing congestion issues on Lake Road by improving the road corridor, as well as public transport and walking and cycling infrastructure.

We understand that fixing Lake Road is consistently the number one issue for our community. In 2017, 1,200 submissions were received as part of public consultation on the project and 85 per cent of submitters to our local board plan said that budgets should be prioritised for this.

We've been working closely with AT over the last year, and the project is now entering an important phase to ensure its budget is included in the LTP. One aspect being considered is whether a targeted rate could fund part of the project budget, or a particular component of it. .

The first step in this process is to see if there is an appetite within our impacted community for a targeted rate to help fund the project, and establish how much you would be prepared to pay on top of your existing rates bill to assist this project.

In 2017 the Automobile Association (AA) surveyed their members to gauge their views on AT's Lake Road project. One of the key findings from the survey was that people are willing to pay for a targeted rate if the project could be delivered within five years. We would like to hear what others across the local board area think about a targeted rate to help fund this project.

### What do you think?

- Do you think we've got our priorities right?
- Where do you think could be a suitable location for a dog park in our area?
- Do you support the development of a pest-free strategy for our entire area, and which pests should we focus on eliminating first?
- Do you support the local board prioritising new and upgraded cycle and walkway connections, which provide an alternative to using Lake Road?
- Do you support a targeted rate to contribute towards any funding made available for the Lake Road Improvements project, and if so, how much would you be willing to pay on top of your rates bill?<sup>1</sup>

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<sup>1</sup> Note: It is important to highlight that any decision to propose a targeted rate involves further public consultation with the community on a specific proposal, and its associated budget. If required, this will be undertaken as part of the 2019/2020 Annual Budget.

## 6.3 Franklin Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

I am very pleased to introduce our key funding priorities for the 2018/2019 financial year. We want to do more with what we've already got; making effective use of our existing assets so we can create and maintain the best possible service to all our diverse communities.

Our funding priorities for the 2018/2019 year include starting to deliver on the routes in our trails plans; promoting and supporting pest control; planning for new recycling centres in Beachlands and Pukekohe; promoting Franklin tourism opportunities; and carrying out improvements or expansion of some of our key sport and recreation facilities.

We are also asking whether Franklin residents would be prepared to pay targeted rates to speed up the delivery of new trails across Franklin and, in the longer term, to contribute towards the operating costs of proposed improved facilities at Karaka Sports Park.

Below is a summary of our draft proposals. We look forward to receiving your views and ideas so we can move forward with putting our plans into action.

### What we propose in your local board area in 2018/2019

We plan to invest \$21.0 million to renew, maintain and operate assets in your local board area as well as prioritise other local initiatives that you've told us are important:

- reducing waste to landfill by planning for community recycling centres in Beachlands and Pukekohe. We will support local zero waste groups to set up and run new facilities, and increase recycling and re-use
- focus on caring for our natural environment, by continuing to support Wairoa River Action Plan implementation and by helping our community to control weed and animal pests, including creating pest-free and predator-free areas
- start on the ground delivery of local trails, including the Hunua cycle trail, Pohutukawa Coast trails, Waiuku trails and Pukekohe trails. We will support local communities and trails trusts to get routes in place and promote their use
- promoting Franklin tourism opportunities through branding, digital tools and as a motor home-friendly destination in response to recommendations in our recent motor caravanning and camping tourism study
- improvements to our existing community facilities and seawalls, as well as some new facilities to cater for housing growth, including:
  - Franklin Swim Sport and Fitness centre
  - new playgrounds and reserve improvements as part of housing developments
  - skate parks at Clarks Beach and Te Puru
  - seawall renewals at Big Bay, Clarks Beach, Glenbrook, Sandspit Reserve.

## Our key advocacy project

We firmly believe that council can make more effective use of its existing assets to provide **fit for the future** community facilities that cater for Franklin's significant population growth. Your feedback on the 2017 local board plan made it clear that you agree with this approach and we received a lot of support for improving the sports facilities at Karaka Sports Park.

Over the next 30 years the number of people in the age groups participating in recreation and sport in Karaka and surrounding areas, is set to grow by 600 per cent. Drury, Kingseat, Pukekohe-Paerata, Clarks Beach and Glenbrook will all see significant housing development.

We are asking the Governing Body to provide funding of up to \$30 million in the 10-year Budget, for developing the Karaka Sports Park as a multi-sport and community hub, including upgrades to the playing fields, replacing buildings, and new cycling and walking routes. The Karaka Sports Park Trust is confident that with a clear council commitment in place, it can attract a significant amount of external funding, which will then reduce the total council contribution.

If the funding is included in the 10-year budget, work on the playing surfaces could start in late 2018 and the new buildings could be finished by 2022.

## What do you think?

Have we got our priorities right? We welcome your feedback.

- Do you support the development of new community recycling centres at Beachlands and Pukekohe?
- Do you support assisting private landowners to control pests using funding provided by the local board?
- Would you be prepared to pay a targeted rate towards building new trails and links for walking and cycling across Franklin?
- Do you support our key advocacy item being the improvement and expansion of Karaka Sports Park, to deal with the growth in demand for sports and community facilities in the area?
- If you are in the area that will directly benefit from improvements to Karaka Sports Park, would you be prepared to pay a targeted rate if this was to be used specifically towards the ongoing running of the improved facilities?

### Note on targeted rates:

- Saying YES indicates your support, in principle, for using targeted rates to provide increased services for Franklin residents. Further consultation will be undertaken on the specific proposals before a final decision is made on any targeted rate to be charged.
- A targeted rate shows as a separate line on your rates bill. Targeted rates can only be used to fund the services for which they are raised. Used in this way targeted rates provide increased transparency and accountability.
- A targeted rate can either be charged to all Franklin ratepayers for projects that benefit the entire local board area, or to smaller groups in defined catchment areas for projects that benefit only those ratepayers.
- A targeted rate can be charged as either a fixed dollar amount per property or based on the value of each property. The basis for charging would be consulted on as part of any proposal.

## 6.4 Great Barrier Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

This is the first year of our new local board plan 2017 and council's 10-year Budget 2018-2028. We aim to deliver projects you've told us at recent consultations are important. These include cemetery site investigations, water quality monitoring and biosecurity initiatives, delivering a Life-long Learning strategy, and providing community grants funding. One big project we are getting off the ground is providing alternative energy for council facilities at Claris.

We also want to investigate establishing a research and education centre, and to make baby and child burials free.

We already control weeds in our parks without herbicides but we may need to pay extra to extend that to road corridor weed management.

Along with the 10-year Budget, council is also consulting on some other regional plans including the Auckland Plan refresh, Regional Pest Management Plan, and Waste Management and Minimisation Plan.

They're all important, so please get involved in helping us decide our funding priorities. We look forward to hearing your views.

### What we propose in your Local Board Area in 2018/2019

In 2018/2019 we plan to invest \$310,000 to renew and develop assets in your local board area and \$2.5 million to maintain and operate assets and to advance other local initiatives you've told us are important, including:

- continuing to support community initiatives including the Life-long Learning strategy, Dark Sky Sanctuary and grants funding
- continuing to support environment initiatives such as funding a biosecurity/biodiversity officer, water quality monitoring and Ecology Vision stage 3
- providing subsidies for:
  - baby and child burials (0-12years)
  - herbicide-free weed management in the road corridor
- continuing to invest in infrastructure including the Tryphena Coastal Trail stage 3, investigations into sites for central and northern cemeteries, a research and education centre investigation, and completing an island 10-year infrastructure plan
- continuing to seek funding for our key advocacy project to implement a solar micro grid with electric vehicle chargers for the council buildings at Claris.

### Our key advocacy project

One of our main goals is to focus our efforts on being a community that embraces, showcases, celebrates and lives sustainably off the grid - an aspiration our people fully supported during the local board plan consultation.

This year our key advocacy project is seeking funding to implement a solar micro grid with electric vehicle chargers for the council buildings at Claris. That would mean full solar power for Claris airport, Service Centre, Health Centre and the Local Board office. Council would walk the talk!

The project is being scoped and the budget is estimated at \$300,000. We hope to be solar powered in 2018.

## What do you think?

Have we got our priorities right?

- Do you agree we should continue to support community initiatives including Life-long Learning strategy, Dark Sky Sanctuary and grants funding?
- Do you agree we should continue to support environment initiatives including funding the biosecurity/biodiversity officer, water quality monitoring and Ecology Vision stage 3?
- Do you support the provision of subsidies for:
  - Baby and child burials (0-12years)?
  - Herbicide-free weed management in the road corridor?
- Do you agree we should continue to invest in infrastructure including the Tryphena Coastal Trail stage 3, investigations into sites for central and northern cemeteries, a research and education centre investigation and the completion of a 10-year infrastructure plan?
- Do you agree we should continue to seek funding for our key advocacy project to implement a solar micro grid with electric vehicle chargers for the council buildings at Claris?



## 6.5 Henderson-Massey Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

Henderson-Massey Local Board is eager to get started on work that supports our Henderson-Massey local board plan. Our priorities for the 2018/2019 financial year are based on what you've told us is most important to you.

We want our town and neighbourhood centres to provide a sense of belonging and pride. We will work to enhance and upgrade our town centres, and work with the community throughout the process. The Te Atatu South community has already started, with workshops using urban planning and design to progress their vision for Te Atatu South, so we want to be alongside them and assist them to continue this work.

There are lots of ways to make it safer and easier to get around without a car. We want to look across the whole Henderson-Massey area and identify where we can fill gaps and make improvements in the walking and cycling network.

The heritage of the Henderson-Massey area, which is enriched by Māori and other cultures, deserves to be highlighted. This year as a first step, we will look at refreshing the Henderson heritage trail to also celebrate the Māori history of the area.

We really encourage you to have your say on these local projects and the regional consultation topics.

### What we propose in your Local Board Area in 2018/2019

In 2018/2019 we plan to invest \$25.7 million to renew and develop assets in your local board area and \$28.1 million to maintain and operate these assets and prioritise other local initiatives.

Our key priorities for 2018/2019 include:

- preparing an urban design plan for Te Atatu South in collaboration with the 'Heart of Te Atatu South' community group, particularly to enhance the area around the community centre and local park space
- developing a Henderson-Massey wide 'connections' plan to identify alternative street routes, park paths and trails and prioritise investment areas for improving these opportunities to get around without a car
- refreshing the Henderson heritage trail to also express the Māori history of the area.

### Our key advocacy project for the Long Term Plan

With rapid growth in the north west (Massey North, Westgate and Redhills) it is crucial that land is available for community facilities, particularly a pool, to take the pressure off West Wave, the only pool in West Auckland.

You have given us plenty of feedback that West Wave is at capacity and under pressure, with queues to get in to the pool.

The board is advocating for the pool and for strategic land purchase to ensure room for it plus sports fields and local community facilities. It will be expensive but with the expected growth in the area it is essential that the area is prepared for new communities.

## What do you think?

Have we got our priorities right?

- To help us prepare an urban design plan for the area around the Te Atatu South Community Centre and local park space, what do you see as key ways we can improve the area?
- To help us prepare a Henderson wide connections plan, what could be done to make it easier for you to walk and cycle more?
- Do you support refreshing the Henderson heritage trail to also express the Māori history of the area?
- Do you support advocating for a pool in the north west area and to buy land to prepare for it plus sports fields and local community facilities in the future?

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## 6.6 Hibiscus and Bays Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

Our 2018/2019 local board agreement will set out what we propose to deliver in your local area this financial year. This is the first financial year of our local board plan 2017 and the council's 10-year Budget 2018-2028.

Summer heralds the season for many of our most popular events and activities and we are seeking your feedback on the way we support local events and groups through our contestable grants programme. We like to see clear alignment to our local board plan outcomes and have high quality activities and events.

We are keen to begin town centre improvements as well as commence implementation of the development plan for the reserves at Mairangi Bay to enable steady, incremental change. We want to make our public spaces attractive and inviting for both local residents and visitors to our area. We want our local towns and centres to enjoy economic success and provide local employment opportunities.

Transport improvements are an ongoing priority and we are keen to work with Auckland Transport to trial weekend ferry services from Gulf Harbour. We will also continue our efforts to achieve an earlier start to Penlink and the planned upgrade of the Glenvar Road / East Coast Road intersection to address safety issues.

Our key advocacy priority is to protect our iconic Ōrewa Beach from storm damage and erosion so that future generations can enjoy its beautiful shoreline, beach and reserve areas.

Please take the time to come along and give us feedback on our priorities. We look forward to listening to your views at one of our local events; Saturday 10 March, 10am – 2pm at Stanmore Bay Pool and Leisure Centre and Saturday 24 March, 10am – 12pm at East Coast Bays Library.

### What we propose in your Local Board Area in 2018/2019

In 2018/2019 we plan to invest \$10.0 million to renew and develop assets and \$17.3 million to maintain and operate these assets in your local board area as well as provide other local initiatives you've told us are important. Including:

- reviewing the way we assess and allocate local contestable community grants for events and activities
- start implementing the Mairangi Bay Reserves Development Plan projects including closing the beachfront section of Montrose Terrace and providing a connecting road with angle parking at the back of the reserve to provide more open space
- working with Auckland Transport to trial a weekend ferry service at Gulf Harbour
- working with business and partners to provide local employment opportunities in Silverdale.

### Our key advocacy project

Ōrewa Beach is one of our most treasured and visited beaches. The beach is 2.6 kilometres long and has a variety of challenging erosion issues making it Auckland's highest priority at risk coastal area.

The Ōrewa Beach Esplanade Enhancement Project (OBEEP) was developed to schedule and prioritise coastal protection work including protecting the remaining reserves.

We will advocate to the Governing Body for funding to be included in the 10-year Budget to complete this work. The local board is seeking capital funding of \$18m to be allocated to coastal protection. Ōrewa beach, reserve

areas and walkways are at significant threat of being lost to sea erosion forces. There are a number of key projects along the length of Ōrewa beach which seek to protect, enhance and promote access and the use of the beach.

### What do you think?

Have we got our priorities right?

Do you support:

- Reviewing the way we assess and allocate local contestable grants for events and activities within our local board area?
- Implementation of the Mairangi Bay Reserves Development Plan projects including closing the beachfront section of Montrose Terrace and providing a connecting road with angle parking at the back of the reserve to provide more open space?
- Allocation of funding for promotional information to encourage community and visitor use of the Gulf Harbour weekend ferry trial?
- Working with partners to facilitate local employment opportunities in Silverdale?
- Our key advocacy project to address coastal erosion and protect Ōrewa Beach Esplanade and reserves?

## 6.7 Howick Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

We recently had conversations through the local board plan consultation about the priorities for our community. We know our local area is facing significant growth over the next 10 years and that's reflected in our plans, which continue to include new community facilities at Flat Bush – a multi-use community facility and library, and an aquatic centre.

Our priorities are to meet this growth and ensure that transport, local services, infrastructure and community facilities are in place. This includes advocating to the governing body to bring forward the community facilities at Flat Bush mentioned above.

The board continues to prioritise advocacy for integrated and well-designed public transport systems and we are continuing to progress the Auckland-Manukau Eastern Transport Initiative (AMETI).

You told us these were important to you and we want to ensure we continue to be on the right track.

### What we propose in your Local Board Area in 2018/2019

In 2018/2019 we plan to invest \$28.4 million to renew and develop assets in your local board area and \$28.1 million to maintain and operate these assets and prioritise other local initiatives.

- continue management of coastal erosion and sand replenishment, including continued advocacy to the Governing Body for a regional fund
- provide dedicated dog exercise areas in Pakuranga, Howick and Botany
- develop an overarching pest management project incorporating our existing weed eradication programme and new ones to rid the area of rats and other pests. We also want to consider the concept of creating pest-free areas or “mainland islands” for example at the new park at the former Greenmount landfill or Mangemangeroa Reserve
- provide more all-weather sports fields, such as artificial turf, and improve drainage and irrigation on our parks to reduce the impact of weather.

Additional priorities:

- provide additional shelters at Barry Curtis Park, including over the “stage” area near Chapel Road
- undertake a stocktake of all council-owned and externally-managed community facilities in the area.

### Our key advocacy project

The board is advocating to the Governing Body to bring forward development of the multi-use community facility and library (\$20 million, completion by 2022), and the aquatic centre at Flat Bush (\$27 million, completion 2023).

Feedback from recent consultation on the multi-use facility has told us that the development of such a facility is crucial. The community have told us it would provide a focal point as a place they can come together.

Bringing forward development plans for the aquatic centre also allows future planning for Barry Curtis Park to evolve once the location of the aquatic centre has been decided.

### What do you think?

- Have we got our priorities right?
- Are there any other priorities you would like us to consider?

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## 6.8 Kaipātiki Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chairs

As Chairs of the Kaipātiki Local Board we are pleased to present our proposed priorities for the 2018/2019 financial year. These initiatives have been developed from our local board plan which was adopted in September 2017. We are thankful to all those that contributed their ideas and feedback.

Our parks and open spaces, natural environment, and town centres are places that are important to us all. We propose to invest in these areas through the larger projects outlined below in this document. In addition, we propose to continue other improvements such as installing shade sails over playgrounds as part of our sunsmart approach.

We are currently developing a masterplan for Birkenhead War Memorial Park to guide the future redevelopment and replacement of the park's aging facilities, including the grandstand. We don't have sufficient resources to deliver certain aspects of the masterplan so we will be seeking additional funds from the Governing Body to complete this upgrade.

We want to hear from you to make sure we are on the right track with our proposals. We really do appreciate you taking the time to give us your valuable feedback.

### What we propose in your local board area in 2018/2019

In 2018/2019 we plan to invest \$13.3 million to renew and develop assets and \$18.4 million to maintain and operate these assets in your local board area as well as prioritise other local initiatives that you have told us are important:

- redeveloping Birkenhead War Memorial Park as guided by the masterplan currently underway
- working with key stakeholders to plan and deliver the redevelopment of central Northcote, which includes a combined library, arts and community building, quality parks and public open spaces, and safe, easy walking and cycling connections
- continuing to deliver the walking and cycling improvements identified within the Kaipātiki Connections Network Plan
- continuing to support Pest Free Kaipātiki and other environmental initiatives
- enabling and expanding neighbourhood placemaking initiatives through our community groups.

### Our key advocacy project

Many of you raised the need to replace or upgrade the grandstand at Birkenhead War Memorial Park during the local board plan consultation during 2017. The grandstand is at the end of its life, and other facilities at the park, such as the swimming pool, are also starting to show their age.

Replacing these facilities provides us with an opportunity to think about how the park could be redeveloped to make the most of the space available, but also to meet the needs of our community for the next 50 years. We are currently developing a masterplan to guide the future development of the park.

Delivering the masterplan requires significant investment and will be completed over a number of years. Funding this is beyond the resources currently available to the local board and so we need to advocate to the Governing Body to allocate funding in the 10-year Budget.

The first priority is the replacement of the grandstand, possibly with a shared facility to accommodate multiple community and sporting users. The estimated cost is \$7 million. The replacement of the swimming pool will be an additional cost of approximately \$6 million and is required further towards the end of the 10-year Budget.

### What do you think?

Have we got our priorities right?

- Do you support replacing the condemned grandstand at Birkenhead War Memorial Park with a shared facility to accommodate different community and sporting users?
- What do you value most about the redevelopment plans for central Northcote?
  - a combined library, arts and community building
  - quality parks and public open spaces
  - safe and easy walking and cycling connections
- Do you support continuing the delivery of the Kaipātiki Connections Network Plan, including a coastal walking and cycling link between Tui Park and Shepherds Park in Beach Haven?
- Do you support greater investment into environmental projects such as the community-led Pest Free Kaipātiki initiative?
- Do you support the expansion of neighbourhood placemaking initiatives through our local community groups?



## 6.9 Māngere-Ōtāhuhu Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

We recently finalised our three year local board plan in consultation with you. It is my pleasure to present the priorities and proposals for 2018/2019. These proposals are the first year of the new plan and progressing on past achievements.

Good public transport, local paths and safe cycle and pedestrian networks that connect and make it easier to get around are a priority. We want to progress projects in parks and playgrounds and will champion for the historic Ōtāhuhu Portage route project with the potential to open the area for recreation, walking and cycling in the future.

We want to maximise the potential of existing local facilities through coordinated programmes and shared use so that more families and young people use them. Attracting tourism, employment opportunities for local people and our youth is equally important.

You have told us how much you value our natural environment and heritage – and we will work with community groups, business and industry to improve the quality of water in our streams and the Manukau Harbour.

Our investments in and around Ōtāhuhu in recent years have led to many improvements and delivery on projects to improve street connections will continue.

We want to see Māngere East precinct develop into a vibrant community hub through longer term planning and investment. For this we are advocating for a master plan to link existing community assets and address gaps.

See a summary of our draft proposals below. We welcome your views and ideas to progress delivery.

### What we propose in your Local Board Area in 2018/2019

In 2018/2019 we plan to invest \$15.8 million to renew and develop assets in your local board area and \$21.5 million to maintain and operate these assets and provide other local initiatives that you have said are important for our area.

- promote waste reduction through existing partnerships with Business Improvement Districts so town centres are clean and attractive; monitoring delivery of maintenance contract outcomes and supporting projects that influence behaviour change and build capacity through education of industry and the community
- implement Boggust Park concept plan which will see new toilets, pathway and fitness equipment in the park
- continue supporting active, healthy lifestyles and free access to swimming pools
- continuing to improve our local parks and playgrounds so they are safe, attractive and well-used, such as the green areas near Māngere Bridge, Favona and Centre Park
- promoting local tourism opportunities and creating gateway to the city, by leveraging local art, craft, culture and enterprise to promote Māori and Pasifika identity and our rich natural environment. Examples include promoting local markets increasing bilingual signage and historical narratives.

### Our key advocacy project

There is growth and development taking place in Māngere-Ōtāhuhu and now is the time to ensure coordinated planning links places and communities as they grow. We are advocating to the Governing Body to enhance and

improve the Māngere East precinct as a thriving community hub. We are asking for joined up planning and investment that makes the street environment, shopping area and community facilities safe, connected and accessible open areas.

You gave a strong support for the idea in the local board plan and we are advocating to council to take this forward in its 10-year budget, with detailed planning commencing in 2018/2019.

Some of our other topics of advocacy are:

- investigate heavy rail (and supports light rail link from city to the airport) as the preferred option as the board wants current Auckland strategic long-term transport security for both commuter and industrial heavy freight to be reconsidered
- in the absence of a Local Alcohol Policy (currently a provisional policy is in operation with Appeals to the Amended Provisional Local Alcohol Policy) the board continues all efforts to support initiatives to minimise harm from alcohol. The board continues to advocate for a framework to monitor the success of the Act in practice and consideration of legislative change: Supporting community voice and empowerment. The board are active participants through the district licensing committee process, and are seeking a framework to monitor the success of the Act in practice and consideration of legislative change.

### What do you think?

- The board is proposing to continue its policy enabling adults to use the Māngere-Ōtāhuhu swimming pools without charge through a local target rate, estimated to be \$31.94 per household this year. We would like your feedback on this policy to support social and public health benefits for our communities.
- Have we got our priorities right?
- Are there any other priorities you would like us to consider?

## 6.10 Manurewa Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

We are looking forward to working together with you on delivering the first year of our 2017 Local Board Plan. We will continue to deliver projects you have identified as being important as well as seeking your feedback on some new and exciting opportunities.

There is widespread community support to upgrade the fields and facilities at War Memorial Park. We have presented a business case for these improvements to this historic park to the Governing Body for consideration as part of the 10-year Budget.

We would like to support users and volunteers in implementing the Tōtara Park masterplan over the next three years, to improve the park. We will also continue to work alongside the Manurewa Youth Council to help them realise their aspirations for creating a multi-purpose, creative youth-friendly space in the town centre.

You have told us that continued revitalisation of Manurewa town centre remains a priority for you and we agree. In addition, your feedback has led us to increase our focus on working alongside residents and local business owners to help build pride in our community of Clendon.

Many of you have shared your concerns about the increased levels of illegal dumping. We will advocate to the Governing Body for an improvement to the current service delivery.

We welcome your involvement as we finalise our community's funding priorities for 2018/2019 so please have your say.

What we propose in your local board area in 2018/2019

In 2018/2019 we plan to invest \$5.46 million to renew assets and \$16.18 million to maintain and operate these assets in your local board area as well as prioritise other local initiatives you have told us are important.

Our key priorities include:

- implementing the Tōtara Park masterplan to enhance the park's character as a countryside destination that accommodates various outdoor uses. Our focus for the first year will be on bringing the park up to standard with improvements to the Tōtara Park base course, boardwalk, carpark, fences, gates, paths, retaining walls, rubbish bins, seats, signs, step and toilet renewals
- improving our retail centres:
  - progressing work to create a vibrant Manurewa Town Centre precinct for travelling, working, socialising and living, with a focus on the streetscape, improving pavements and introducing more flora
  - partnering with Clendon residents and local businesses to support community events, build pride and improve public safety
- helping to develop a multi-purpose, creative youth friendly space in the Manurewa Town Centre that supports and nurtures youth development networks. The Manurewa Youth Council has established a space in the town centre, and has a vision for how this space will be used. We would like to provide funding to support this vision
- advocating to the Governing Body to improve the response to, and monitoring of, illegal dumping so our public and community spaces are clean, attractive and welcoming.

## Our key advocacy project

Manurewa War Memorial Park is a well-loved and utilised park but it needs an upgrade. You have given us strong feedback that you support a focus on developing this park as a multi-purpose shared space with improved utilisation of its playing fields and greater access to the park's community facilities.

We will be advocating to the Governing Body to include funding in the 10-year Budget for making these improvements by 2021. There are several components to the project including conducting a needs assessment, generation of a park masterplan, sand carpeting the playing area, adding more playing field lighting and building a multi-purpose community facility. The indicative cost of this upgrade would be around \$12 million.

## What do you think?

Have we got our priorities right? We welcome your feedback:

- Do you support us bringing Tōtara Park up to standard as our focus for the first year of implementation of the masterplan to enhance the park's character?
- Do you support our aspirations for Manurewa and Clendon retail centres?
- We would like to support the Manurewa Youth Council to develop a multi-purpose, creative youth friendly space in the Manurewa Town Centre that supports and nurtures youth development networks. Do you agree?
- Do you support our advocacy focus to improve services around illegal dumping?
- Do you support our plans for Manurewa War Memorial Park to upgrade the playing fields and community facilities?

## 6.11 Maungakiekie-Tāmaki Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

Our focus for 2018/2019 is funding and delivering work programmes that you've told us are most important, and which are captured in our local board plan 2017. We will deliver this range of programmes and activities alongside our community.

There is a high level of population growth projected for our local board area. This year we will continue to work closely with other parts of Auckland Council and developers to support the delivery of much needed infrastructure upgrades. We will also plan and deliver, as funding allow, upgrades to local parks and facilities in Tāmaki, Panmure and Onehunga, alongside the redevelopment projects planned in these areas.

With town centre redevelopment planned for Onehunga, the right transport infrastructure needs to be in place to match. We will continue to advocate to the Governing Body and Auckland Transport to fund a transport interchange in Onehunga. We have seen the transformative impact this type of infrastructure has had in Panmure and we want the same for Onehunga. We hope to demonstrate to the Governing Body that this project still has the support of our community so that it may be prioritised for funding.

More detail about our funding priorities for 2018/2019 is below – we looking forward to hearing your views.

### What we propose in your local board area in 2018/2019

In 2018/2019 we plan to invest \$13.7 million to renew and develop assets in our local board area and \$16.5 million to maintain and operate these assets as well as prioritise other local initiatives.

We plan to use our discretionary operating budgets of \$1.4 million to fund programmes and activities including:

- delivering a programme of free, local, community events and activities throughout the year
- financially supporting community-led initiatives through our local grants programme and work with funding partners to achieve maximum impact on our priority issues in our local board plan
- working with the community, police, business associations, volunteer safety groups and other organisations on initiatives to reduce and prevent crime as well as increasing local monitoring of our public spaces
- investing in our natural environment and address our polluted waterways through continuing the Industry Pollution Prevention campaign and ecological restoration programmes as well as creating new a new project aimed at protecting our birdlife
- assessing and planning for upgrades to our local community facilities such as Panmure Hall, local parks and supporting the redevelopment of Ruapōtaka Marae
- continuing to collaborate with other agencies that are delivering large-scale projects in our local board area and seek to ensure these developments are aligned with our communities' priorities. These agencies include the Tāmaki Regeneration Company, Housing New Zealand Corporation, the NZ Transport Agency and our council-controlled organisations (CCOs).

### Our key advocacy project

We will continue to advocate to the Governing Body and Auckland Transport to fund a transport interchange in Onehunga. It's proposed this would join the existing bus and rail stations, with the option to include any future public transport connections such as light rail.

Currently the bus and rail stations are located in separate locations and commuters who connect between the two have to cross busy roads and walk an uncovered path. Enabling seamless, safe connections between bus and rail will make using these services easier and help to ease congestion on the roads.

Ensuring we have the right transport infrastructure in place to meet demand now and in the future is important.

### What do you think?

- Have we got our priorities right?
- Do you support our advocacy to the Governing Body to prioritise funding for the transport interchange at Onehunga?

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## 6.12 Ōrākei Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

This year's local board agreement will be the first year for the 10-year Budget, and the first year for our Ōrākei Local Board Plan 2017. We will continue to deliver the projects previously initiated, with a strong focus on the environment. As always, we work within a tight financial envelope and want to ensure the best value for money for our residents.

We maintain the importance of well-connected communities, as you will see in our key advocacy project. We believe our projects for 2018/2019 will continue to improve the health of both our residents and environment, which should be viewed hand in hand. We have been listening to your feedback for the last eight years and this year we are not proposing any major changes to our work programme. However, we seek your input once again to ensure we are on the right track.

We look forward to hearing your views.

Colin Davis

Chairman, Ōrākei Local Board

### What we propose in your local board area in 2018/2019

Our focus for 2018/2019 is continuing to deliver the projects and priorities you have asked for during past consultations, including the development of our local board plan in 2017.

In 2018/2019 we plan to invest \$8.5 million to renew and develop assets in our local board area and \$13.6 million to maintain and operate these assets as well as prioritise other local initiatives. Our key projects for this year include:

- design a north-south connection from Stonefields to St Johns/Glen Innes as a shared space for walkers, cyclists and vehicles through Colin Maiden Park
- improved walking routes, pest management and native planting, for Kepa Bush and the Pourewa Valley environs
- develop a Local Healthy Waterways Plan to improve waterways and stormwater infrastructure throughout the Ōrākei Local Board area
- to identify and improve the amenity and functionality of local centres taking into consideration nearby commercial or residential development opportunities
- improve Tamaki Drive for all users leveraging off planned projects and events, such as those identified in the Tamaki Drive Masterplan and possibly the Americas Cup.

### Our key advocacy project

In addition, we are advocating for a walking and cycling linkage from Gowing Drive in Meadowbank, joining to the Glen Innes to Tamaki Drive Shared Path. The linkage would connect the communities of Meadowbank/St Johns and Kohimarama/Mission Bay to each other, as well as decrease the number of vehicles on St Johns and Kohimarama roads. This would also provide many students a more direct and safe option to travel to school.

Construction of the link is expected to cost approximately \$6.3 million with \$2 million to be funded by the Ōrākei Local Board, and the remainder to be funded between the Auckland Council Governing Body and NZ Transport Agency.

We propose that the design and planning of the link would take place during 2018 with the link being built in 2019. For some time this project has been widely supported by residents in the Ōrākei Local Board area and the local board received further support during the Ōrākei Local Board Plan 2017 consultation.

### What do you think?

Have we got our priorities right?

- Do you support our priority advocacy project for a linkage at Gowing Drive to improve accessibility and safety for students and commuters?
- Which of our local centres do you see as being a priority for enhancement, such as quality urban design, beautification and creating a sense of belonging for all residents?
  - Ellerslie
  - St Heliers
  - Lunn Avenue
  - Meadowbank
  - Ōrākei (i.e. Kepa/Kupe Intersection)
  - Remuera
  - Other (Please specify)
- What is your number one improvement project for Tamaki Drive to assist us in making this strategic road work better for our residents?
- Do you support our focus on Kepa Bush and Pourewa Valley for ecological restoration and better accessibility? Are there any other ecological areas which should be enhanced?
- Do you support a safe, shared space for all road users through Colin Maiden Park?



## 6.13 Ōtara-Papatoetoe Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

I am pleased to present our priorities for 2018/2019, which enable Ōtara-Papatoetoe Local Board to continue to deliver on outcomes agreed in our 2017 local board plan.

It's been three years since we made the major commitment to complete construction of the earthworks, car-parks and driveways at Colin Dale Park. Six motorsport groups have now started building their own facilities.

The board believes it is now time for Colin Dale Park to become a regional park, funded by the whole of Auckland, recognising that with the motorsport activities established, it will be a key part of the region's motorsport facilities.

Our major local capital investment priorities will be to develop the Ngāti-Ōtara Park multisport complex, renew the Kingswood Reserve changing room/toilet block, and a new destination playground at Hayman Park.

We know that there is widespread support for these key projects. We now want to focus feedback on some other ideas. We want to provide public open space at Hunters Corner, on Sutton Crescent, as part of our ongoing support for our town centres. Developing improved sports field playing surfaces and lighting is another of our goals.

Our support for the health and wellbeing of our communities will remain strong including enabling adults to access Ōtara-Papatoetoe swimming pools at no charge, funded through a targeted rate.

Additionally, we will advocate to Auckland Transport for light rail between the airport, Manukau and Botany to become a reality.

To help us set our priorities for the next few years, we need your thoughts. Please give us your feedback to tell us if you think we are on the right track.

### What we propose in your Local Board Area in 2018/2019

In 2018/2019 we plan to invest \$9.7 million to renew and develop assets in your local board area and \$21.1 million to maintain and operate these assets and provide other local initiatives. We also want to prioritise these local initiatives out of our local board plan:

- advocating to Auckland Transport to build light rail from the airport to Manukau and on to Botany, starting with immediate route protection
- investing in improved playing surfaces and lighting in our sports parks, to deal with the growth in demand in Ōtara-Papatoetoe
- developing public open space at Hunters Corner shopping centre, on Sutton Crescent, for people to meet and relax
- delivering free adult entry to swimming pools to secure important social and public health benefits. The board is proposing to continue to pay for this through a targeted rate, estimated at \$29.94 per household in 2018-2019.

## Our key advocacy project

The local board is advocating to the Governing Body for Colin Dale Park to become a regional park. Colin Dale Park is a major venue for several motor sports and attracts competitors and fans from across Auckland. It is therefore appropriate for the costs of this facility to be spread across Auckland, rather than falling just on the Ōtara-Papatoetoe Local Board. Making Colin Dale Park a regional park would relieve the board of future development and running costs, as well as ongoing liability for \$2.8 million borrowed in the past.

## What do you think?

- Have we got our priorities right?
- Do you support the board advocating to Auckland Transport to build light rail from the airport to Manukau and on to Botany, commencing with route protection?
- Do you agree with investing in improved sports field playing surfaces and lighting, to meet growing demand for sports fields in Ōtara-Papatoetoe?
- Do you support the development of public open space at Hunters Corner shopping centre on Sutton Crescent?
- Do you agree that free adult entry to swimming pools delivers important social and public health benefits?
- Our key advocacy project:
- Do you support Colin Dale Park being recognised as a regional facility and becoming a regional park, with the development costs spread across Auckland ratepayers?

## 6.14 Papakura Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

We are excited to start the preparation of our work programme for 2018/2019, which will be the first year we start delivering on our 2017 local board plan.

Recently we presented our business case to the Governing Body to fund the shortfall to build a multi-storey park-and-ride facility at the Papakura train station. This project is widely supported by the community and will encourage more people to use public transport.

As a board, we would like to offer alternative transport routes to free up our local roads from congestion, by continuing the development and implementation of our 'Papakura Greenways - Local Path Plan'.

You have told us that the Papakura town centre needs to be a safer and more vibrant place and that this remains a key priority for you. We agree and we are proposing to continue to invest in programmes that address these matters.

We will continue to work with local communities on the concept design and fit out for the Takanini Community Hub and Library. Building work on this facility is expected to start in July 2019. Over the past year we have also started work with the community on Smiths Avenue to breathe new life into the community space down there. These pieces of work will provide us with two local community hubs and places for people to come together.

We would love to hear from you during the consultation period about whether or not you feel we have our priorities right. I encourage you to please come and have your say at one of local events.

### What we propose in your local board area in 2018/2019

In 2018/2019 we plan to invest \$7.6 million to renew and develop assets and \$12.3 million to maintain and operate these assets in your local board area as well as prioritise other local initiatives you have told us are important.

Our key priorities include:

- working together with Papakura businesses, community groups, the police and the Papakura Business Association to address perceptions of safety of the Papakura town centre. We will also further implement the recommendations that have come out of a town centre safety review, which may include an upgrade of the current CCTV system
- funding a comprehensive programme for mangrove removal, including maintenance and removal
- protecting local heritage by working with mana whenua and the Papakura Museum to identify wāhi tapu (sacred places), taonga (treasures) and heritage buildings and start the development of a Papakura heritage trail
- investing in solar panels and a cover for the Massey Park Pool, which will extend the swimming season and usage of the Massey Park external pool.

### Our key advocacy project

The Papakura train station is the third busiest station on the Rapid Transit Network, with Britomart being the first followed by Newmarket. With the amount of growth taking place in Papakura and surrounding areas, the expectation is that passenger numbers will only grow.

Building a multi-storey park-and-ride facility near the station is a project that has also been prioritised by Auckland Transport in their 10-year Budget; however there is currently a \$2.5 million funding gap.

You have given us strong feedback that transport, and specifically the congestion on our local roads, is a priority matter that needs to be addressed. Local residents who live in the area surrounding the Papakura train station have also expressed their concerns around train users parking in residential streets.

We have heard that message loud and clear and that is why the board has been advocating to the Governing Body to fund the project shortfall in the 10-year Budget for this building.

When built, the new park-and-ride facility will provide for another 300 parking spaces on top of the 310 spaces currently available.

### What do you think?

Have we got our priorities right? We would welcome your feedback:

- Do you support us funding town centre safety initiatives, which may include the investment in an upgrade of the current CCTV system?
- What do you think about our intent to provide funding for a mangrove removal programme?
- We feel our local heritage is important and plan to invest in the development of a heritage trail. Do you agree with this priority?
- Do you support the investment in solar panels and a cover for the Massey Park outdoor pool?

Our key advocacy project:

- Do you support our advocacy for a multi-storey park-and-ride facility at the Papakura train station?

## 6.15 Puketāpapa Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

We have just finalised our three year local board plan and have some exciting projects coming up in Puketapapa. There is a lot of work underway across the region and we are delighted to see progress being made towards bringing light rail through Mt Roskill.

A number of park developments are well underway and many of our major parks and facilities are now connected by a network of safe cycling and walking paths. We need to build on this network so that people have safe, active transport alternatives.

Our range of environmental initiatives includes the ongoing restoration of Te Auaunga / Oakley Creek. We hope to strengthen people's sense of connection to this awa (river).

We are committed to giving young people the skills that they need to get into good jobs. We also think it is important that they are involved in local decision making. As a community our greatest strength is our diversity. Our people come from all over the globe and we celebrate this unique cultural identity.

We understand some of the financial pressures our people are under, particularly older people. Our key advocacy project on your behalf is to focus on retaining Liston Retirement Village as housing for seniors rather than being turned into park land.

Below is a summary of our 2018/2019 funding priorities; we look forward to hearing your views.

### What we propose in your Local Board Area in 2018/2019

In 2018/2019 \$6.8 million is planned to fund the renewal and development of assets in your local board area and \$9.5 million planned to maintain and operate these assets as well as prioritise other local initiatives you've told us are important.

Our key priorities are:

- to continue improvements underway in our community facilities:
  - Waikowhai Coastal walkway – construct a boardwalk from Bamfield Place to Taylors Bay Reserve that will provide coastal access around the Manukau foreshore during all tides
  - Keith Hay Park (upgrade facilities) and Harold Long/ Fearon Park (improving the connection between the two parks)
  - identify other parks/community facilities that need development or an upgrade
- planning for future development:
  - Greenways - further development of walking and cycling links between parks and other facilities
  - Monte Cecilia Park – continue implementation of the concept plan by investigating how a destination playground could be funded and working on next steps for the restoration of the Whare building
  - develop concept plans for Mt Roskill War Memorial, Waikōwhai and Margaret Griffen Parks to direct how they will be developed in the future
- helping young people to get into work and to participate in decision making – through supporting youth training programmes and encouraging participation in the Puketapapa Youth Panel

- ongoing restoration of Te Auaunga/ Oakley Creek catchment through naturalisation projects and the implementation of markers, and a fale shelter, to encourage neighbourhood understanding and connection to the awa (river)
- building pride in cultural diversity through the ongoing provision of programmes and events that celebrate the diversity of Puketapapa and help create a unique local identity.

### Our key advocacy project

Our board's key advocacy initiative aims to help with addressing Auckland's shortage of affordable housing locally, which is particularly critical for seniors.

The board is seeking that, once Auckland Council owns the Liston retirement village in its entirety, expected sometime in the 2020s, it retains the seniors' housing on the site but also allows for the entrance to Monte Cecilia Park to be expanded.

The decision to acquire the Liston Village site to expand Monte Cecilia Park was first agreed in 1998, with a plan to demolish the housing and increase Monte Cecilia Park's open space. Auckland has changed significantly since this decision was made and population pressures have increased housing pressure particularly for seniors. This is why we are advocating strongly to the Governing Body to retain the housing at Liston Village with the associated financial implications in the 10-year budget.

### What do you think?

- Have we got our priorities right?

The Puketāpapa Local Board manages a number of budgets to provide services and facilities for the area. Amongst these is a budget of more than \$1 million, which we can spend on capital works over the next three years.

- Are there any parks or other community facilities (e.g. halls for hire) that you think need further development or an upgrade? If so, what and where?

## 6.16 Rodney Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

I am pleased to present our key priorities for our 2018/2019 local board agreement, for your consideration. These priorities reflect the outcomes and initiatives set out in the new Rodney Local Board Plan 2017.

We want to maintain the momentum started last year by continuing the Rodney Healthy Harbours Fund to provide landowners and community groups with financial assistance to protect and restore the riparian margins of waterways, and completing feasibility studies for priority paths for walking and cycling from our greenways plans.

In 2018/2019 we would like to start the projects you supported through our local board plan. These include developing a masterplan (concept plan) for the future reserve at Green Road in Dairy Flat, contributing to the design of a multisport building at the Warkworth Showgrounds, and funding and supporting community projects to improve our town centres in Warkworth, Helensville, Wellsford and Kumeū/Huapai. If funding is allocated towards the construction of a \$12.5 million indoor courts facility in Huapai, the local board will provide a contribution of \$1 million.

Based on the support received from the local board plan submissions, we investigated options for a targeted rate to bring forward \$41 million worth of investment in transport services and infrastructure in Rodney over the next 10 years. We now seek your feedback on a proposed rate of \$150 per dwelling or business premise per year. This rate would accelerate the delivery of key transport projects - such as park-and-rides in Warkworth and Kumeū/Huapai, improved bus services in Kumeū/Huapai and Riverhead, and additional road sealing and footpaths projects across Rodney.

Now is the time to tell us if you support the priorities we propose for Rodney in 2018/2019 and beyond.

### What we propose in your local board area in 2018/2019

In 2018/2019 we plan to invest \$8.1 million to renew and develop assets in your local board area and \$14.4 million to maintain and operate these assets, as well as provide other local initiatives you've told us are important:

- transport infrastructure has consistently been the top priority for many Rodney residents. In response to community requests, the local board has developed a package of transport projects to bring forward investment in public transport, road sealing and footpaths, decades earlier than planned. This would require the introduction of a targeted rate of \$150 annually per dwelling or business premise<sup>1</sup>, or \$2.90 per week. Over the next 10 years it is anticipated that this will pay for park-and-rides in Warkworth and Kumeū/Huapai, improved bus services in Kumeū and Huapai, a bus service for Riverhead, and additional road sealing and the construction of footpaths across Rodney. For more detail please see Section 7.12 of this Supporting Information document
- Green Road, Dairy Flat was purchased for a future reserve. Developing a masterplan (concept plan) will guide how the site is used in the future. Public consultation will start in early 2018. This plan will require \$55,000 in 2018/2019

<sup>1</sup> The targeted rate will apply to each 'Separately Used or Inhabited Part' (SUIP) of a rating unit. This separately identifies for rating purposes both a granny flat and the main house and each shop in a shopping mall.

- it is proposed to complete a single open space management plan, which will guide how all reserves are developed and used in Rodney in the future. Funding of \$80,000 is required in 2018/2019 (and \$40,000 in 2019/2020)
- the community has long desired a multisport facility at the Warkworth Showgrounds, and the local board supports this. The first stage is designing the facility's gym sports component. It is proposed to contribute \$150,000 in 2018/2019 to this design work
- support and funding for community town centre initiatives includes projects such as the Huapai Hub and Warkworth riverbank. Progressing these projects and others in Warkworth and Helensville, followed by Wellsford and Huapai, will require \$50,000 in 2018/2019 and over \$800,000 in local capital funding over the next three years.

### Our key advocacy project

A key initiative in the local board plan is developing an indoor sports facility in Kumeū /Huapai. The local board is advocating for a local indoor court facility at the Huapai Domain to be delivered in the next three years. The current estimate is that this will cost \$12.5 million with the local board looking to contribute \$1 million of local capital funds towards the project. The local board anticipates that sports groups will contribute community funding towards the overall cost.

### What do you think?

Have we got our priorities right?

- Do you support the completion of a masterplan (concept plan) for the future reserve at Green Road, Dairy Flat?
- Do you support the local board contributing funding to the design of the future multisport building at the Warkworth Showgrounds?
- Do you support the local board's continued focus on funding and supporting community projects to improve our town centres?
- Do you support the local board contributing funding to construct a local indoor court facility at Huapai Domain?
- Do you support the introduction of an annual targeted rate of \$150 per dwelling or business premise to bring forward improvements in transport services and infrastructure in Rodney earlier than currently planned?



## 6.17 Upper Harbour Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

Upper Harbour is a diverse and vibrant area, expected to be the fastest growing area in the country over the next ten years, in both absolute and percentage population terms, which brings both challenges and opportunity for us.

Our regional consultation, through the 10-year Budget, asks some tough questions of our residents. Without additional targeted spending, there are key areas in the environment and water quality space that will regress. However, the proposed fuel tax means that the interim transport levy per household will be removed.

Our top priority is to secure funding for an indoor, multi-use, multi-sport facility to provide for the daily increasing demand and needs for facilities that we currently struggle to meet.

In addition to this, we are working to provide enduring library services, better public transport options and supporting the development of a marine recreation facility at Hobsonville Point. We will also have a stronger focus on supporting our fantastic volunteers to do what they do so well in the community, environment and sporting areas.

My thanks to you, on behalf of the local board. We truly value your time and effort in responding. Our place is beautiful and we are proud of the facilities we host, but the people we serve, are at the heart of our decision making.

Lisa Whyte

Upper Harbour Local Board Chair

### What we propose in your local board area in 2018/2019

In 2018/2019 we plan to invest \$4.6 million to renew and develop assets in our local board area and \$14.5 million to maintain and operate these assets, as well as prioritise other local initiatives.

Through consultation on our local board plan 2017, you told us to increase open space provision, provide more indoor court facilities, and how valuable our greenways and native fauna are. To that end, beyond the maintenance and operation of existing assets in your local board area, we plan to deliver the following local initiatives:

- connecting our local parks and reserves through “street to street” cycling and pedestrian crossings to improve accessibility and user experience
- constructing a coastal walkway between Limeburners Reserve and Marina View Drive
- protecting and conserving Upper Harbour reserves through methods such as restoration planting.

### Our key advocacy project

Our key advocacy project is seeking funding for the construction of a sub-regional, multi-use, multi-sport indoor facility for the north-west, which could potentially be located in Whenuapai.

Consultation for the local board plan 2017 revealed that of the 274 responses, the areas that received the most feedback were related to parks, sports and recreation. Among the various initiatives listed in the local board plan

2017, the investigation and provision of an indoor multi-sport and multi-use sports and recreation facility in Upper Harbour received the greatest amount of support. A significant number of comments in the submissions mentioned the need for such a facility to cater to the growing developments in Hobsonville and Whenuapai.

A multi-use multi-sport indoor facility will alleviate the local board area's current shortfall in indoor courts, and meet future demand from new developments and growing communities.

However, such a facility does not come without challenges. The two biggest challenges are identifying and acquiring a suitable location with sufficient capacity for users that is both accessible and convenient, and securing the significant amount of funding that will be required.

While we are aware of the pressing need for such a facility, we would appreciate your feedback on the best location for this facility in order to meet the demand in our local board area.

### What do you think?

Have we got our priorities right?

- Do you support locating the sub-regional multi-use, multi-sport indoor facility in Whenuapai to cater to the North West, as opposed to Albany for the North Shore?
- Are there any areas you think the Upper Harbour Local Board should invest in to improve “street to street” cycling and pedestrian connections through our local parks and reserves?
- Do you support construction of a coastal walkway between Limeburners Reserve and Marina View Drive?
- Do you support a focus on restoration planting to protect Upper Harbour reserves? If so, which areas do you think are of higher priority?

## 6.18 Waiheke Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

Our 2018/2019 local board agreement sets out what we propose to deliver in your local area this financial year. This is the first financial year of the Waiheke Local Board Plan 2017 and the council's 10-year Budget 2018-2028.

This year we want to continue to deliver the projects you've identified as being the most important, so we are not proposing major changes to our 2018/2019 budgets or work programme.

Below is a summary of our priorities for the year - we look forward to hearing your views.

### What we propose in your local board area in 2018/2019

In 2018/2019 we plan to invest \$1.5 million to renew and develop assets and \$6.0 million to maintain and operate these assets in your local board area as well as prioritise other local initiatives you've told us are important. These include:

- progressing plans for a community swimming pool, noting ongoing local budget will be required to offset any debt funding
- partnering with our community to develop and begin implementing a Waiheke Island pest-free plan
- implementing the Little Oneroa Concept Plan including renewing playground facilities, dune protection, coastal and stream planting and improving access to the reserve
- developing a Housing Strategy and progressing key actions which meet identified housing community needs
- creating a youth space in collaboration with our local schools and youth representatives.

We will also ensure Essentially Waiheke is recognised as a core strategic document during the development of any regulatory frameworks including design guidelines and any future Hauraki Gulf Islands District Plan review.

These proposals do not include any significant changes to what we planned to deliver in the Long-term Plan 2015-2025.

### Our key advocacy project

Our key focus will be advocating to the Governing Body to include funding in the 10-year Budget for implementation of the Matiatia Strategic Plan that is currently being developed. This funding is in addition to any Auckland Transport budget.

The plan will include actions to better address traffic and public transport flows and to create safer, more functional facilities for pedestrians and cyclists. It will set out plans to provide visitor services that are easily accessible, and initiatives to enhance and protect the heritage and environmental values our community has for the Matiatia area.

### What do you think?

'Have we got our priorities right?'

DRAFT

## 6.19 Waitākere Ranges Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction for the local board. We are seeking your input on our priorities for the 2018/2019 financial year.

### Message from the Chair

The key regional issues in Auckland Council's 10-year Budget are really important for our local area this year and I encourage you to make a submission.

Kauri dieback is a clear and present danger. Overall funding levels for Auckland's environment will also be a pressing concern for many local people, especially the question of 'how much' for the Waitākere Ranges Heritage Area.

In 2018 we expect the second Waitākere Ranges Heritage Area Monitoring Report to once again highlight challenges for our area. Locally we see visible benefits from council and communities working together to address local issues, for example weed buffer zones and the 'My Backyard' climbing asparagus eradication project. However, last year our regionally funded dedicated heritage area budget reduced by \$100,000 to \$132,000. This has had a flow on effect to some programme activities and has impacted how we allocate our locally discretionary spending as we struggle to fill these gaps.

There is a regional proposal in the 10-year Budget to significantly increase overall budget for the environment. We support this happening, and we will continue to advocate for a proportion of environment funding to be specifically allocated for the local board for use in the heritage area.

It was clear from our local board plan consultation that upgrading and reinvigorating Glen Eden town centre is important to you, and it remains important to us. We will advocate to the Governing Body to have funding included in the 10-year Budget for development of the Glen Eden urban design framework and implementation plan to improve the look and feel of our public spaces.

Whatever the outcome, we will plan to make changes to the town centre over the next few years using our existing budgets.

Ngā mihi

Greg Presland

### What we propose in your local board area in 2018/2019

This year, we are not proposing to make any major changes to what was signalled in last year's annual plan.

In 2018/2019 we plan to invest \$2.6 million to renew and develop assets and \$10.1 million to maintain and operate these assets in your local board area as well as provide other local initiatives you've told us are important.

Other local initiatives include:

- continuing advocacy to seek an increased level of funding to be made available for heritage area programmes under the local board's decision making control
- finalising a Waitākere Ranges 'greenways' plan', that will identify a network of local walking and cycling connections, and prioritising investment areas for improving these opportunities to get around without a car
- making improvements, such park benches, to some of our small Glen Eden parks so that they are more user-friendly.

## Our key advocacy project

This year, we have advocated for the Glen Eden Urban Design Framework and Implementation Plan to be fully funded in the 10-year Budget.

This plan, created in 2013, proposes streetscape improvements, better walking and cycling connections throughout the town centre, and creating social spaces for events and people to meet.

We have a clear commitment to improving the Glen Eden town centre, and community feedback on tells us that this is strongly supported.

Once we know the outcome of the 10-year Budget process we will be able to make more specific plans around the town centre. While we wait, we will continue to support activation of the town centre through local events such as the business improvement district's Wheels Out West, the community Christmas parade, and arts activation through our arts partners.

## What do you think?

Have we got our priorities right?

- Do you support advocating for a regional increase to the dedicated Waitākere Ranges Heritage Area budget for locally driven projects?
- To help us as we finalise and implement the Waitākere Ranges-wide greenways plan, what could be done to make it easier for you to walk and cycle more?
- To help us improve small urban parks in Glen Eden, what would make you spend more time in them?

## 6.20 Waitematā Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 local board plan, which sets our three-year direction. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

We have recently consulted with you during the development of our 2017 local board plan. This plan has now been adopted and will guide our priorities for the next three years as we respond to more people choosing to live, work, visit and study in Waitematā.

We propose to focus on restoring key waterways, maintaining our community facilities and providing cycling and walking greenways. We will continue to activate and improve our local parks and to advocate for the development of a new civic space at 254 Ponsonby Road.

You have told us that you would like us to support the vulnerable and rough sleepers in the inner city. One way that the local board can support rough sleepers as well as cater for other visitors to the city centre is through awareness raising and provision of public facilities. We would like your input about whether we should contribute funding towards this.

Hearing from you is important as it helps us understand the community's views and ensures that we deliver the projects and initiatives you value the most. We welcome your involvement as we finalise our proposed budget priorities for 2018/2019.

### What we propose in your Local Board Area in 2018/2019

We plan to invest \$41.5 million (\$7.4 million capex and \$34.1 million opex) to renew, maintain and operate assets in your local board area as well as provide other local initiatives.

Our priorities for the 2018/2019 budget include:

- continue to improve and activate our local parks in line with the adopted development plans (available on the Auckland Council website). New areas of focus include creating a pathway, improving drainage and investigating the need for a playground at Basque Park. At Heard Park in Parnell we plan to upgrade onsite facilities to provide a more usable space for recreation and events
- restore Waiparuru, Waipapa and Newmarket Streams in collaboration with residents, community groups and iwi and partner with Albert-Eden and Puketāpapa Local Boards to develop a protection and restoration strategy for Meola and Motions Creek catchments and the Three Kings to Western Springs Aquifer Initiative
- continue to improve our transport network by using our Transport Capital Fund to deliver safe and high amenity walking and cycling options, such as the connection from Newmarket to Parnell through the old Parnell rail tunnel, as set out in the Waitematā Greenways Plan 2013, streetscape improvements and slow traffic zones in residential areas
- raise awareness and enhance provision of city centre facilities based on a needs and gaps assessment. Examples include toilets, showers, lockers, drinking fountains and device charging stations
- work towards the elimination of agrichemical spraying at our local parks. Given financial constraints we propose to make Albert Park and Myers Park agrichemical spray free in 2018/2019.

### Our key advocacy project

A full site civic and green space at 254 Ponsonby Road will provide a much-needed area for the community's growing population.

We are seeking the Governing Body to include \$5.5 million in the 10-year budget for stage 1 of this project. The first stage includes the delivery of a civic and green space, the repurposing of the existing canopy structure for markets and events and the development of public toilet facilities. Stage 2 will repurpose the existing building and improve the adjoining streetscape. Potential funding options for stage 2 include our Auckland Transport capex fund and other alternative funding sources.

Please see [the Waitematā Local Board page](#) for further information.

### What do you think?

Have we got our priorities right? Please provide feedback.

- Do you support the 10-year Budget to include first stage funding to create a full site civic space at 254 Ponsonby Road?
- Should we expand our waterways restoration programme in 2018/2019 to include Waiparuru Stream (Grafton Gully) and partner with Albert-Eden and Puketāpapa Local Boards to develop a protection and restoration strategy for the Waitītiko, Waiateao (Meola and Motions Creek catchments) and the Three Kings to Western Springs Aquifer?
- How do you think we should prioritise our Auckland Transport capex fund over the next three years? Options include:
  - improved walking and cycling infrastructure though completing greenways routes, such as the connection from Newmarket to Parnell through the old Parnell rail tunnel
  - streetscape improvements
  - implement slow traffic speed zones in residential areas
- Do you support allocating funding towards raising awareness and enhancing provision of city centre public facilities? If so, what kind of facilities should we prioritise?
- The elimination of agrichemical spraying may have some impact on the visual presentation of the parks and reserves. Do you support the local board allocating \$40,000 funding for agrichemical free weed control methods in specific parks such as at Albert Park and Myers Park in 2018/2019?



## 6.21 Whau Local Board supporting information

Each year we plan the projects and initiatives we will deliver in your local board area. These are based on our 2017 Local Board Plan, which sets our three-year direction. We are seeking your input on our proposals for the 2018/2019 financial year.

### Message from the Chair

Having recently completed our local board plan 2017, we are now developing the annual budget to deliver the plan for the 2018/2019 year. This covers a wide range of activities including library programmes, parks, events, grants, environmental restoration, neighbourhood development and recreation.

Our future focus is on:

- town centre developments in Avondale and New Lynn
- park improvements across the Whau particularly in Blockhouse Bay, Green Bay and Kelston
- a replacement, expanded Avondale community facility
- programmes to reduce water pollution and to plant more trees
- local cycling and walking connections including Te Whau Pathway and the New Lynn to Avondale shared path
- neighbourhood events and projects in Bollard-Methuen Road, Glenavon and Green Bay.

We are also looking how we can encourage more local businesses and jobs as well as looking at what we can do locally to support the Government's initiative's to address climate change.

A major focus will be advocating to the Governing Body for funding for a Whau pool and recreation centre in the 10-year Budget.

Please have your say on our proposals through our submission forms and at our meetings. I can assure we do listen.

### What we propose in your local board area in 2018/2019

We plan to invest \$16.8 million to renew and develop assets and \$11.6 million to maintain and operate assets as well as provide the local programmes and initiatives that you've told us are important.

Regarding our assets we will:

- construct a replacement community facility in Avondale
- upgrade playgrounds including Archibald and sports fields at Olympic Park, Blockhouse Bay Recreation Reserve, Brains Park and Ken Maunder Park
- develop Te Whau Pathway boardwalks and renew park walkways in Tony Segedin, Blockhouse Bay Recreation, Rizal, Taramea and Waititi reserves
- renew park car parks at Golf Road Domain and Wingate Reserve and fences at Blockhouse Bay Recreation and Beach Reserves.

We also plan to:

- strengthen and connect our diverse communities delivering on our ethnic peoples plan
- seek increased care and protection for our significant trees
- work closely with BIDs and foster quality town centre development and improvements to transport centres
- look at new projects that move Whau to "lower carbon" living.

## Our key advocacy project

Our advocacy focus is for a new pool and recreation centre in the Whau to fill the gap between neighbouring services in Mount Albert and Henderson.

The facilities in our neighbouring communities are often over crowded already and with large increases in our population expected, suitable land is fast disappearing.

We will advocate to the Governing Body to include funding for a community pool complex, including exercise rooms and two indoor courts, in the 10-year Budget. Due to the high need, we would like funding to be in the first five years of the budget.

## What do you think?

- Have we got our priorities right?
- Do you support building the Whau pool and recreation centre?
- What should the board focus on to strengthen and connect our diverse communities?
- How should the Board progress increased care and protection for our significant trees?
- What would make our town centres and our transport centres outstanding?

## Section 7: Additional supporting Information



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## 7.1 Transport funding

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### Purpose

1. This report covers the options for additional funding for the investment in transport infrastructure.

### Summary

2. A key issue facing Auckland in the next 10 years is funding appropriate levels of transport infrastructure to address both a historic under investment and the ongoing and significant population growth that Auckland is experiencing.
3. The level of investment that the council wishes to support is partially dependant on the choices of funding mechanisms that can be publicly supported and practically implemented. Borrowing without a corresponding increase in revenue is not an option because the council is nearing its prudential debt to revenue limit.
4. There are three key options for council to raise extra revenue to fund additional transport infrastructure:

#### Short to medium term (for this 10-year Budget)

- Rates – including an extension of the current Interim Transport Levy, a targeted rate for transport infrastructure
- Regional Fuel Tax – currently being mooted at a level of approximately 10 cents per litre

#### Longer term

- Road pricing – work done by the Independent Advisory Board in 2015 recommended a motorway charge to be set at either a flat rate of \$2 or variable rates depending on time of travel. More recently, the council and central government have commenced a joint project to progress a range of transport pricing options.
5. These options are not mutually exclusive. For example, an extension of the Interim Transport Levy could be used until a Regional Fuel Tax is able to be implemented, and the introduction of such a tax would not preclude work on a future road pricing option that may ultimately deliver highly efficient travel demand management for Auckland.

### Background

6. Auckland's population has grown by over 45,000 per year for the past two years, and is some four to five years ahead of official population growth projections. This high growth is projected to continue with another 293,000 people expected in the next 10 years.
7. This level of growth is placing a large demand on the existing infrastructure, particularly transport infrastructure. Substantial investment is required to slow down the pace at which our roads are getting congested. The Auckland Transport Alignment Plan (ATAP) represents a high level agreement between the government and Auckland Council on the strategic objectives for future transport programmes. As part of the ATAP process a funding gap of \$4 billion was identified, which has subsequently risen to \$5.9 billion. The new government will be reviewing ATAP in the first quarter of 2018 and there will be some changes to priorities, however, the extent of the funding gap is expected to remain at similar levels.
8. Additional funding of this significance cannot be supported within the proposed 2.5 per cent and 3.5 per cent forecast rate increases. Therefore, new funding tools and/or additional revenue will be required.
9. The issue of transport funding has been subject to a significant amount of study and consultation over recent years. In particular:

7.1 Transport funding

- a) A Consensus Building Group (CBG) was appointed to investigate different options to fund the gap between the council's "basic" transport plan and the Auckland Plan transport plan. The CBG completed its initial investigation into alternative transport funding pathways in July 2013. The CBG recommended the council further investigate two options to fund the gap between the "basic" transport programme and the higher level of investment envisaged in the Auckland Plan. One funding option would rely on higher rates, fuel taxes and fare revenue from public transport users. The other option would rely on some form of road pricing and additional government contributions.
  - b) Auckland Council then appointed an Independent Advisory Board (IAB) to further investigate the CBG recommended alternative funding options. This analysis was published in the supporting information for the council's consultation document on the Long-term Plan 2015-2025 (LTP).
10. Public consultation, carried out as part of the LTP 2015-2025, clearly signalled a willingness to pay for increased transport investment. The Council introduced the Interim Transport Levy (ITL) from 1 July 2015, for three years, with the expectation that other funding tools, such as road pricing, would become available in that period.
11. The ITL has enabled an increased level of investment in transport over the three year period, but this still falls well short of the programme envisaged through the ATAP work. The termination of the ITL on 30 June 2018 further exacerbates the funding shortfall.

**Options**

12. The level of investment that the council wishes to support is partially dependant on the choices of funding mechanisms that can be publicly supported and practically implemented. Borrowing without a corresponding increase in revenue is not an option because the council is nearing its prudential debt to revenue limit.
13. There are three key options for council to raise extra revenue to fund additional transport infrastructure:
- a) Rates - including continuing with a targeted transport rate such as the ITL
  - b) Introducing a Regional Fuel Tax
  - c) Other road pricing options – such as motorway user charging.
14. A full analysis of these funding options as required by section 101(3) of the Local Government Act 2002 is attached at Attachment A. The key issues for each are set out below.
15. While other road pricing options (option c) are under active consideration, they are not able to be introduced in the short term and are therefore not included in this 10-year Budget for consultation.

Targeted transport rate

16. The ITL was set for three years to raise \$181 million (approximately \$60 million per annum). Along with additional borrowing of \$122 million and \$215 million from NZTA and central government, the ITL helped fund an accelerated transport program. The levy was \$113.85 (including GST) for residential and farm/lifestyle ratepayers and \$182.85 (including GST) for business ratepayers.
17. The levy was set as an interim measure to allow time for the council to work with government to establish alternative sources of funding for transport such as a motorway toll or a regional fuel tax. Both the motorway toll and fuel taxes make a stronger connection than a targeted rate between those who will benefit from transport investment and those who will fund it.
18. The new government is indicating a willingness to enable the implementation of a Regional Fuel Tax by 1 July 2018, however it may still be necessary to continue with a form of targeted transport rate in the short term should there be any significant delay to the legislation to enable a Regional Fuel Tax.
19. The key issues that were considered in setting the current ITL, and that will be considerations for any extension of the ITL are:

- a) Whether the additional transport investment should be funded from general rates or a targeted rate applied across the region:

A targeted rate provides more transparency and accountability as it can only be used to fund the projects it was raised for. An increase in general rates would have greater impacts on some ratepayers than others i.e. businesses (particularly large businesses) and high value properties in the residential and rural/lifestyle sectors.

- b) How any targeted rate should be shared between business and non-business (residential and farm/lifestyle) ratepayers:

The business sector contributes 14.6 per cent of the current ITL revenue. The case for the business sector to pay more would be supported by the considerations that – many businesses will get more benefit from improved transport system and/or impose more costs on the system; businesses can claim the GST on rates and claim rates as a business expense for tax purposes. On the other hand businesses are already paying a higher share of the general rate than the target share set in the long term differential strategy.

- c) How the rates requirement should be shared within the business and non-business ratepayer groups:

The key consideration in this area is the impact of a fixed rate vs one set on capital value within each sector. The impacts are the same within each sector i.e. a fixed rate will impact more on lower value properties while a rate based on capital value will have a greater impact on higher value properties. Further detail is provided in Attachment A.

#### Regional Fuel Tax

17. The report of the IAB looked at a funding pathway that included both additional rates and additional fuel tax. The increases signalled at that time to meet the calculated funding gap were 0.9 per cent additional rates increase and 1.2 cents per litre (including GST) of additional fuel tax each year for 9 years.
18. The current proposal is to raise funds towards the shortfall in transport funding through a Regional Fuel Tax which is proposed to be set at 10 cents per litre (plus GST) immediately, but with no additional rates increases. At this level of tax it is estimated that the net revenue (after non-road user rebates and transaction costs) would be in the range of \$130 - \$150 million per annum.
19. A Regional Fuel Tax spreads the cost of funding transport infrastructure across a wide base of users of the transport system and therefore has a better connection than rates to those who benefit from the investment. There is also likely to be an impact in terms of demand management, with a shift to the use of public transport as the costs of private travel rise.
20. The level of certainty of a regional fuel tax as a funding stream is less than that of rates. Changes in travel behaviour and moves to new technology (such as electric vehicles and hybrids) could have an impact over time.
21. Changes are required to current legislation to enable the implementation of a regional fuel tax. The new government has indicated its support for such a mechanism and the legislative changes required are intended to be introduced by 1 July 2018.

#### Road Pricing

20. The IAB report recommended motorway charging as the preferred option for a long term, sustainable funding stream for transport. The options evaluated as part of the report were charges to be applied to Auckland's motorway network as either:
  - a) A flat rate on all users during the daytime, with night time travel free – this was estimated to be set at a level of \$2

- b) A variable rate depending on the time of travel, with night time travel free – the range of charges was estimated to be between \$1.30 off peak and \$2.80 at peak travel times.
21. These levels of charging anticipated raising \$300 million of additional revenue per annum.
22. As with a regional fuel tax the benefits of improvements to the transport system would be more closely aligned with those using the motorway system.
23. It is likely that the introduction of a motorway charge will result in changes in travel behaviour and that does lead to some uncertainty with the level of revenue initially. However, once stabilised there should be a high level of certainty.
24. Other issues with utilising this method of funding include:
- a) Implementation and transaction costs – there is a significant initial cost of implementing the required technology and ongoing costs of managing the charging regime. The IAB report estimated set-up costs to be approximately \$110 million and transaction costs to be approximately 10-12 per cent of revenue.
  - b) The costs are not as evenly spread as a regional fuel tax, some transport users are able to avoid motorway networks much more easily than others.
  - c) Setting up the motorway charging system is more complex in terms of the legislative process and it would take some time to implement as a solution.
22. While the implementation of road pricing is more complex and more costly, it is seen as a sustainable long term approach to managing congestion and raising revenue. A core part of the ATAP strategic approach is progressively moving to smarter transport pricing, where the cost of travel varies according to location and time to help reduce congestion and improve transport network performance. In June 2017 the Government and Auckland Council commenced joint work on the “Auckland Smarter Transport Pricing Project”, which is investigating whether to introduce pricing in Auckland by developing, testing and analysing a range of different pricing options. A progress report was completed in late 2017, outlining lessons learned from international examples and previous Auckland studies, as well as providing an updated picture of Auckland’s transport future without pricing, and a plan for engaging with the public as the project develops.

#### Possible approach

23. The options outlined above are not mutually exclusive and some combination either simultaneously or sequentially is possible. For example, in the short term a targeted transport rate may be necessary while other options are being explored or set-up for implementation. A regional fuel tax could be implemented relatively quickly, but may be only for a period of a few years while a more permanent road pricing solution is being explored and possibly implemented.

#### **Attachments**

| No. | Title                              |
|-----|------------------------------------|
| A   | Statutory decision-making criteria |



## Attachment A: Statutory-decision making criteria

In determining its funding sources for an activity the council must consider the criteria in the Local Government Act 2002 below.

1. When deciding from what sources to meet its funding needs, council must consider the matters set out in section 101(3) of the Local Government Act 2002.
2. For the proposed options to fund additional transport investments, council must consider, in relation to this activity:
  - the community outcomes to which the activity primarily contributes
  - the distribution of benefits between the community as a whole; any identifiable part of the community; and individuals
  - the period over which the benefits are expected to occur
  - the extent to which individuals or a group contribute to the need to undertake the activity
  - the costs and benefits (including consequences for transparency and accountability) of funding the activity distinctly from other activities.
3. Having considered these matters, the council must stand back and consider the overall impact of any allocation of liability for revenue needs on the community. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

### Assessment of options

The following discussion of the statutory criteria considers the funding options above against the statutory criteria.

#### The community outcomes to which the activity primarily contributes

The community outcomes to which the activity (transport) primarily contributes are set out in the LTP 2015 as:

1. A fair, safe and healthy Auckland – By promoting walking to increase levels of physical fitness
2. An Auckland of prosperity and opportunity – Through moving people and resources efficiently which has a positive impact on productivity
3. A green Auckland – By reducing our reliance on petrol, air pollution and green-house gas emissions
4. A well connected and accessible Auckland – Providing Auckland with an efficient land transport system that encourages increased patronage of bus, rail and ferry services
5. A beautiful Auckland loved by its people – Fundamentally changing parts of our urban built environment

Additional transport investment is vital to achieving the community outcomes above and represents the expenditure most likely to deliver on those goals.

All of these outcomes support Auckland's goal to be a world class city, and suggest a funding mechanism to which everyone contributes. All of the options for additional funding provide for this.

#### The period in or over which the benefits are expected to occur

The assets to be built with additional funding will deliver benefits over their lifetime. It is therefore desirable to meet the capital costs from borrowing. The ongoing interest, operating and replacement costs can be funded from any annually collected revenue stream. This spreads the costs over the life of the assets. The council's ability to support additional borrowing is constrained without an increase in revenue. All the proposed options for additional revenue support further borrowing and the ability to meet the additional annual costs..

Some of the additional funding may also go towards funding other transport operating expenditure.

**The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals**

An improved transport system will deliver benefits to:

- all users through the improved performance of an interconnected system
- peak time users of currently congested routes, commuters and businesses, through reduced congestion
- all property owners directly benefit through increased property values, although this benefit is not immediately realisable.

Each of the funding options is assessed for its connection with the beneficiaries of additional transport investment.

| Option                                                 | All users                                                                                                                                                                                                                                                  | Peak users of congested routes                                                                                                                                | Property owners                                                                                                                                                        |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>General rates</b>                                   | No connection with use of transport system or congested routes                                                                                                                                                                                             |                                                                                                                                                               | All property owners although those whose property can directly access less congested routes or are located near transport infrastructure investments will benefit more |
| <b>Targeted rate</b>                                   | No connection with use of transport system or congested routes                                                                                                                                                                                             |                                                                                                                                                               | All property owners although those whose property can directly access less congested routes or are located near transport infrastructure investments will benefit more |
| <b>Targeted rate (increased business differential)</b> | In general higher payments by business provide a connection to the greater potential for businesses to benefit from improved transport through lower costs                                                                                                 |                                                                                                                                                               | All property owners although those whose property can directly access less congested routes or are located near transport infrastructure investments will benefit more |
| <b>Regional fuel tax</b>                               | Road users will make a greater contribution through higher fuel purchases. Their contribution will scale with use. Users of other transport modes (passenger transport, walking and cycling) will also benefit however they will not face additional costs | No connection although they will receive additional benefits through reduced congestion due to additional investment in transport infrastructure and services | No connection although they may receive additional benefits as outlined above                                                                                          |
| <b>Road pricing</b>                                    | All users will benefit from an improved transport system but only those using routes subject to road pricing will pay                                                                                                                                      | Strong connection between use of congested routes and payment                                                                                                 | No connection although they may receive additional benefits as outlined above                                                                                          |

**The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity**

The costs associated with transport investment are driven by users. Users can be differentiated by:

- impact on road design and maintenance – roads designed for heavy vehicles require greater capital investment and heavy vehicle movements raise maintenance costs

- congestion – higher use of congested routes requires greater investment in road and public transport capacity
- volume of travel – those using the system more place extra demand on investment and maintenance than lower users.

Each of the options is discussed in the table below in terms of how well it connects with drivers of transport system costs.

| Option                                                 | Impact on road design and maintenance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Congestion costs                                                                                                                             | Volume of travel                                                                                                                                                           |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>General rates</b>                                   | <p>No connection to demand placed on the transport system by ratepayers within general rates differential groups. High and low users within each differential aren't differentiated by the capital value that determines their share of general rates</p> <p>Higher general rates differential for business reflects in part the increased infrastructure costs required to support heavy vehicle movements. However, the differential doesn't reflect actual use of transport system by owners of individual properties</p> |                                                                                                                                              |                                                                                                                                                                            |
| <b>Targeted rate</b>                                   | Connection between those paying the targeted rate and those placing costs on the transport system is weaker than general rates option                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                              |                                                                                                                                                                            |
| <b>Targeted rate (increased business differential)</b> | <p>Similar to general rates</p> <p>Higher rates paid by business provide an indirect connection to the greater costs businesses place on the transport system through use of heavy vehicles</p>                                                                                                                                                                                                                                                                                                                              |                                                                                                                                              |                                                                                                                                                                            |
| <b>Regional fuel tax</b>                               | Heavy vehicles generally use more fuel and will pay more than lighter vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                               | No connection between payment and use of congested areas                                                                                     | Higher volume road users will consume more fuel and pay more fuel tax                                                                                                      |
| <b>Road pricing</b>                                    | No connection unless pricing set differentially for heavy vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>Strong connection between use of congested routes and payment</p> <p>Payment provides an incentive to use alternative transport modes</p> | <p>Strong connection between payment and volume of use of congested routes</p> <p>No connection with costs imposed on parts of the network not subject to road pricing</p> |

#### The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

Each of the options is discussed against this criterion in the table below.

| Option                                       | Transparency                                                                                                                                                                                                                              | Administration costs      | Accountability                                                                      |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------------------------------------------|
| <b>General rates</b>                         | No change from status quo.<br>Less transparent than alternative funding options                                                                                                                                                           | No additional costs       | No change from status quo                                                           |
| <b>Targeted rate (differentiated or not)</b> | Improves transparency of decision making for additional funding. Ratepayers will be able to clearly see exactly how any additional funding provided will be used. This will make it easier for them to express a preference on increasing | No change from status quo | Revenue raised from a targeted rate can only be used for the purpose it was raised. |

| Option                   | Transparency                                                                                                                                                                                                                                         | Administration costs                                                                                                                                                                                                                                                                                                                                                                                                    | Accountability                                                                                                            |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
|                          | funding                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                           |
| <b>Regional fuel tax</b> | Improves transparency of decision making on additional funding. Fuel buyers will be able to clearly see that additional funding will be used for transport projects. This will make it easier for them to express a preference on increasing funding | <p>The RFT estimated set up and running costs are:</p> <p>\$500,000 one off cost for a rebate system</p> <p>\$500,000 pa staff costs for processing the RFT</p> <p>\$3 million pa transaction cost based on the estimated amount of rebates.</p> <p>These costs are expected to be funded from the RFT revenue</p> <p>Any increased admin costs will be funded from the fuel tax revenue</p>                            | If funding from a regional fuel tax is tied to supporting additional transport investment accountability will be improved |
| <b>Road pricing</b>      | Improves transparency of decision making on additional funding. Road users will be able to clearly see that additional funding will be used for transport projects. This will make it easier for them to express a preference on increasing funding  | There are significant initial costs to implement the required technology and ongoing costs of managing a road charging regime. The IAB report estimated set-up costs to be approximately \$110 million and transaction costs to be approximately 10-12% of revenue. Setting up the motorway charging system is more complex in terms of the legislative process and it would take some time to implement as a solution. | If funding from road pricing is tied to supporting additional transport investment accountability will be improved        |

### Consideration of overall impact

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council's funding decisions as a whole, not just in relation to this activity.

The overall affordability of any increase in funding demands on the community needs to be assessed against the pressing need for more transport investment to accommodate the demands of growth. Investment in more efficient transport:

- provides benefits to the environment
- improves the everyday lives of residents
- supports growth in business profitability
- facilitates the opening up of more land for development thus easing the pressure on housing.

The table below assesses the affordability for business and non-business ratepayers for each of the funding options. The impact is presented in terms of ratepayer groups for ease of reference. The commentary identifies key issues within those groups.

| Option                                                                                                                 | Affordability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                        | Non-business<br>(Residential and farm/lifestyle)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Businesses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>General rates</b>                                                                                                   | Minor overall reduction in rates as non-business share of general rates is lower than current share of ITL.<br>Lower value properties will have reduced costs and higher value properties increased costs as general rates are shared within differential on capital value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Overall Increase in rates as business share of general rates is higher than current share of ITL. Lower value properties will have reduced costs and higher value properties increased costs. Cost would rise substantially for higher capital value businesses                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Targeted rate (current ITL)</b>                                                                                     | No change as this is a continuation of the current ITL.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Targeted rate (increased business differential)</b>                                                                 | Overall a minor reduction in the level of the rate if the targeted rate is applied as a fixed amount, as the business sector will pay a greater share.<br>Allocation by capital value would lead to a reduction for lower value properties and major increase for higher value properties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Increased costs for sector as a whole but relatively minor if the targeted rate is applied as a fixed amount.<br>Allocation by capital value would lead to a reduction for lower property value businesses and major increase for higher value properties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Regional fuel tax</b>                                                                                               | Motorists travelling an average of 15,000 km a year in an average fuel economy vehicle would face additional costs of around \$120-\$140 annually. The effects will be felt more by lower income households who would be required to spend a greater portion of household income in transport costs. The IAB estimated that Auckland's most vulnerable households would pay 15% of the additional charges.                                                                                                                                                                                                                                                                                                                                                                                               | Affordability for businesses will vary widely depending on the nature of activity<br>Businesses can expense fuel and claim back GST reducing the impact of the fuel tax<br>Businesses are better placed to directly financially benefit from improved transport system performance to compensate for any additional costs.<br>The business sector will face a \$51 million (1.1%) increase in overall transport costs. However, offsetting higher fuel prices it is estimated that savings (primarily travel times) are expected to be \$311 million. However, these savings will not be distributed evenly across all businesses.<br>In particular the commercial transport sector would save around \$10 million                       |
| <b>Road pricing (the affordability impact of road pricing is based on the IABs analysis of a motorway user charge)</b> | Frequent motorway users account for around 6-8 per cent of Auckland's households. They would contribute around 26-30 per cent of the required additional revenue from a motorway user charge.<br><br>Most households would alter their travel behaviour to minimise the charges they incur. After doing this, the average household would pay motorway charges of approximately \$345-371 per year depending on the type of motorway scheme. Households that change their travel behaviour may make savings on fuel use, parking fees, or vehicle maintenance requirements which will partially offset the cost of motorway charges.<br>Some households will pay significantly more than the average, while others will pay significantly less. Around 2.2-2.5 per cent of households would experience a | Impact would depend on which transport routes businesses used<br>Businesses using priced routes would directly benefit from demand management reducing congestion reducing delivery times and fuel costs.<br>The business sector would pay 41-46 per cent of additional charges, leading to extra transport costs of between \$125 and \$145 million, 2.5-3.0 per cent of overall transport costs.<br>These costs will be offset by travel time savings from transport improvements and reduced congestion. The savings are estimated to be \$303 – \$314 million. However, these savings are not distributed evenly across all business sectors.<br>In particular the commercial transport sector would save approximately \$11 million |

| Option | Affordability                                                                                                                                                                                                                                                                                                                                                                                                 | Businesses |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
|        | <b>Non-business<br/>(Residential and farm/lifestyle)</b>                                                                                                                                                                                                                                                                                                                                                      |            |
|        | <p>disproportionate financial impact, but the majority would experience a low financial impact.</p>                                                                                                                                                                                                                                                                                                           |            |
|        | <p>Auckland's most vulnerable households would pay 11 per cent of the additional charges. Around 3.4-3.9 per cent of low-income households would experience a high financial impact under this option, possibly because they do not have a choice about when they travel, how they travel or the route they take.</p> <p>The average low-income household would pay \$140-160 per year under this option.</p> |            |

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## 7.2 Financing growth infrastructure

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### Purpose

1. To outline the options and implications of proposed changes to the council's financial strategy in relation to financing infrastructure necessary to support new housing and business developments.

### Summary

2. The Auckland Unitary Plan has provided sufficient zoning capacity to support substantial amounts of new housing development. However, the capacity of infrastructure needed to support these new houses is a constraint.
3. The infrastructure required to support growth includes arterial roads, public transport works, stormwater drains, sewer mains, pump stations, reservoirs, water mains, parks and community facilities.
4. Auckland Council's current financial strategy is to primarily finance this kind of housing-related infrastructure through borrowings which are repaid over time from development contributions or Watercare's infrastructure growth charges which are paid by developers as and when they develop their land.
5. While this general approach will continue, there are several reasons why we need to consider making some adjustments:
  - a) the infrastructure costs per dwelling in some areas are considerably higher than our current charges and so some pricing increases will be necessary
  - b) the council faces borrowing constraints
  - c) many growth infrastructure projects also provide benefits to existing dwellings, and it is not appropriate to recover all of the infrastructure costs through development contributions which are charged on new developments. These infrastructure projects can only proceed if another funding source is available to cover the gap in funding.
  - d) charging large one-off payments when developers choose to develop their land may incentivise land banking rather than early release of land supply to market.
6. To complement and enhance our existing approach, we are proposing to:
  - a) review development contribution pricing in key growth areas
  - b) be ready to introduce new growth infrastructure targeted rates in key growth areas
  - c) work with central government on the establishment of new legal entities to take a lead role in financing this infrastructure in a way that doesn't rely on significant increases in council debt.

### Background

#### The growth challenge

7. Auckland faces significant challenges in funding its critical infrastructure, including its transport and wastewater network. Auckland's population has grown by over 45,000 per year for the past two years, and is some four to five years ahead of official population growth projections.
8. Given these pressures, Auckland Council is firmly committed to increasing the supply of land for housing, as evidenced by the significant lift in zoning capacity enabled by the Auckland Unitary Plan. However, the council's lack of debt headroom is constraining our ability to provide the necessary infrastructure to service this land.

Current financial strategy and funding policy

9. The current financial strategy provides that the costs of growth will be met by those who are benefiting from that growth. When the council invests in infrastructure to support growth the beneficiaries are:
  - a) land owners whose properties rise in value as they can now be developed
  - b) developers who undertake construction
  - c) future buyers of the homes constructed.
10. The council presently uses development contribution and Watercare's infrastructure growth charges as its primary tools to fund growth infrastructure, but can also use targeted rates.

Development contributions

11. Development contributions are only payable on development. If no development occurs then no payment is required. Developers can adjust the timing of development and their liability for development contributions to match the market and their cash position. However, this means that the council sometimes has to make major investments in infrastructure with no certainty of when costs will be recovered.
12. Development contributions are currently widely used and the current contribution policy aims to fund \$2.2 billion of growth infrastructure assets over 10 years. While this will provide substantial infrastructure capacity to support new development across the Auckland region, it is not sufficient to keep pace with infrastructure demand in all areas, particularly in the greenfield areas where current infrastructure capacity is very low.
13. The average development contribution charge is currently \$19,990 plus GST per household unit.

Infrastructure growth charges

14. Infrastructure growth charges are very similar to development contributions except that they are charged directly by Watercare Services Limited on connection to the water and wastewater networks.
15. Infrastructure growth charges are expected to be able to fund around \$1 billion of growth infrastructure assets over ten years. Again, while this will provide substantial additional capacity across the Auckland region, it is not sufficient to enable accelerated development in every location where land owners want to commence development.
16. The infrastructure growth charge for the metropolitan area is currently \$11,340 plus GST per household unit.

Growth infrastructure targeted rates

17. Targeted rates can be struck before development occurs and even before infrastructure is built. They are then collected whether development proceeds or not. Targeted rates provide the council with a certain revenue stream.
18. Targeted rates discourage land banking because they raise the costs of holding undeveloped land. However, implicit in higher holding costs is an element of compulsion. Targeted rates push land owners to develop to a timeframe that may not be their preference.
19. There are some practical implications that will need to be considered as part of any proposal to implement targeted rates. These include:
  - Ensuring appropriate timing and duration of any targeted rate e.g. balancing the timing of councils need to fund infrastructure with the developer's ability to commence development
  - Finding the fairest way to distribute the costs of development between landowners where there may be quite disparate values and benefits because of existing development, geography etc.
  - Managing the impact on existing residents who may be within a development area but not have the ability and/or desire to develop their own property



- Ensuring that future purchasers are aware of the additional rating obligations.

A fuller discussion of these issues is attached as an Appendix.

20. While the council's Revenue and Financing policy has recently been amended to provide for the use of targeted rates to fund growth infrastructure, no such rates have yet been implemented. As proposals for individual areas are developed, appropriate tools for managing the issues outlined above will be recommended.

#### Infrastructure demand in key growth areas

21. Auckland Council's strategic growth planning envisages that 60 per cent of Auckland's future growth will occur in existing urban areas. A key focus is currently Housing New Zealand's intended large scale redevelopment activity in areas such as Mt Roskill, Mangere, Favona and Northcote where they have a high concentration of housing stock. Auckland Council is currently working with Housing New Zealand and its subsidiary Homes. Land. Community (HLC, formerly Hobsonville Land Company) to determine the additional growth infrastructure requirements to support these redevelopment plans.
22. The remainder of Auckland's growth is expected to occur in rural and coastal areas (15 per cent) and on around 15,000 hectares of land identified in the Auckland Unitary Plan (AUP) as areas for future urban growth (25 per cent). These future urban areas are located primarily in:
- Kumeu, Whenuapai and Redhills in the Northwest
  - Silverdale, Dairy Flat, Wainui and Warkworth in the North
  - Pukekohe, Drury, Paerata and Takanini in the South.
23. Auckland Council is currently working with central government on a business case for \$300 million of growth infrastructure over the next 10 years to support an estimated 10,500 additional houses in Whenuapai and Redhills. The government has agreed in principle to provide some support with financing this infrastructure through its Housing Infrastructure Fund. While this financing support will enable this infrastructure to be provided earlier, it does not remove the need for Aucklanders to ultimately bear the cost.
24. Auckland Council has also been working closely with central government on finding a way to enable investment in \$600 million of growth infrastructure to support 5,500 additional houses in Wainui in Auckland's North and 17,800 houses in the South.

#### Investment partnership model

25. Work on the infrastructure investment for the North and the South has focused on a new investment partnership model, with this work now being led by Crown Infrastructure Partners.
26. Significantly, work on this model has focused on ways in which the accelerated investment can proceed without significant impacts on Auckland Council's balance sheet.
27. It has also focused on ways in which significant third party private sector capital can eventually be used to finance this infrastructure rather than Crown capital. All parties involved see significant opportunity to apply this model to finance a wide range of housing enabling infrastructure in other greenfield and brownfield intensification areas.
28. As with the Housing Infrastructure Fund approach, this new financing approach would not remove the need for Aucklanders to ultimately bear the cost of the infrastructure.
29. A specific example of a large scale infrastructure project that this model could be applied to is Watercare's \$1.1 billion Central Interceptor wastewater project. This project will facilitate the substantial intensification of large parts of the Auckland isthmus. It will also reduce the significant wastewater overflows into our harbours.

30. Financing the Central Interceptor project through an investment partnership model would free up council debt headroom, and this headroom could then be utilised to progress transport and housing outcomes for Auckland.

### Options

31. The main options are:

**Option One:** Do nothing – growth infrastructure investment is not built at the pace needed to keep up with demand. This is likely to exacerbate existing housing issues.

**Option Two:** Adopt a strategy of using higher development contributions and infrastructure growth charges in the key growth areas to help pay for the additional infrastructure.

**Option Three:** Adopt a strategy of being ready to implement new infrastructure targeted rates alongside existing development contributions and infrastructure growth charges in the key growth areas to help pay for the additional infrastructure.

**Option four:** In conjunction with options (ii) and/or (iii) implement an investment partnership model to finance growth infrastructure.

32. Attachment A sets out the key implications of these options.
33. The council is proposing to proceed with a combination of options (ii), (iii) and (iv) to maximise our ability to provide the critical infrastructure needed to address Auckland's urgent housing issues.
34. A combined approach allows the mix of targeted rates and development contributions to be customised for each growth area based on its own unique set of circumstances.
35. While we acknowledge that implementing higher growth charges may create affordability issues for some, we consider that it is fair that those landowners who benefit from large increases in land values make an appropriate contribution to the cost of infrastructure that has enabled those large increases. We also consider that there are sufficient tools available to the council to deal with any specific cases of genuine financial hardship.

### Attachments

| No. | Title                                                               |
|-----|---------------------------------------------------------------------|
| A   | Options table                                                       |
| B   | Issues for consideration – targeted rates for growth infrastructure |

## Attachment A: Options Table

| Options       | Description                                                                                                                                                                   | Rationale                                                                                                                                                                                                                                         | Impact on developers/land owners                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Wider policy implications                                                                                         |                                |                       |               |                                                                                                                                                                                    |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------|-------|----------|-------|-------|----------|-----------|-------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Option One:   | Do nothing – growth infrastructure investment is not built at the pace needed to keep up with demand.                                                                         | <ul style="list-style-type: none"><li>Does not impose any additional council charges on anyone</li><li>Leaves it to private landowners to work together to build and finance critical infrastructure to support their developments</li></ul>      | <ul style="list-style-type: none"><li>No additional charges, would only pay current development contributions and infrastructure growth charges if they are able to develop</li><li>Many land owners will be unable to develop due to lack of infrastructure capacity</li></ul>                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"><li>Auckland's housing issues highly likely to be further exacerbated</li></ul> |                                |                       |               |                                                                                                                                                                                    |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Option Two:   | Adopt a strategy of using higher development contributions (DC) and infrastructure growth charges (IGC) in the key growth areas to help pay for the additional infrastructure | <ul style="list-style-type: none"><li>Developers should make a fair contribution to the cost of the infrastructure that enables their development</li><li>Consistent with well-established approach to paying for growth infrastructure</li></ul> | <ul style="list-style-type: none"><li>Developers would pay higher combined (DC plus IGC) charges as follows:<table><tr><th>Area</th><th>Current</th><th>Proposed<sup>1</sup></th></tr><tr><td>North West</td><td>\$30k</td><td>\$40-50k</td></tr><tr><td>North</td><td>\$25k</td><td>\$40-65k</td></tr><tr><td>South</td><td>\$28k</td><td>\$40-55k</td></tr><tr><td>HNZ areas</td><td>\$30k</td><td>\$35-45k</td></tr></table></li><li>Land owners would be able to develop, but would not have to contribute anything towards the cost of the infrastructure until they choose to develop</li></ul> | Area                                                                                                              | Current                        | Proposed <sup>1</sup> | North West    | \$30k                                                                                                                                                                              | \$40-50k | North | \$25k | \$40-65k | South | \$28k | \$40-55k | HNZ areas | \$30k | \$35-45k | <ul style="list-style-type: none"><li>May enable faster housing development</li><li>The use of this strategy may be limited by the availability of council debt headroom</li><li>Potentially creates a greater incentive to land bank rather than release land early for development</li><li>This policy tool does not provide a mechanism to recover any proportion of infrastructure costs that primarily benefit existing housing units</li></ul> |
| Area          | Current                                                                                                                                                                       | Proposed <sup>1</sup>                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                   |                                |                       |               |                                                                                                                                                                                    |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| North West    | \$30k                                                                                                                                                                         | \$40-50k                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                   |                                |                       |               |                                                                                                                                                                                    |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| North         | \$25k                                                                                                                                                                         | \$40-65k                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                   |                                |                       |               |                                                                                                                                                                                    |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| South         | \$28k                                                                                                                                                                         | \$40-55k                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                   |                                |                       |               |                                                                                                                                                                                    |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| HNZ areas     | \$30k                                                                                                                                                                         | \$35-45k                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                   |                                |                       |               |                                                                                                                                                                                    |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Option Three: | Adopt a strategy of being ready to implement new infrastructure targeted rates alongside existing                                                                             | <ul style="list-style-type: none"><li>Land owners should make a fair contribution to the cost of the infrastructure that enables their land to be developed</li></ul>                                                                             | <ul style="list-style-type: none"><li>Land owners would pay new targeted rates in addition to current DCs and IGCs as follows:<table><tr><th>Area</th><th>Proposed new rate<sup>2</sup></th></tr><tr><td>North West</td><td>\$900-\$1,800</td></tr></table></li></ul>                                                                                                                                                                                                                                                                                                                                 | Area                                                                                                              | Proposed new rate <sup>2</sup> | North West            | \$900-\$1,800 | <ul style="list-style-type: none"><li>Likely to enable and incentivise faster housing development</li><li>The use of this strategy may be limited by the availability of</li></ul> |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Area          | Proposed new rate <sup>2</sup>                                                                                                                                                |                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                   |                                |                       |               |                                                                                                                                                                                    |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| North West    | \$900-\$1,800                                                                                                                                                                 |                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                   |                                |                       |               |                                                                                                                                                                                    |          |       |       |          |       |       |          |           |       |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

<sup>1</sup> The cost per house for the infrastructure to support the development of all the land provided for in the Future Urban Land Supply Strategy (FULLS) is in the range of \$80k to \$110k. The costs per house noted in the table have been assessed on a marginal approach based on the infrastructure to support the developments in these areas even though they may benefit from some of the wider investments in the FULLS.

<sup>2</sup> As note 1 above.

| Options             | Description                                                                                                                       | Rationale                                                                                                                                                                                                                                                                                                                                                  | Impact on developers/land owners                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Wider policy implications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                 |       |                 |           |               |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------|-----------------|-----------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | development contributions and infrastructure growth charges in the key growth areas to help pay for the additional infrastructure |                                                                                                                                                                                                                                                                                                                                                            | <table><tr><td>North</td><td>\$1,300-\$3,500</td></tr><tr><td>South</td><td>\$1,100-\$2,400</td></tr><tr><td>HNZ areas</td><td>\$500-\$1,100</td></tr></table> <ul style="list-style-type: none"><li>Rates would apply for a 20 year period from when land is development ready.</li><li>Land owners would be able to develop and would be required to pay regardless of whether they choose to develop now or wait.</li><li>Where land is held in large blocks, the annual targeted rate will also be charged (e.g. a block large enough for 100 houses with a \$2,000 targeted rate would pay \$200,000 per annum)</li></ul>                                                                                                                                                                                                                                    | North                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | \$1,300-\$3,500 | South | \$1,100-\$2,400 | HNZ areas | \$500-\$1,100 | <p>council debt headroom</p> <ul style="list-style-type: none"><li>Targeted rate may unintentionally impact on some smaller landowners in the area that will never develop their land</li><li>However, there are a range of rates policy tools available to the council to address those issues</li><li>Able to also charge a fair share of costs to existing housing units that also benefit from the infrastructure</li></ul> |
| North               | \$1,300-\$3,500                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |       |                 |           |               |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| South               | \$1,100-\$2,400                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |       |                 |           |               |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| HNZ areas           | \$500-\$1,100                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |       |                 |           |               |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Option Four:</b> | In conjunction with options (ii) and/or (iii) implement an investment partnership model to finance growth infrastructure.         | <ul style="list-style-type: none"><li>Enables faster housing development in a way that is not limited by the availability of council debt headroom</li><li>Provides an opportunity for a commercially focused entity with relevant skills and expertise to take a lead role in negotiating infrastructure financing arrangements with developers</li></ul> | <ul style="list-style-type: none"><li>Landowners will be able to negotiate with a commercially focused entity to access infrastructure financing</li><li>Developers / land owners will ultimately need to pay higher charges in some form to cover the cost of the growth infrastructure. This could take the form of higher DCs and/or IGCs, new targeted rates, higher user charges or voluntary payments under a negotiated contract.</li><li>Where private contracts are involved, land owners may need to accept a charge on the land title recognising the obligation</li><li>Charges may be slightly higher under an investment partnership model as investors (whether public or private sector) will require a rate of return on their investment that fairly reflects the risks they are taking around the timing of when they will be repaid</li></ul> | <ul style="list-style-type: none"><li>Likely to enable faster and larger-scale housing development that is not limited by council debt headroom</li><li>A third party (not the council) would take substantial risk such as the risk that development is taken up over longer timeframes than anticipated</li><li>The Auckland Council group will still lead the construction of the infrastructure and will be the long-term asset owner and operator.</li><li>Implementation of the investment partnership model could involve the establishment of a new council controlled organisation.</li></ul> |                 |       |                 |           |               |                                                                                                                                                                                                                                                                                                                                                                                                                                 |

## Attachment B: Issues for consideration – targeted rates for growth infrastructure

Targeted rates provide flexibility to design funding arrangements that can accommodate a wide range of circumstances. A targeted rate can be applied in conjunction with other funding sources to:

- provide revenue security for financing infrastructure
- deliver incentives for land owners to develop
- while recognising the need to accommodate the:
  - cash flows constraints developers work within
  - interests of different land owners
  - interests of future house buyers.

This section addresses some of the key issues the council will need to consider when deciding how to apply targeted rates. Consideration of these matters also highlights areas where changes to legislation would provide the council more flexibility to set targeted rates that address both the council's goals and the particular needs of all interested land owners.

### 1. Timing

The commencement date and duration of a targeted rate will influence its impact on current land owners and future house buyers.

#### Commencement

A targeted rate can be levied at any time from when a decision is made to invest in infrastructure. Once a targeted rate is in place land owners will face an immediate increase in their holding costs and will have to find the cash to meet this additional demand. However, land owners may not be able to develop their land until the plans for infrastructure are finalised and consented or until construction is completed. Depending on circumstances the council has the following options for when it starts to levy a targeted rate. A rate can be applied from when:

- decisions are made to invest in infrastructure in a particular area – allowing funds to accumulate before expenditure is incurred
- infrastructure plans are finalised and consented – allowing developers to secure planning permission and to begin their own investments in readying land for construction
- developers are able to begin making their own investments – which may be triggered by a range of factors
- infrastructure is completed – providing complete certainty that development can proceed.

To start collecting a targeted rate the council will want to consider whether developers face any practical or regulatory barriers that would prevent them from commencing development. The timing of when land becomes “development ready” may differ depending upon the particular circumstances in different parts of the region.

#### Lifespan

The assets that a targeted rate will fund have long lives, for example roads. Accordingly a rate should run over a long time period. There isn't a definitive basis on which to set a repayment period. The council will need to consider this on a case by case basis. The recovery period will generally be over 10 years and more likely 20 years or more given the life of the assets. The choice of lifespan is a balance between faster repayment of debt and higher annual costs for ratepayers.

Many home owners like to pay off their mortgages early and may also wish to discharge the targeted rate liability early. In setting any targeted rates, provision will be made for early payment.

## 2. Sharing the infrastructure costs between land owners

A targeted rate to share the costs of infrastructure between the land owners who will benefit should aim to spread the costs as fairly as is possible. Infrastructure investments to support development provide benefits to current and future land owners:

- by allowing them to realise the uplift in land value from rezoning
- directly in terms of improved services to support a growing community.

The general rates requirement is shared between property owners based on the capital value of their properties. Capital value is the value of the land and buildings. The council can also use land value and land area. Each of these methods is discussed below.

### Capital value

Capital value is the value of land and improvements (e.g. a house). Capital value does not share the costs of infrastructure required for development based on the benefits in terms of potential land value uplift. A growth infrastructure targeted rate set on capital value will be higher for a more developed property. While more developed properties are better able to take advantage of service improvements they don't gain as much from increased development potential. Less developed properties benefit more from infrastructure investment that allows them to develop.

All of the areas where additional infrastructure investment is being considered are underdeveloped. As a result land within these areas has widely varying degrees of development. The majority of investment being considered is to support growth and allow for development. Applying a targeted rate based on capital value would impose an unfair burden on land that was more developed at any point in time.

### Land value

Some development areas, both greenfields and brownfields, may not require immediate infrastructure investment to proceed. However, they may still require substantial investment over time. For these areas the land value will reflect the development potential for all properties. Where this is the case, land value will be the best means to allocate the share of infrastructure costs.

Land value is a good, but not perfect, measure of a property's ability to benefit from infrastructure investment. Land value changes over time as property is subdivided ready for development shifting more of the burden to early developers. In addition, current rating valuation rules require land to be valued on current use potential. Some land cannot be developed until infrastructure is constructed whereas other land in the area may already be zoned and valued as residential. This is primarily an issue for greenfields development. Using land value rating would place a disproportionate share of the infrastructure cost burden on the properties presently valued as residential in the early years of any rate. This impact could be mitigated by applying the rates differentially, i.e. at a lower rate, to different land uses.

### Land area

Land area better captures development potential. A larger property with space to build more houses will pay higher rates than a smaller property with less development potential.

However, land area does not differentiate between more and less desirable geography. A hectare of land in a gully will pay the same rates as land on a hill slope with a view. Land closer to a transport hub will pay the same as land more distant. Where these locational differences are material and impact on several properties they can be managed by the use of existing tools such as:

- differentials, where some land uses or locations pay more or less rates
- remissions.

## Conclusion

Both land area and land value may be appropriate depending on the circumstances of individual development areas. The current mechanisms could be improved by allowing the use of land value based on development potential for the purpose of applying a growth infrastructure targeted rate. This would require a change to legislation. The current rules are appropriate for general rates purposes but not designed to fairly share infrastructure costs associated with development.

### 3. Managing the impact on different land owners

Rezoning land for more intensive development and investing in infrastructure to support growth, whether in greenfields or brownfields areas, requires major capital investments. Both large and small land owners will benefit from increases in land value and improved services.

While all land owners will benefit from rezoning and investment in infrastructure some are better able to realise these gains. Developers holding land in these areas will be able to realise the potential uplift in land value. Holders of smaller developable blocks of land may not be ready to realise the gains or have a different time frame for development. Many owners of existing houses may not:

- be able to realise any gain until they sell their property
- benefit from infrastructure that allows more intense development if there is limited development potential on their site
- want the additional service benefits that development will bring.

For existing home owners there may not be appeal in paying for infrastructure to support development. On the other hand the benefits may be substantial and it is more appropriate that the future beneficiaries pay rather than the cost falling on existing ratepayers. The council has a range of options to balance these concerns in how it sets any targeted rates.

The options are:

1. don't charge existing houses for the costs of infrastructure required to allow more intense development for example trunk water and wastewater works by:
  - i) funding these with infrastructure growth charges and/or development contributions as these are only charged for new properties
  - ii) remitting these costs for existing houses where targeted rates are used.
2. provide for postponement for the share of the cost of other infrastructure that benefits existing houses. The existing property owner would have no requirement to pay until they sold the property or were no longer resident.

The council would prefer that the recovery of costs in these circumstances is from the buyer of the property. The new buyer would be making a conscious choice to incur these costs in exchange for the benefits. The buyer would take this additional charge into account in their purchasing decision. The existing owner would not be required to contribute to these costs but the price at eventual sale would be impacted. This would require legislative change to provide for an entirely new type of charge to be available to the council. Rates are incident on current land owners and designed accordingly. Substantial changes would be required to provide for a new type of charge incident on buyers, akin to stamp duty but location specific, or for rates to be incident on buyers in particular circumstances.

### 4. Informed buyers

Houses developed where infrastructure is partly funded by targeted rates will have rates obligations higher than other properties where infrastructure has been funded from other sources. We have a number of ways to ensure new home buyers are aware of their future obligations:

- include information about targeted rates on the Land Information Memorandum.

- include provision in development agreements requiring sales materials to make the future targeted rates obligations clear to prospective purchasers
- support professional bodies for advisers involved in property purchases (lawyers, real estate agents and financiers) to inform their members
- present information on the council's website
- allow vendors and buyers to discharge future targeted rates obligation as part of a property purchase.

Further assurance could be provided that buyers, and their advisers, are familiar with the obligations by allowing the obligation to be recorded on a property's title. To provide for this legislative change will be required to allow the council to record this charge on land title.

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## 7.3 Rating of online accommodation providers

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### Purpose

1. Provide advice on options for rating the online accommodation sector.

### Summary

2. When the council made its original decision to introduce the Accommodation Provider Targeted Rate (APTR) it was acknowledged that online accommodation providers<sup>1</sup> derive similar direct benefit from Auckland Tourism, Events and Economic Development's (ATEED) expenditure on visitor attraction and major events as traditional accommodation providers<sup>2</sup>. Online providers also generally pay residential rates, which are significantly lower than business rates. Officers were directed to report back on options to include the online sector. In doing so officers have looked at the extent to which online accommodation providers are operating commercially and whether they should also be rated as businesses.
3. Online accommodation, such as Airbnb and Bookabach, are estimated to generate 15 per cent of accommodation sector revenue and this is growing. While traditional providers pay business rates and the APTR, online providers pay residential rates and do not pay the APTR. Both online and traditional accommodation providers benefit from council services and in particular ATEED's investment in visitor attraction and major events.
4. While online providers are in competition with traditional providers many do not generate material revenue. Analysis shows the crossover point where the revenue gained from using a property for short term lets exceeds the annual revenue gained from using the property as a long term rental is around 4 ½ months (135 nights) per annum.
5. For equity reasons online providers who let an entire residence for more than 135 nights per annum should be rated as business and be liable for the full APTR where applicable. The current approach has equity issues as business rates are around 2.7 times higher than residential rates. Additionally, online providers who let an entire residence for less than 135 nights also cause additional demand on the council's transport infrastructure and benefit from ATEED's investment in visitor attraction and major events and lower differentials, i.e. at a proportion of the full rate, should apply based on commercial viability.
6. Online providers who let a part of their residence, such as a bedroom should be treated in line with council's existing practice:
  - increased business rates only apply where a clearly identifiable part of the property is being used for accommodation purposes
  - the APTR does not apply.
7. Basing the differential categories on booked nights best reflects the intentions of the property owners, their ability to afford the rates, and provides a connection to the extent to which they would benefit from council services and in particular ATEED's expenditure on visitor attraction and major events. Other potential differentiating factors considered were advertised availability and the provider's intentions. These were rejected as the first has a weak link to commercial viability and benefits received while the latter is harder to determine and is subject to manipulation.

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<sup>1</sup> Online accommodation providers refers to residences let out on a short-term basis, via online web-based accommodation services such as Airbnb and bookabach.

<sup>2</sup> Traditional accommodation providers refers to hotels, motels, motor inns, lodges, pub accommodation, serviced apartments, campgrounds, motor parks, holiday parks, backpackers and short stay hostels, bed and breakfasts and homestays who may also advertise their services online.

8. Application of increased rates to the online sector will ensure they are treated equitably and reduce the rates burden on other business and traditional accommodation providers.

### Background

9. In June 2017 the governing body, as part of the final Annual Budget 2017/2018, agreed to a targeted rate on accommodation providers to fund a proportion of the visitor attraction and major events expenditure of Auckland Tourism, Events and Economic Development (ATEED). The rate is applied to properties that are business rated and classified in council Rating Information Database as an accommodation provider. This definition has meant that online providers have not been subject to this rate and they pay residential rather than business rates.
10. Feedback from traditional accommodation providers included concern about the competitive advantage this gives to online providers. The most obvious example of inequity is serviced apartments within hotel buildings. These apartments are not part of an established traditional accommodation provider and are not subject to business rates or Accommodation Provider Targeted Rate (APTR). In response to this feedback the governing body requested officers report back on a proposal for the inclusion of online accommodation providers.

### Online sector

11. Analysis in this report has been based on anonymised data provided by AirDNA which is based on Airbnb listings. Data is unavailable from other providers but officers believe as Airbnb is a large player in the market then it is representative of the market.
12. The online sector includes part (bedroom or couch) and whole residences that are available for multiple short term lets. These properties are currently rated as residential. These properties are primarily advertised through websites such as Airbnb and Bookabach.
13. In the twelve months ending 31 August 2017 the number of active<sup>3</sup> Auckland property listings on Airbnb has increased from 5210 to 12370. Events held in Auckland in the last 12 months may have contributed to the significant rise in listings.
14. Fresh Info estimates the total forecast revenue for the accommodation sector as \$766 million in 2017. Analysis of Airbnb listings shows generated revenue of \$113 million or 15 per cent of total accommodation sector revenue in the last twelve months. However, when looking at listings that have been active for at least the full 12 months revenue was \$64 million or 8 per cent, which shows that while the online sector is small it is experiencing rapid expansion. Whole residence listings in the online sector generally have lower occupancy rates of 31.8 per cent than their traditional counterparts (69 per cent motels, 82 per cent hotels<sup>4</sup>).

### Other councils

15. Queenstown Lakes District Council (QLDC) rates online accommodation providers based on their intended booked nights. QLDC requires registration and for some categories resource consent. The categories QLDC uses are:
- less than 28 nights is residential
  - 28 to 179 nights is mixed use (defined as 25% commercial and 75% residential)
  - 180 or more nights is a separate accommodation differential, set at the same level as commercial
16. Rotorua Lakes Council's current rating policy allows properties offering short term accommodation to be rented for a total of 100 days before becoming liable for a business rate. There is no mixed use category. Business properties pay 1.72 times the residential rate and are also liable for business and economic development targeted rates.

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<sup>3</sup> Active listings are defined as having at least 1 booking in the previous 12 months

<sup>4</sup> Source Commercial Accommodation Monitor – September 2017 (Auckland)

## Consideration of statutory criteria

17. The council is required to consider and consult on any changes to funding for services. This proposal considers the sources of funding for the application of general rates and the APTR to online accommodation providers against the statutory criteria in section 101(3) of the Local Government Act 2002. A full analysis against the statutory criteria is set out in Attachment B Assessment against statutory criteria – General Rate and Attachment C. Assessment against statutory criteria – APTR.

## Options

18. Options for consultation with the community on the changes to rates charges for online accommodation providers are presented in two parts set out in the table in Attachment A: Options Table

### a. General rates

The proposal is to introduce a graduated differential for online providers for general rates.

19. The table below summarises the estimated change in general rates for different value properties as a result of the proposal assuming all online providers are able to be identified. The extent to which rates will change will depend on how many online providers are identified.

| Property Value | Business ratepayers | Online accommodation providers |                                            |                                       |
|----------------|---------------------|--------------------------------|--------------------------------------------|---------------------------------------|
|                |                     | <28 booked nights per annum    | Between 28 and 135 booked nights per annum | More than 135 booked nights per annum |
| <b>\$0.75m</b> | -\$46 (-1%)         | \$0 (0%)                       | \$618 (35%)                                | \$2,367 (132%)                        |
| <b>\$1.08m</b> | -\$66 (-1%)         | \$0 (0%)                       | \$890 (37%)                                | \$3,408 (142%)                        |
| <b>\$1.5m</b>  | -\$91 (-1%)         | \$0 (0%)                       | \$1,236 (39%)                              | \$4,733 (150%)                        |

### b. Accommodation Provider Targeted Rate

The proposal is to introduce a graduated differential for online providers for the APTR.

20. The table below illustrates the estimated change in APTR for different value properties as a result of the proposal assuming all online providers are able to be identified. The extent to which rates will change will depend on how many online providers are identified. These will apply in addition to the general rates changes noted above.

| Property Value | Zone <sup>5</sup> | Serviced apartment (managed by traditional provider) | Online accommodation provider |                                            |                       |                                       |                       |
|----------------|-------------------|------------------------------------------------------|-------------------------------|--------------------------------------------|-----------------------|---------------------------------------|-----------------------|
|                |                   |                                                      | <28 booked nights per annum   | Between 28 and 135 booked nights per annum |                       | More than 135 booked nights per annum |                       |
|                |                   |                                                      |                               | Serviced apartment (online provider)       | Stand-alone residence | Serviced apartment (online provider)  | Stand-alone residence |
| <b>\$0.75m</b> | A                 | -\$970 (-23%)                                        | \$0 (0%)                      | \$797 (45%)                                | \$478 (27%)           | \$3,189 (178%)                        | \$1,912 (107%)        |
|                | B                 | -\$485 (-23%)                                        | \$0 (0%)                      | \$398 (22%)                                | \$239 (13%)           | \$1,593 (89%)                         | \$956 (54%)           |
| <b>\$1.08m</b> | A                 | -\$1,397 (-23%)                                      | \$0 (0%)                      | \$1,147 (48%)                              | \$688 (29%)           | \$4,588 (192%)                        | \$2,753 (115%)        |
|                | B                 | -\$699 (-23%)                                        | \$0 (0%)                      | \$573 (24%)                                | \$344 (14%)           | \$2,294 (96%)                         | \$1,376 (58%)         |
| <b>\$1.5m</b>  | A                 | -\$1,940 (-23%)                                      | \$0 (0%)                      | \$1,593 (50%)                              | \$956 (30%)           | \$6,372 (202%)                        | \$3,823 (121%)        |

<sup>5</sup> The accommodation provider targeted rate is set at different levels across 3 different zones, at higher levels in Zone A (Albert-Eden, Devonport-Takapuna, Mangere-Ōtāhuhu, Maungakiekie-Tamaki, Ōrākei, Waitemātā), at lower levels in Zone B (Henderson-Massey, Hibiscus and Bays, Howick, Kaipātiki, Manurewa, Ōtara-Papatoetoe, Puketāpapa, Upper Harbour, Waiheke, Whau), and no charge for Zone C (Franklin, Great Barrier, Papakura, Rodney and Waitakere Ranges)

|   |               |          |             |             |                |               |
|---|---------------|----------|-------------|-------------|----------------|---------------|
| B | -\$970 (-23%) | \$0 (0%) | \$797 (25%) | \$478 (15%) | \$3,186 (101%) | \$1,912 (61%) |
|---|---------------|----------|-------------|-------------|----------------|---------------|

21. The proposed introduction of a graduated differential for general rates and APTR for online accommodation providers requires consideration of where to set the differential categories and what level of rates should be charged to each category. This is set out in the discussion below.

### Measurement methods

22. There are three ways to measure scale of the accommodation provided, these are:
- Available nights (capacity): the same basis applied to the commercial accommodation sector in that council does not consider occupancy rates. The assumption is that providers want to/are capable of maximising possible capacity. However, analysis of the AirDNA data shows there is a lack of correlation between the number of nights a property is available and the number of bookings it receives. For example, 11% of providers in Great Barrier, Rodney, Franklin, Waiheke and Waitakere Ranges received zero bookings. This method does not link strongly with commercial viability of the provider.
  - Intended booked nights: best reflects the owners intended use of property and is the approach used by QLDC. This method relies on the property owner advising the council which category their property is likely to fall in, as well as advising of any change in category. QLDC uses provisions in its district plan to enforce collection of this information. Auckland Council does not currently have the same regulatory requirements in its Unitary Plan as QLDC and would rely on providers voluntarily offering information regarding their intentions.
  - Booked nights (occupancy): has better links to the benefit they received from ATEED activities and takes into consideration revenue generated and subsequent affordability of rates. Booked nights are a historical measure of performance and link to intended booked nights to the extent that future expectations can be derived from historical activity. Council's ability to identify and prove how many nights a property has been booked is limited, however analysis of the data shows this approach is fairer than available nights.

### Differential boundaries

21. Setting the lower bound of the differential at 28 booked nights allows property owners to let the property up to 4 weeks, for example while on holiday, while recognising the limited revenue generated. This is consistent with the approach taken by QLDC. Properties let for less than 28 days will generate up to \$5964 per annum using an average daily rate for the online sector of \$213<sup>6</sup>.
22. Setting the upper bound of the differential at the average point where the revenue gained from using a property for short term lets exceeds the potential from the annual revenue from using the property as a long term rental is around 135 nights. This is a similar approach used by Rotorua Lakes Council to determine the commercial intention of the property owner.
23. Properties booked between 28 and 135 nights would represent a medium-occupancy category. This means online providers will be generating revenue on average between \$5,964 and \$28,755 and are unlikely to be operating as a full-time business, rather a mix of business and residential use.

### Differential levels

24. Determination of the rates charges for the three categories of properties in the online sector is based on the scale of commercial offering and whether the property is located in an area liable for the APTR. The table below sets out the differential categories and potential levels of rates charged.

<sup>6</sup> Source: Average Airbnb published rates for entire residences in Auckland that have had at least one let in the last 12 months

25.

|                        | Low occupancy    | Medium occupancy                                                                                                                             | High occupancy                                            |
|------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Booked nights per year | <28              | 28 to 135                                                                                                                                    | >135                                                      |
| <b>General rate</b>    | Residential rate | 25 percent business and 75 per cent residential (currently around 1.4 times the residential rate and around a 35% increase in general rates) | Business rate (currently 2.74 times the residential rate) |
| <b>APTR</b>            | No APTR          | 25 per cent of APTR <sup>7</sup>                                                                                                             | Full APTR <sup>8</sup>                                    |

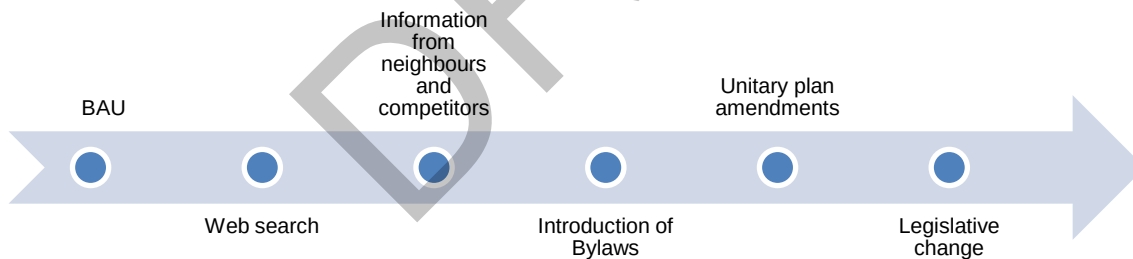
26. QLDC applies a mix of 25 per cent business and 75 per cent residential rates to properties in the medium occupancy category. The option above sets the general rate increase for this new category at around 35 per cent in line with QLDC. At 25 per cent of the APTR, medium occupancy properties located in Zone A would be charged 25 per cent of the hotel rate for serviced apartments and 15 per cent of the hotel rate for stand-alone residences. Medium occupancy properties located in Zone B would be charged half that. There is no way to measure the exact benefit received for this category and consideration of the appropriate differential level for the new medium occupancy category requires an exercise of political judgement.

27. Properties booked more than 135 nights should be considered business as they are producing annual revenue in excess of using the property for long-term residential use and are commercially viable as a business. The APTR would be charged either at the motel rate (Tier 2) or hotel rate (Tier 1) depending on the individual characteristics of the property.

#### Implementation issues

38. Officers will consider a range of approaches to identify online accommodation providers and workshop a preferred approach with councillors in early 2018.

39. The diagram below shows a list of potential options in relation to likely effectiveness:



40. Consideration should be given to the online sector role in future governance arrangements for the ATEED's visitor attraction and major events expenditure. This issue will be addressed in advice supporting final decisions in May 2018 should the proposal proceed.

<sup>7</sup> 25 per cent of the Accommodation Provider Targeted Rate for the respective zone (A or B) and tier (1 or 2)

<sup>8</sup> As per note 7 above

#### Attachments

| No. | Title                                                |
|-----|------------------------------------------------------|
| A   | Options Table                                        |
| B   | Assessment against statutory criteria – General Rate |
| C   | Assessment against statutory criteria – APTR         |

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## Attachment A: Options Table

| Rationale                                                                                          |                                                                                                                                                                 | Benefits                                                                                                                                                                                                                                                                                                                                                                                | Risks/Issues                                                                                                                                                                                                                                                                                                                                                                                                                 | Impacts                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General Rates                                                                                      |                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Option One:<br/>Treat all online providers as business for general rates</b>                    | Online accommodation providers operate in much the same way and receive similar levels of benefit as traditional accommodation providers who pay business rates | <ul style="list-style-type: none"> <li>Encourages those who intend to operate their property in a commercial capacity while dissuading those who do not</li> <li>Treats online accommodation providers in a similar way to traditional providers by making them liable to fund councils general expenditure to similar levels</li> </ul>                                                | <ul style="list-style-type: none"> <li>Does not allow for differences in affordability for individual online accommodation providers and may cause affordability issues for some</li> <li>May drive avoidance behaviours particularly for those who do not intend to operate in a fully commercial capacity</li> <li>It is difficult to identify individual providers based on the information publicly available</li> </ul> | <ul style="list-style-type: none"> <li>Around 130% increase in general rates for all online providers</li> <li>Increased cost can be passed to customers as online providers have direct control over the prices set</li> <li>Up to 6% decrease in general rates for other businesses</li> </ul>                                                                            |
| <b>Option Two:<br/>Continue to treat online providers as residential for general rates</b>         | It is difficult to identify individual providers based on the information publicly available                                                                    | <ul style="list-style-type: none"> <li>Avoids issues associated with trying to identify online accommodation providers</li> <li>Does not cause affordability issues for any online providers</li> </ul>                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>Online providers avoid additional general rates costs which traditional providers are currently required to pay</li> <li>May contribute to owners of units currently being used as part of traditional serviced apartment accommodation switching to become an online provider.</li> </ul>                                                                                            | <ul style="list-style-type: none"> <li>No immediate change to general rates</li> <li>There will be no material impact on business rates if owners of existing serviced apartment used for traditional accommodation switched to become an online provider</li> </ul>                                                                                                        |
| <b>Option Three:<br/>Introduce a graduated differential for online providers for general rates</b> | Some online accommodation providers operate in similar ways and receive similar levels of benefit as traditional accommodation providers who pay business rates | <ul style="list-style-type: none"> <li>Treats online accommodation providers in a similar way to traditional providers by making them liable to fund councils general expenditure to similar levels</li> <li>Encourages those who intend to operate their property in a commercial capacity</li> <li>Allows for differences in affordability for individual online providers</li> </ul> | <ul style="list-style-type: none"> <li>It is difficult to identify individual providers based on the information publicly available</li> <li>May drive avoidance behaviours</li> </ul>                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>Around 35% increase in general rates for medium-occupancy providers and around 140 % increase general rates for high-occupancy providers.</li> <li>Increased cost can be passed to customers as online providers have direct control over the prices set</li> <li>Up to 1% decrease in general rates for other businesses</li> </ul> |
| Accommodation Provider Targeted Rate                                                               |                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                             |

|                                                                                                                | Rationale                                                                                                                                                                                          | Benefits                                                                                                                                                                                                                                                                                                                                                                         | Risks/Issues                                                                                                                                                                                                                                                                                                                                                                                                                   | Impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Option One:<br/>Apply the APTR to all online providers where applicable (Zones A and B)</b>                 | All online accommodation providers receive the same direct benefit from ATEED's spend on visitor attraction and major events.                                                                      | <ul style="list-style-type: none"> <li>Encourages those who intend to operate their property in a commercial capacity while dissuading those who do not</li> <li>Treats online accommodation providers in a similar way to traditional providers by making them liable to fund councils general expenditure to similar levels</li> </ul>                                         | <ul style="list-style-type: none"> <li>Does not allow for differences in affordability for individual online accommodation providers and could cause affordability issues for some</li> <li>May drive avoidance behaviours particularly for those who do not intend to operate in a fully commercial capacity</li> <li>It is difficult to identify individual providers based on the information publicly available</li> </ul> | <ul style="list-style-type: none"> <li>Significant increases in rates (70% to 120% - Zone A, 35% to 60% - Zone B) for all online accommodation providers</li> <li>Increased cost can be passed to customers as online providers have direct control over the prices set</li> <li>Up to 55% decrease in APTR for traditional accommodation providers</li> </ul>                                                                                                                                                         |
| <b>Option Two:<br/>Continue to not apply the APTR to any online providers where applicable (Zones A and B)</b> | It is difficult to identify individual providers based on the information publicly available                                                                                                       | <ul style="list-style-type: none"> <li>Avoids issues associated with trying to identify online accommodation providers</li> <li>Does not cause affordability issues for any online accommodation providers</li> </ul>                                                                                                                                                            | <ul style="list-style-type: none"> <li>Online accommodation providers avoid additional general rates costs which traditional providers are currently required to pay</li> <li>May contribute to owners of units currently being used as part of traditional serviced apartment accommodation switching to become an online provider.</li> </ul>                                                                                | <ul style="list-style-type: none"> <li>No immediate change to rates</li> <li>Over time there may be a slight increase in the APTR as owners of existing serviced apartment used for traditional accommodation switched to become an online accommodation provider</li> </ul>                                                                                                                                                                                                                                           |
| <b>Option Three:<br/>Introduce a graduated differential for online providers for the APTR</b>                  | Some online accommodation providers operate in similar ways and receive similar levels of benefit from ATEED's spend on visitor attraction and major events as traditional accommodation providers | <ul style="list-style-type: none"> <li>Treats online accommodation providers in a similar way to traditional providers by making them liable to fund councils general expenditure to similar levels</li> <li>Encourages those who intend to operate their property in a commercial capacity</li> <li>Allows for differences in affordability between online providers</li> </ul> | <ul style="list-style-type: none"> <li>It is difficult to identify individual providers based on the information publicly available</li> <li>May drive avoidance behaviours</li> </ul>                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>Significant increases in rates (60% to 200%) for online accommodation providers who let their residence for more than 135 nights.</li> <li>Material increases in rates (15% to 50%) for online accommodation providers who let their residence between 28 and 135 nights.</li> <li>Increased cost can be passed to customers as online providers have direct control over the prices set</li> <li>Up to 23% decrease in APTR for traditional accommodation providers</li> </ul> |



## Attachment B: Assessment against statutory criteria – general rates

When deciding from what sources to meet its funding needs, council must consider the matters set out in section 101(3) of the Local Government Act 2002, see below. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

101(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

- (a) in relation to each activity to be funded,—
  - (i) the community outcomes to which the activity primarily contributes; and
  - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
  - (iii) the period in or over which those benefits are expected to occur; and
  - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
  - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- (b) the overall impact of any allocation of liability for revenue needs on the community.

The following section considers the proposal to charge online providers business rates against the criteria in section 101(3) of the Local Government Act 2002.

### **The community outcomes to which the activity primarily contributes**

General rates fund a broad range of council activities that contribute towards the outcomes set out in the Auckland Plan. These are:

- A fair, safe and healthy Auckland
- A green Auckland
- An Auckland of prosperity and opportunity
- A well connected and accessible Auckland
- A beautiful Auckland that is loved by its people
- A culturally rich and creative Auckland
- A Maori identity that is Auckland's point of difference in the world.

General rates are used as general revenue and can be used to fund the operating and capital costs of any activity that council undertakes. Where practicable and cost-effective the council will seek to recover the cost to providing its services from individuals or group of beneficiaries (or causers of costs) where they directly benefit from, or impose costs on, council undertaking an activity. The council uses general rates to fund activities:

- which have a 'public good' element, e.g. civil defence
- where it wishes to subsidise the provision of services because of the wider social benefits they provide e.g. libraries
- where the application of fees and charges causes affordability issues.

The outcomes of councils general activities effect online providers in similar ways to both residential and business properties. The nature of activities therefore does not provide rationale for distinguishing between the two.

**The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals**

The assessment of benefits received from activities which provide general public services are subjective in nature as it relies on the application of individual judgement to determine how benefits lie across individuals and groups. For example, the assessment of benefits from transport activities will vary depending on how much weighting is given to businesses providing them access to customers and a workforce, in comparison to the weighting given to individuals who have access to goods and can gain meaningful employment.

Online accommodation providers do not gain any additional benefit above that received by other residential ratepayers from the provision of infrastructure that supports development. This is due to online accommodation providers primarily operating out of existing residences where the planned infrastructure capacity, and subsequent cost to council, does not take into consideration any additional capacity requirement. On the other hand, online accommodation providers receive additional benefit from the provision of public transport that provides accessibility to their location, particularly in central locations.

It is therefore not possible to say with certainty that online accommodation providers receive any more or less benefit from general council activities to which other forms of charging do not apply. For this issue the distribution of benefits does not provide rationale to either rate them as residential or business.

**The period in or over which the benefits are expected to occur**

The period over which benefits are expected to occur is current. The expenditure of general rates revenue primarily funds operating costs for the current period. A very small portion of general rates is sometimes used to fund capital grants for community organisations. These activities are currently being funded from general rates and other funding sources are not appropriate.

**The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity**

Council decided to charge business higher rates partly because they cause increased cost to council for the provision of transport and stormwater services. In relation to online accommodation providers, they do not cause increased cost for stormwater infrastructure as impervious surface areas allowed under the Unitary Plan are no different from other residential properties. However, accommodation providers in general encourage visitor attraction through the provision of accommodation services and drive increased cost in transport infrastructure caused by the increased number of visitors to Auckland.

Activities associated with accommodation providers create extra demand on transport infrastructure due to increased traffic movements and associated parking. They will also drive increased demand on passenger transport services.

Accordingly there is rationale for charging online accommodation providers higher rates based on the increased driver on costs to council.

**The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities**

General rates raise revenue that can be used to fund any of councils activity. As such they do not add transparency or accountability to the extent that user fees and targeted rates can.

It is administratively more difficult to charge business rates and the APTR to online accommodation providers than to traditional providers. Information on online providers is not readily available and it is difficult to identify individual providers based on the information publicly available. A range of options that may be available and require further investigation to assist collection of this information are:

- Web searches
- Information from neighbours and competitors

- Introduction of bylaws
- Unitary plan amendments
- Legislative change.

The extent to which this will impact on rates will depend on how many online providers are able to be identified. Councils use a range of processes to determine rating treatment. Without the co-operation of the companies providing these web-based services then the existing processes may not be sufficient to identify all online accommodation providers. Experience from Queenstown Lakes District Council indicates that when combined with changes to planning rules a significant portion of online providers are able to be identified through time. Any impact to rates revenue can be managed through adopting a prudent approach to rates setting.

### **Consideration of overall impact**

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council's funding decisions as a whole, not just in relation to this activity.

Matters for council to consider as part of this overall political judgement could include:

- The affordability of the rate on online accommodation providers: This proposal will increase rates for online providers particularly for those who let their residence for more than 135 nights. However, they can decide whether to absorb the increased cost or pass it on to their customers as they have direct control over the prices they set. Whether or not they choose to pass on the increased cost, and how, is entirely up to each accommodation provider to decide individually.
- The impact of the proposal on traditional accommodation providers: This proposal will mean that council will be treating online accommodation providers in a similar way to traditional providers by making them liable to fund councils general expenditure to similar levels.
- The impact of the proposal on other ratepayers: This proposal will broaden the ratepayer base for businesses and has the potential to marginally reduce the amount of rates paid by other business by up to 1%. The structure of the business differential and the relative sizes of the business and non-business sectors results in no meaningful impact on non-business ratepayers.

## Attachment C: Assessment against statutory criteria - APTR

When deciding from what sources to meet its funding needs, council must consider the matters set out in section 101(3) of the Local Government Act 2002, see below. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

101(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

- (c) in relation to each activity to be funded,—
  - (i) the community outcomes to which the activity primarily contributes; and
  - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
  - (iii) the period in or over which those benefits are expected to occur; and
  - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
  - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- (d) the overall impact of any allocation of liability for revenue needs on the community.

The following section considers the proposal to charge online providers business rates and the APTR where applicable against the criteria in section 101(3) of the Local Government Act 2002.

### **The community outcomes to which the activity primarily contributes**

The community outcomes to which the activity (visitor attraction) primarily contributes is set out in the LTP 2015-2025 as:

1. An Auckland of prosperity and opportunity
  - through promoting Auckland as a business and leisure visitor destination and attracting visitors to attend events that are unique to Auckland
2. A culturally rich and creative Auckland
  - providing opportunities to showcase Auckland's unique arts and culture through support for and delivery of a portfolio of major events including the annual Auckland Diwali, Lantern and Pasifika Festivals
  - growing Auckland's visitor economy through promotion of and support for a range of culturally focussed visitor products
3. Te hau o te whenua, te hau o te tangata
  - celebrating and showcasing Māori culture and identity through major sporting and business events including a Māori Signature Festival for Auckland

The activities that ATEED undertakes in the visitor attraction area strongly support these outcomes:

- Expenditure under the headings of Tourism, Major Events, the Auckland Convention Bureau and Brand and Marketing are all undertaken to build the visitor economy and create Auckland as a destination.
- Auckland festivals support the “culturally rich and creative” component of the outcomes and add to the overall attractiveness of Auckland.
- The External Relations and International Education categories of expenditure involve working with central government to attract business and build the education sector.

Some of these outcomes relate to the overall prosperity and cultural richness of the city, and suggest a general rate mechanism may be appropriate. Others are more focused on the visitor economy and support the concept of a targeted funding mechanism.

**The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals**

The intent of the proposal is to more fairly apportion the burden of rates between online accommodation providers, traditional accommodation providers, and other ratepayers.

The benefits that accrue to traditional providers were considered when the council made its original decision to introduce the rate. Particular feedback received from traditional accommodation providers from consultation of the APTR noted that some accommodation providers were unfairly excluded from the proposal i.e. online providers such as Airbnb. Acknowledged at the time, online accommodation providers derive similar direct benefit from the expenditure as traditional accommodation providers. This proposal specifically responds to this issue.

ATEED's activity in this area is focused on and measured by increased number of visitors to Auckland. One of the key measures of ATEED's Statement of Intent is "visitor nights".

Most of the expenditure in this part of ATEED's activities is targeted at attracting visitors to Auckland and growing the visitor economy. The Tourism, Major Events, Brand and Marketing and Auckland Convention Bureau activities are designed to bring in visitors, international and domestic, who will stay in the Auckland region, which directly benefits all accommodation providers.

Auckland Festivals are of benefit to the wider Auckland community but also support the Auckland brand as a culturally diverse and vibrant city. Expenditure on these festivals primarily benefits Auckland residents.

In terms of the distribution of benefits factor it is clear that all accommodation providers receive an immediate direct benefit from ATEED's expenditure in attracting visitors to Auckland, but other businesses also benefit, as does the wider community. The benefits may be felt differently depending on geographic location.

**The period in or over which the benefits are expected to occur**

The period over which benefits are expected to occur is current. The expenditure on visitor attraction is funded from operating revenue on the basis that the benefits primarily accrue in the period in which the activity occurs. Expenditure on Major Events and Auckland Festivals in particular attract visitors at the time of the event expenditure. Tourism expenditure will have an impact both in the period in which the expenditure is incurred and in the next few years. Other categories of spend will have both a shorter and medium term impact.

Accordingly, given the short to medium term impact of the expenditure, rates (whether targeted or general), rather than borrowing, are an appropriate funding source.

**The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity**

Visitor attraction is funded to support the community outcomes as described above. It is not undertaken to offset any action or inaction of individuals or groups.

**The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities**

Transparency and accountability for this activity have already been enhanced through the introduction of the APTR. New governance arrangements that give traditional accommodation providers a role in determining how the revenue is spent are progressing. This gives traditional accommodation providers an incentive to scrutinise the expenditure and provide advice on how to get best value for money. Should this proposal proceed then online providers should also be given the opportunity to take part in the governance arrangements.

- It is administratively more difficult to charge business rates and the APTR to online accommodation providers than to traditional providers. Information on online providers is not readily available and it is difficult to identify individual providers based on the information publicly available. A range of options that may be available and require further investigation to assist collection of this information are:

- Web searches
- Information from neighbours and competitors
- Introduction of bylaws
- Unitary plan amendments
- Legislative change.

The extent to which this will impact on rates will depend on how many online providers are able to be identified. Councils use a range of processes to determine rating treatment. Without the co-operation of the companies providing these web-based services then the existing processes may not be sufficient to identify all online accommodation providers. Experience from Queenstown Lakes District Council indicates that when combined with changes to planning rules a significant portion of online providers are able to be identified through time. Any impact to rates revenue can be managed through adopting a prudent approach to rates setting.

### **Consideration of overall impact**

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council's funding decisions as a whole, not just in relation to this activity.

Matters for council to consider as part of this overall political judgement could include:

- The affordability of the rate on online accommodation providers: This proposal will significantly increase rates for online providers who let their residence for more than 135 nights. It will also moderately increase rates for online providers who let their residence between 28 and 135 nights. However, they can decide whether to absorb the increased cost or pass it on to their customers as they have direct control over the prices they set. Whether or not they choose to pass on the increased cost, and how, is entirely up to each accommodation provider to decide individually.
- The impact of the proposal on traditional accommodation providers: This proposal will broaden the ratepayer base for the APTR and has the potential to reduce the APTR for traditional accommodation providers by up to 23 per cent.

## 7.4 Natural environment initiatives and funding

### Purpose

1. To describe options for increased investment in activities that support and protect Auckland's natural environment.

### Summary

2. Auckland's natural environment is in decline. There is an ongoing spread of pest plants (weeds), animals and pathogens which will, in the long term, result in the loss of some of Auckland's native species and ecosystems. Currently, two thirds of Auckland's native species are threatened with regional extinction. In particular there is a high risk of kauri dieback spreading. The council's current planned investment is insufficient to stop this decline. Current planned investment will result in loss of native species and ecosystems and an estimated<sup>1</sup> greater than 80% risk of kauri dieback spreading.
3. Two options for additional investment in Auckland's natural environment have been proposed. The two options are:

**Option A:** Current investment plus an additional \$136 million over the LTP period primarily for additional kauri dieback protection but also including some increased funding for community-led pest control. This option provides an additional \$93 million to reduce the risk of kauri dieback spread to an estimated 30-50 per cent. Many of the region's threatened species and ecosystems would still be at risk of loss from the region.

**Option B:** Current investment plus an additional \$311 million over the LTP period for an expanded targeted work programme to protect and restore priority ecosystems and species. This option provides an additional \$105 million to reduce the risk of kauri dieback spreading to an estimated 15-25 per cent. It also provides for a substantial increase in current pest control and ecological restoration programmes.

Attachment A provides more detail on the different outcomes for each of the investment options and Attachment C provides a breakdown of the proposed spend.

4. None of the currently proposed options provide sufficient funding to implement all of the work programmes that comprise the proposed Regional Pest Management Plan, which is currently being prepared, in accordance with the Biosecurity Act. Consultation on the proposed Regional Pest Management Plan will run concurrently with Long-term Plan consultation, and an operative plan will subsequently be adopted taking into account the outcome of both consultation processes.
5. Both options A and B consider the use of a specific targeted rate to fund the additional investment. A targeted rate is proposed because ratepayers can clearly identify the costs and benefits of the programme. The rate should be charged to all ratepayers as the benefits of the investment accrue to all Aucklanders. There are a number of options for setting the rate. See Attachment B for a full discussion of funding options and alternative rates models.
6. Under a targeted rate set on a capital value the average value (\$1,080,000) residential property would pay \$21 per annum under option A and \$47 per annum under option B. The average value business (\$2,882,000) would pay \$98 per annum under option A and \$219 per annum under option B. (This is on the

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<sup>1</sup> Note that all references to reduction in kauri dieback spend are broad estimates only. There are significant gaps in our knowledge of the best treatment for the pathogen causing kauri dieback, and as a result uncertainty in our predicted efficacy of actions to limit current spread.

basis that business properties pay 25.8 per cent of the total share of rates, the target for the council's long-term differential strategy<sup>2</sup>.)

## Background

### Current State – significant ecosystem and species loss - no additional spend over the LTP period

7. Around two thirds of native species in the region are threatened with regional extinction. Hygiene stations for Kauri Dieback in many places are inadequate and there is limited track management to reduce the spread of the disease. As a result there is an estimated greater than 80% probability that kauri dieback will continue to spread. Other than Tawharanui and Shakespear open sanctuaries, which are mammal free, and the Hunua Ranges Regional Park, which has comprehensive protection, there is limited control of pests on Council parks. A select few of our islands are protected. For example, we have nearly eradicated Argentine ants from Kawau Island but the island continues to be degraded by wallabies, stoats, possums, rats and weeds. Great Barrier Island is being invaded by new pests that are not being prevented from establishing.
8. There is no management of freshwater pests in any of Auckland's 72 lakes and there is a risk of imminent loss of native lake ecosystems from the region. The ongoing spread of freshwater pests is reducing water quality and adversely impacting on recreational activities. There is a passive reactive approach to managing marine biosecurity so new pests are establishing every year. Future costs to marine ecosystems and industries such as aquaculture can be expected to be severe.
9. Non-rates contributions of approximately \$4m come largely from partnerships with organisations such as the Department of Conservation and the Ministry for Primary Industries. In addition the volunteer sector contributes another conservatively estimated \$7 million worth of labour to pest control and restoration programmes.

### Option A: Ecosystem and species loss with some kauri dieback protection - additional \$136m spend over the LTP period

10. Under Option A the majority of new investment (\$93m out of a total \$136m spend) would be used to minimise the risk of kauri dieback spread to an estimated 30-50%. There is also a modest additional provision for supporting community-led pest control, as part of the Pest Free Auckland initiative. Many of the region's threatened species and ecosystems would still be at risk of loss from the region.
11. Under this option council would be signalling a limited commitment to restoring Auckland's natural environment which will potentially compromise the potential for securing non-rates revenue from the private, philanthropic and central government sector.
12. This option does not provide sufficient funding to implement the proposed Regional Pest Management Plan. If this option is adopted, the changes in the proposed Regional Pest Management Plan could be significant enough to require a complete re-draft and may require a second consultation process.

### Option B: Targeted ecosystem and species protection including kauri dieback - additional \$311m spend over the LTP period

13. This investment option includes an additional \$105m for kauri dieback which would reduce the risk of the disease spreading to an estimated 15-25%. The option also provides for a significant increase in support for community-led pest control through Pest Free Auckland. Council would be "walking the talk" by protecting significant ecological areas around two thirds of our regional and community park land. There

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<sup>2</sup> The Long-term differential strategy gradually lowers the share of rates paid by businesses from 32.7 per cent in 2017/2018 to 25.8 per cent in equal steps by 2037/2038.



would be sufficient funds to implement freshwater pest management, to expand our marine pest management programme, and to eradicate pests from both Kawau and Waiheke Islands. On Great Barrier high priority pest plants and animals would also be controlled.

14. Under this option council would be signalling a strong commitment to restoring Auckland's natural environment which would enhance the potential for securing non-rates revenue from the private, philanthropic and central government sector
15. This option does not provide sufficient funding to implement all of the work programmes currently included in the proposed Regional Pest Management Plan. In particular our pest control work on our regional and local parks would be reduced by about a third. In addition we would only be controlling possums on half rather than all rural land. However, the Regional Pest Management Plan is scalable, and an operative plan of broadly similar structure to the current proposal would be provided for by Option B.
16. Consultation on the proposed Regional Pest Management Plan will run concurrently with Long-term plan consultation. An operative plan will subsequently be adopted taking into account the budget decision from the Long-term Plan as well as public feedback on the details of the proposed pest management programmes.

#### Attachments

| No. | Title                                      |
|-----|--------------------------------------------|
| A   | Programme options – comparison of outcomes |
| B   | Funding options discussion                 |
| C   | Programme options – funding breakdown      |
| D   | Statutory decision making criteria         |

## Attachment A: Options Table

|                                                                                    | Rationale                                                                                                                     | Description                                                                                                                                                                                                                                                                                            | Outcomes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Costs and funding                                                                                                                                                                               |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Current State: Significant ecosystem and species loss</b>                       | <i>Deliverable within current budgets</i>                                                                                     | <ul style="list-style-type: none"> <li>Continue with existing works programme</li> <li>Provides a small investment (\$5.6 million) to combat kauri dieback</li> <li>250 community groups supported to undertake pest control</li> <li>Reactive response to marine pests</li> </ul>                     | <ul style="list-style-type: none"> <li>Risk of kauri dieback spreading estimated at over 80 per cent.</li> <li>Approximately one third of significant ecological sites within council parks with adequate control of pest plants and animals</li> <li>28% of rural Auckland with adequate control of possums</li> <li>High risk of marine pests establishing with risk to ecosystems and cost to aquatic industries</li> </ul>                                                            | <ul style="list-style-type: none"> <li>Costs in line with current budgets and deliverable with current funding sources</li> </ul>                                                               |
| <b>Option A: Ecosystem and Species loss with some kauri dieback protection</b>     | <i>Provides limited additional kauri dieback controls and community group support within a constrained fiscal environment</i> | <ul style="list-style-type: none"> <li>Provides additional \$93 million to combat kauri dieback</li> <li>450 community groups supported to undertake pest control</li> <li>Reactive response to marine pests</li> <li>Potential to leverage \$70 million in partner contributions</li> <li></li> </ul> | <ul style="list-style-type: none"> <li>Risk of kauri dieback spreading reduced to an estimated 30-50 per cent.</li> <li>Approximately one third of significant ecological sites within council parks with adequate control of pest plants and animals</li> <li>28 per cent of rural Auckland with adequate control of possums</li> <li>High risk of marine pests establishing with risk to ecosystems and cost to aquatic industries</li> </ul>                                           | <ul style="list-style-type: none"> <li>Total additional cost across the LTP period of \$136 million to be funded by a Natural Environment Targeted Rate (discussion in Attachment B)</li> </ul> |
| <b>Option B: Targeted ecosystem and species protection including kauri dieback</b> | <i>Enables highest priority sites to be enhanced while keeping rate increase below 2.5%</i>                                   | <ul style="list-style-type: none"> <li>Provides additional \$105 million to combat kauri dieback</li> <li>600 community groups supported to undertake pest control</li> <li>Proactive response to marine pests</li> <li>Potential to leverage \$115 million in partner contributions</li> </ul>        | <ul style="list-style-type: none"> <li>Risk of kauri dieback spreading reduced to an estimated 15-25 per cent.</li> <li>Approximately two thirds of significant ecological sites within council parks with adequate control of pest plants and animals</li> <li>50 per cent of rural Auckland with adequate control of possums</li> <li>Lower risk of marine pests establishing with risk to ecosystems and cost to aquatic industries</li> <li>Kawau and Waiheke 'pest- free'</li> </ul> | <ul style="list-style-type: none"> <li>Total additional cost across the LTP period of \$311 million to be funded by a Natural Environment Targeted Rate (discussion in Attachment B)</li> </ul> |

| Icon                                                                                                                                          | Current State - Significant ecosystem and species loss                                                                                                                                                                                                                                                                                                                                  | Option A: Ecosystem and species loss with some kauri dieback protection                                                                                                                                                                                                                                                                                                                                                              | Option B: Targeted ecosystem and species protection including kauri dieback                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Additional Partner Contributions                                                                                                              | \$4million (Government support)                                                                                                                                                                                                                                                                                                                                                         | \$70 million (Government and other partnerships)                                                                                                                                                                                                                                                                                                                                                                                     | \$115 million (Predator Free NZ 2050, corporate partnerships, philanthropists, government support and community sector support)                                                                                                                                                                                                                                                                                                     |
|  Community engagement                                        | 250 community groups have low level support and 25% of land under community led pest control                                                                                                                                                                                                                                                                                            | 450 community groups have basic support and 40% of land under community-led pest control                                                                                                                                                                                                                                                                                                                                             | 600 community groups are well supported and 50% of land under community led pest control                                                                                                                                                                                                                                                                                                                                            |
|  Risk of Kauri Dieback spreading                             | High risk (>80%)                                                                                                                                                                                                                                                                                                                                                                        | Medium risk (30-50%)                                                                                                                                                                                                                                                                                                                                                                                                                 | Low risk (15-25%)                                                                                                                                                                                                                                                                                                                                                                                                                   |
|  High Value ecological areas on regional and community parks | Approximately 30% with average level control of pest plants and animals. No enforcement on surrounding properties.                                                                                                                                                                                                                                                                      | Approximately 35% of parks with adequate control of pest plants and animals. No enforcement on surrounding properties.                                                                                                                                                                                                                                                                                                               | Approximately 66% with adequate control of pest plants and animals. Enforcement coordinates action by neighbouring communities and transport corridors.                                                                                                                                                                                                                                                                             |
| Rural Auckland (mainland) possum free                                                                                                         | 28% of area with possums at acceptable levels                                                                                                                                                                                                                                                                                                                                           | 28% of area with possums at acceptable levels                                                                                                                                                                                                                                                                                                                                                                                        | 50% of area with possums at acceptable levels                                                                                                                                                                                                                                                                                                                                                                                       |
|  Pest management in lakes                                   | None                                                                                                                                                                                                                                                                                                                                                                                    | None                                                                                                                                                                                                                                                                                                                                                                                                                                 | Two highest priority lakes (Tomarata and Rototoa) have comprehensive pest plant and animal control to restore lakes. Risk of further pest spread across region reduced through awareness and behaviour change.                                                                                                                                                                                                                      |
|  Marine biosecurity measures                               | Basic marine biosecurity advocacy and education programme. Inter-Regional Marine Pathway Management Plan developed to prevent the introduction and spread of marine pests. Passive implementation of the Unitary Plan marine biofouling provisions. Annual hull surveillance and monitoring of Great Barrier Mediterranean fanworm infestation. No staff capacity to support SeaChange. | Enhanced scale and delivery of the marine biosecurity advocacy and education programme with a working relationship with the marine industry. Monitoring of moorings, boat facilities and marine farms that are high-risk for spreading marine pests. Gradual introduction in the regulation and enforcement of boat owners who are non-compliant with the Inter-Regional Marine Pathway Management Plan, and the Unitary Plan marine | Comprehensive marine biosecurity advocacy and education programme delivered including a summer advocate. Surveillance and monitoring efforts increased with levels of readiness to respond to incursions. Engaged development, implementation and regulation of the Inter-Regional Marine Pathway Management Plan and the Unitary Plan marine biofouling provisions. Increased staff capacity to support SeaChange recommendations. |

| Icon                                                                                                   | Current State - Significant ecosystem and species loss                                                                                                                                                                                                                                                      | Option A: Ecosystem and species loss with some kauri dieback protection                                                                                                                                                                                                                                                                                                                       | Option B: Targeted ecosystem and species protection including kauri dieback                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  Hauraki Gulf Islands | Pest Free Warrant programme to reduce pest spread to islands by sub-set of high risk businesses. High priority pest plants eradicated on Gt Barrier. Ants contained but not eradicated on Gt Barrier. Skinks and mammals not controlled on Gt Barrier. Moth plant and other pest plants spread within gulf. | biofouling provisions. Increased staff capacity to support SeaChange recommendations.<br><br>Enhanced Pest Free Warrant programme to reduce pest spread to islands by sub-set of high risk businesses. Skinks, ants and high priority plants eradicated from Gt Barrier. Mammal pests controlled in small number of sites on Gt Barrier. Moth plant and other pest plants spread within gulf. | Marine biosecurity resource consent conditions advanced.<br><br>Comprehensive Pest Free Warrant programme to reduce pest spread to islands by full range of high risk businesses. Skinks, ants and high priority pest plants eradicated from Gt Barrier. Mammal pests controlled in priority areas on Gt Barrier. Moth plant and other pest plants spread within gulf. |
|  Hauraki Gulf Islands | Feral pigs eradicated from Waiheke. No staff capacity to support community Pest-free Waiheke initiative.                                                                                                                                                                                                    | No new mammal eradications on islands. Staff time to support community Pest-free Waiheke initiative.                                                                                                                                                                                                                                                                                          | Kawau and Waiheke 'pest-free'. Partner contributions to cover remaining 70%.                                                                                                                                                                                                                                                                                           |
|  Marine species       | Decline in important marine habitats, risk of shorebird and seabird extinction.                                                                                                                                                                                                                             | Some marine habitat protection and increased bird monitoring.                                                                                                                                                                                                                                                                                                                                 | Habitat protection and some restoration for high priority sea bird species                                                                                                                                                                                                                                                                                             |
| Other Pest Management programmes                                                                       | No database. Some plant and animal eradications, control of some pest plants, enforcement education and advice. No compliance inspections in nurseries and petshops.                                                                                                                                        | Database to manage biodiversity and biosecurity data. Some additional deer control. Some additional control of pest plants. Some capacity for inspection of petshops and nurseries.                                                                                                                                                                                                           | Database to manage biodiversity and biosecurity data. Enhanced control of deer, goats, cockatoos and cats. Comprehensive control of pest plants. Inspection of petshops and nurseries.                                                                                                                                                                                 |

## Attachment B: Funding options discussion

### Funding

In considering options for funding increased investment for the natural environment, the key questions to be answered are:

1. Should the programme be funded from general rates or targeted rates?
2. Do some ratepayers benefit more from the activity to be funded?
3. Do some ratepayers drive a greater share of the costs of the activity?
4. Are some ratepayers better able to afford the rate?
  - a. Should the rate be set on fixed or capital value basis?

### General rates or Targeted rate

Activities that support Auckland's natural environment are currently funded from the general rate. This reflects the shared public benefit of this activity.

Council has decided to consult on increasing funding for the natural environment and a targeted rate is proposed for funding so ratepayers can clearly identify the costs and benefits of the programme.

Setting the targeted rate on a similar basis to the general rates would maintain existing policy settings. Under the council's Long-term differential strategy, it is planned that the business share of general rates will be 25.8 per cent by 2037/2038.

### Ratepayer benefits of increased investment in the natural environment.

A thriving natural environment is an asset for all Aucklanders. The majority of the additional investment is aimed at protecting native ecosystems and biodiversity. This generates regional benefits that cannot be attributed to individuals or groups of ratepayers.

Some components of the enhanced investment option are designed to deliver improved biodiversity outcomes, but also have some secondary economic benefits to some industries or individuals. For example:

- rural possum control can result in increased productivity for stock farmers and reduce the need for private possum control
- pest eradication on Waiheke and Kawau may reduce the need for private pest control.

It is difficult to link benefits to rateable properties in a way that would enable a targeted rate or rates differential to be charged to those benefiting. This is because:

- the level of benefit varies between properties due to factors not able to be captured in rating, such as the proximity to possum habitats
- primary production benefits may be distant in space and time from sites in which control work occurs. This will be true for programmes to eradicate or contain primary production pest plants.
- in some instances beneficiaries may be readily identified, but the value of the programme is sufficiently small as to render such targeting inefficient.

Even if beneficiaries can be identified accurately, consideration must be given to avoiding potential perverse outcomes from applying a spatially targeted rate. For instance, many rural landowners already undertake pest management voluntarily. While some of this action may no longer be required under a coordinated regional approach, much of the need will remain. If a targeted rate were to disincentivise rural communities and reduce community support for biosecurity, then there may be an overall loss rather than gain in outcomes.

## Cost drivers for Natural Environment investment

Costs for most of the proposed projects cannot be attributed to either individuals or groups of ratepayers, and should therefore be charged generally.

## Affordability and capital value or fixed charges

In general, businesses are better able to manage additional costs than residential properties. Businesses can also claim back GST and expense rates against tax. A business differential of at least 1.6 over non-business properties will reflect the value of these tax advantages.

The owners of higher value properties will in general be better able to afford an increase in rates than the owners of lower value properties. However, higher value properties already pay higher rates. The relation between property (capital) value and ability to pay is stronger for businesses than non-businesses. This is because a business's investment in property will reflect their potential to generate income. There is stronger support for setting the rate on a capital value basis for businesses than for non-business.

## Targeted Rate Models

An undifferentiated rate would see business properties pay 9.6 per cent of rates set on a fixed basis, or 15.9 per cent on a capital value basis. A rate that was differentiated to reflect only businesses tax advantages over non-business would see businesses pay 14.6 per cent of rates set on a fixed basis, or 25.8 per cent on a capital value basis. Businesses currently pay 32.7 per cent of general rates. Under the council's Long-term differential strategy, it is planned that the business share of general rates will be 25.8 per cent by 2037/2038.

Currently, activities related to improving the natural environment are funded from the general rates. Setting the targeted rate on a similar basis to the general rates would maintain existing rates settings.

## Fixed rate models:

The table below shows the fixed rate each property (or separately used part of a property) will pay under two model options. In the first, business pay 14.6 per cent of the total rates, and the second, business pay 25.8 per cent of the rates

|                 |                       | Option A: \$136m             |                          | Option B: \$311m             |                          |
|-----------------|-----------------------|------------------------------|--------------------------|------------------------------|--------------------------|
| Business Share: | Business Differential | Non-Business pay: (per SUIP) | Business pay: (per SUIP) | Non-Business pay: (per SUIP) | Business pay: (per SUIP) |
| Model 1: 14.6%  | 1.6                   | 23.41                        | 37.70                    | 52.66                        | 84.80                    |
| Model 2: 25.8%  | 3.3                   | 20.34                        | 66.62                    | 45.75                        | 149.84                   |

### Model 3: Capital value model:

The table following shows the rate in the dollar and how much business and non-business properties of different value would pay, for a capital value based rate. The business share of the rate is set at 25.8 per cent. This equates to a differential of 1.7.

|                      |              | Option A: \$136m   |                | Option B: \$311m   |                |
|----------------------|--------------|--------------------|----------------|--------------------|----------------|
|                      |              | Non-business pays: | Business pays: | Non-business pays: | Business pays: |
| Rate (per \$ of CV): |              | \$0.00001945       | \$0.00003385   | \$0.00004375       | \$0.00007612   |
| Property Value:      | \$300,000    | \$5.84             | \$10.15        | \$13.13            | \$22.84        |
|                      | \$500,000    | \$9.73             | \$16.92        | \$21.88            | \$38.06        |
|                      | \$890,000    | \$17.31            | \$30.12        | \$38.94            | \$67.75        |
|                      | \$1,080,000  | \$21.01            | \$36.55        | \$47.25            | \$82.21        |
|                      | \$1,500,000  | \$29.18            | \$50.77        | \$65.63            | \$114.18       |
|                      | \$2,000,000  | \$38.91            | \$67.69        | \$87.51            | \$152.25       |
|                      | \$2,882,000  | \$56.07            | \$97.54        | \$126.10           | \$219.39       |
|                      | \$3,000,000  | \$58.36            | \$101.54       | \$131.26           | \$228.37       |
|                      | \$5,000,000  | \$97.27            | \$169.23       | \$218.77           | \$380.61       |
|                      | \$10,000,000 | \$194.54           | \$338.46       | \$437.54           | \$761.23       |

### Model 4: Fixed and Capital value model

The Natural Environment targeted rate could also be set on a similar basis to general rates with a part fixed and part capital value based rate. In the table below 13.4 per cent of the revenue is collected on a fixed basis (the same proportion as for general rates) and the business share is 25.8 per cent.

|                      |              | Option A: \$136m   |                | Option B: \$311m   |                |
|----------------------|--------------|--------------------|----------------|--------------------|----------------|
|                      |              | Non-business pays: | Business pays: | Non-business pays: | Business pays: |
| Rate (per SUIP)      |              | \$3.32             | \$3.32         | \$7.47             | \$7.47         |
| Rate (per \$ of CV): |              | \$0.00001628       | \$0.00003216   | \$0.00003661       | \$0.00007233   |
| Property Value:      | \$300,000    | \$8.20             | \$12.97        | \$18.45            | \$29.17        |
|                      | \$500,000    | \$11.46            | \$19.40        | \$25.77            | \$43.63        |
|                      | \$890,000    | \$17.81            | \$31.94        | \$40.05            | \$71.84        |
|                      | \$1,080,000  | \$20.90            | \$38.05        | \$47.01            | \$85.58        |
|                      | \$1,500,000  | \$27.74            | \$51.56        | \$62.39            | \$115.96       |
|                      | \$2,000,000  | \$35.88            | \$67.64        | \$80.69            | \$152.13       |
|                      | \$2,882,000  | \$50.23            | \$96.00        | \$112.98           | \$215.92       |
|                      | \$3,000,000  | \$52.15            | \$99.80        | \$117.30           | \$224.45       |
|                      | \$5,000,000  | \$84.71            | \$164.11       | \$190.52           | \$369.11       |
|                      | \$10,000,000 | \$166.10           | \$324.91       | \$373.57           | \$730.75       |

The four models shown do not include a differential for rural properties as is currently applied to general rates. This is because the distribution of benefits funded by the Natural Environment targeted rate are shared between urban and rural areas. This differs from general rates funding where rural properties are charged a lower rates

differential to reflect the lower investment in stormwater and transport services in rural areas compared to urban areas.

The table following shows the additional increase in rates for each of the models on the urban and rural business, urban and rural residential, and farm/lifestyle properties for Option A the \$136 million additional investment option.

| Option A: \$136m        |                              |                              |               |                         |
|-------------------------|------------------------------|------------------------------|---------------|-------------------------|
| General rates category: | Fixed (Business share 14.6%) | Fixed (Business share 25.8%) | Capital Value | Fixed and Capital Value |
| Urban Business          | 0.4%                         | 0.7%                         | 0.7%          | 0.7%                    |
| Urban Residential       | 1.1%                         | 0.9%                         | 0.9%          | 0.9%                    |
| Rural Business          | 0.2%                         | 0.3%                         | 0.6%          | 0.6%                    |
| Rural Residential       | 1.3%                         | 1.1%                         | 0.9%          | 1.0%                    |
| Farm and Lifestyle      | 0.9%                         | 0.7%                         | 1.3%          | 1.2%                    |

The table following shows the additional increase in rates for each of the models on the urban and rural business, urban and rural residential, and farm/lifestyle properties for Option B the \$311 million additional investment option.

| Option B: \$311m        |                              |                              |               |                         |
|-------------------------|------------------------------|------------------------------|---------------|-------------------------|
| General rates category: | Fixed (Business share 14.6%) | Fixed (Business share 25.8%) | Capital Value | Fixed and Capital Value |
| Urban Business          | 0.9%                         | 1.6%                         | 1.5%          | 1.5%                    |
| Urban Residential       | 2.4%                         | 2.1%                         | 2.0%          | 2.0%                    |
| Rural Business          | 0.4%                         | 0.7%                         | 1.4%          | 1.4%                    |
| Rural Residential       | 2.9%                         | 2.5%                         | 2.1%          | 2.2%                    |
| Farm and Lifestyle      | 1.9%                         | 1.7%                         | 2.9%          | 2.7%                    |



## Attachment C: Programmes funded by Natural Environment Targeted Rate

### Option A – Ecosystem and species loss with some kauri dieback protection

| Activity           | Programme                                                                                                         | Share of funding requirement |
|--------------------|-------------------------------------------------------------------------------------------------------------------|------------------------------|
| Pest control       | Management of pest plants and animals, including on parks, regional programmes, spread to islands. No freshwater. | 8%                           |
| Waiheke            | Pest eradication - Waiheke multi-species - support for community process only                                     | 1%                           |
| Kauri              | Community engagement, hygiene station management, research                                                        | 52%                          |
| Kauri              | Capex upgrade of tracks, installation of vehicle washdowns                                                        | 16%                          |
| Marine biosecurity | Marine Biosecurity pathway management and response                                                                | 3%                           |
| Pest Free Auckland | Community engagement programme to support trapping, data management, grants, monitoring and reporting             | 16%                          |
| Pest Free Auckland | Capex - Traps, data systems, telemetry                                                                            | 2%                           |
| Marine ecology     | Habitats - survey and evaluation                                                                                  | 1%                           |
| Marine ecology     | Seabirds - implement monitoring and restoration                                                                   | 1%                           |

### Option B – Targeted ecosystem and species protection including kauri dieback

| Activity           | Programme                                                                                                     | Share of funding requirement |
|--------------------|---------------------------------------------------------------------------------------------------------------|------------------------------|
| Pest control       | Management of pest plants and animals, including on parks, regional programmes, spread to islands, freshwater | 43%                          |
| Waiheke            | Pest eradication - Waiheke and Kawau multi-species                                                            | 6%                           |
| Kauri              | Research, community engagement, hygiene stations                                                              | 21%                          |
| Kauri              | Capex track upgrades, installation of vehicle wash downs                                                      | 13%                          |
| Marine biosecurity | Marine Biosecurity pathway management and response                                                            | 1%                           |
| Grant funding      | Regional Ecological and Natural Heritage fund to support community action                                     | 4%                           |
| Pest Free Auckland | Community engagement programme to support trapping, data management, grants, monitoring and reporting         | 9%                           |
| Pest Free Auckland | CAPEX - Traps, data systems, telemetry                                                                        | 1%                           |
| Marine ecology     | Habitats - survey and evaluation                                                                              | 1%                           |
| Marine ecology     | Seabirds - implement monitoring and restoration                                                               | 1%                           |

## Attachment D: Statutory decision-making criteria

To set a targeted rate the council must consider the criteria in the Local Government Act 2002 below.

1. When deciding from what sources to meet its funding needs, council must consider the matters set out in section 101(3) of the Local Government Act 2002.
2. For the proposed targeted rate to fund expenditure on Auckland's natural environment, council must consider, in relation to this activity:
  - the community outcomes to which the activity primarily contributes
  - the distribution of benefits between the community as a whole; any identifiable part of the community; and individuals
  - the period over which the benefits are expected to occur
  - the extent to which individuals or a group contribute to the need to undertake the activity
  - the costs and benefits (including consequences for transparency and accountability) of funding the activity distinctly from other activities.
3. Having considered these matters, the council must stand back and consider the overall impact of any allocation of liability for revenue needs on the community. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

### Assessment of options

The following section considers the proposed funding options against the statutory criteria. The community outcomes to which the activity primarily contributes

The community outcomes to which the activity (local environmental management) primarily contributes are set out in the LTP 2015-2025 as:

1. A green Auckland
  - through working with local boards and communities on a range of initiatives that protect and restore important environments and waterways through participating in environmental programmes and partnering with trusts and volunteers to deliver these programmes.
2. A beautiful Auckland loved by its people
  - helping to preserve our natural environment for future generations
  - through ensuring that our natural environment and heritage is valued, understood and celebrated.
3. Maori identity:
  - by empowering mana whenua and mataawaka to participate in natural resource management decision-making processes to realise shared aspirations and mutual outcomes and protect our Māori cultural heritage.

All of these outcomes relate to the overall well-being of the city, and suggest a funding mechanism to which all ratepayers contribute. All of the options for additional funding provide for all ratepayers to make a contribution.

### **The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals**

See "Ratepayer benefits of increased investment in the natural environment" in Attachment B to this report.

### **The period in or over which the benefits are expected to occur**

The majority of additional funding is for operational costs that occur within the period the rate is charged. The small number of assets to be built will deliver benefits over their lifetime. It would therefore be more desirable to meet the capital costs from borrowing thus spreading them over the life of the assets. However, given

constraints on council borrowing it is appropriate to fund the upfront investment from general or targeted rates in order to realise the benefits. The ongoing operating and replacement costs will be funded from general rates.

**The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity**

Costs for most of the proposed projects cannot be attributed to either individuals or groups of ratepayers, and should therefore be charged generally.

**The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities**

Funding these projects from a targeted rate will improve the transparency of decision making on additional funding. Ratepayers will be able to clearly see exactly how any additional funding they provide will be used. This will make it easier for them to express a preference on increased funding.

The use of a targeted rate will also improve accountability for expenditure. If a decision is made to raise additional funding by use of a targeted rate then ratepayers can be confident it will be used for that purpose. Targeted rates can only be spent on the activity for which they are raised.

It is administratively straight forward to implement a targeted rate in the manner proposed.

**Consideration of overall impact**

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council's funding decisions as a whole, not just in relation to this activity.

The overall affordability of any increase in funding demands on the community needs to be assessed against the pressing need for more investment to improve outcomes for Auckland's natural environment.

The average cost of a targeted rate applied over the region on a per SUIP basis is around \$55 (including GST) per property per annum or just over a dollar per week for the most expensive option. For the lower investment option the cost per SUIP is \$25 per annum or less than 50c a week.

Higher capital value properties and business properties will in general be better able to manage increases in rates and accordingly consideration may be given to applying the rate on capital value or differentiating the rate between business and non-business properties. There is a correlation between capital value and income for residential properties with the average household income being higher in areas with higher capital value. Business properties can expense rates and claim back GST.

For those residential ratepayers for whom it may be an issue the council offers rates postponement and administers the rates rebate scheme on behalf of the Department of Internal Affairs.

DRAFT

## 7.5 Waste management service charges

### Purpose

1. To advise on options for consultation regarding waste management services and associated funding.

### Summary

2. The draft Waste Management and Minimisation Plan (WMMP) provides for the staged introduction of the following changes across the region:
  - weekly food waste collection service for urban residential properties (excluding the Hauraki Gulf Islands)
  - an increase in the waste management targeted rate of approximately \$67 for urban residential properties to fund food waste collection
  - weekly pay as you throw 120 litre refuse bin collection using \$3.80 pre-paid bin tags
  - removal of the current refuse targeted rate for the former Auckland and Manukau city areas, following the introduction of the rates funded food waste service and pay as you throw refuse.
3. The council is required to consult on the implementation of these proposed changes to funding for waste services.

### Food waste collection service funding

4. The weekly food waste collection service will provide each residential property with a 23 litre bin to be placed on the kerbside for collection, and a 7 litre caddy to have in the kitchen. The collected food waste will be processed for beneficial reuse (i.e. energy, biofuel, compost).
5. The service is expected to divert approximately 50,000 tonnes per annum from landfill, which equates to approximately 21 per cent of kerbside waste or three per cent of overall waste to landfill. It will also contribute to achieving Auckland's greenhouse gas emissions reduction target of 40 per cent by 2040.
6. Targeting the rate to urban residential ratepayers is the most appropriate funding choice for the services because this is the group whose properties will receive the services. A fixed targeted rate will also encourage residents to use the food waste collection service.
7. Users of the service will have an opportunity to offset some of the cost of paying for refuse collections by diverting organics from their pay as they throw waste. Therefore the average net cost increase to ratepayers will be in the order of \$27 to \$45 per annum.

### Funding residential refuse collection in the former Auckland and Manukau city areas

8. The legacy Auckland and Manukau city areas currently pay for weekly refuse collections through a targeted rate. User pays funding is proposed to replace the targeted rate in these areas because it:
  - incentivises the reduction of household waste and encourages use of the food waste service
  - standardises the funding of household waste across the region.

### Background

9. In 2012 council adopted the WMMP as required under the Waste Minimisation Act 2008. The WMMP is currently being reviewed concurrently with the LTP but at this stage it is proposed that the following will be continued with:
  - providing a three bin service to residential properties with:
    - recycling funded through rates
    - food waste collection funded through rates and the waste levy (urban area only)
    - refuse funded through user pays.
  - working on diverting organic waste from landfill
  - providing a rates funded kerbside food waste collection service for urban residential properties
10. The Long-term Plan 2015-2025 provided for the required investment in supporting infrastructure such as the resource recovery network and centres, wheelie bins, and progressive changes towards a user pays and a three bin system.

11. In May 2017, the Environment and Community Committee endorsed the implementation of a food waste collection service for residential properties, commencing in the former Papakura District Council area. In October 2017 the Strategic Procurement Committee endorsed the strategy for procurement of food waste processing. For the provision of the regional food waste collection service to start in 2020, contracts need to be put in place for collection by mid - 2019 and for processing by August 2018. However no decisions on procurement for the food waste service for the region will be made ahead of decision making in the Long-term Plan 2018-2028.
12. The food waste collection service will be a weekly service for all urban residential properties, (except the Hauraki Gulf Islands). As part of this service the targeted rate will fund a 23 litre kerbside bin and a smaller 7 litre kitchen caddy for every property within the urban residential area.
13. Roll out of the food waste service will be coordinated with the introduction of a user pays refuse bin service. Residents will be provided with a 120 litre refuse bin using \$3.80 pre-paid bin tags or an electronic tag. Residents will also have a choice of an 80L (tag price to be determined when service is rolled out) or a 240L bin (\$5.50 bin tag). Once the food waste service is embedded, the refuse collection will move to fortnightly.
14. The proposed timing for the changes are:

| Legacy Area          | Food waste introduction | User Pays refuse bin service |
|----------------------|-------------------------|------------------------------|
| Papakura             | March 2018              | May 2018                     |
| North Shore          | From 2020               | April 2018                   |
| Rodney and Franklin  | From 2020               | From 2019                    |
| Manukau and Auckland | From 2020               | From 2020                    |
| Waitakere            | From 2020               | Since October 2017           |

#### Consideration of statutory criteria

15. The council is required to consider and consult on any changes to funding for services. This proposal considers the sources of funding for the food waste collection service for the urban residential parts of the region and kerbside residential refuse collection in the former Auckland City Council and Manukau City Council areas against the statutory criteria in section 101(3) of the Local Government Act 2002. The key elements of this assessment are set out in the options below. A full analysis against the statutory criteria is set out in Attachment B: Assessment against statutory criteria.

#### Funding Options

16. Funding options on the changes to waste management services are presented in two parts set out in the table in Attachment A:
  - a) Food waste service funding
 

The food waste collection service is proposed to be funded with an increase in the solid waste targeted rate of \$67 and \$1.9 million from the Waste levy<sup>1</sup>. The rate will be introduced in each area of the city as the service is rolled out as per attachment A.
  - b) User pays refuse in Auckland and Manukau
 

The proposal is to fund a 120 litre refuse bin collection using estimated \$3.80 pre-paid bin tags.
17. Under the proposal, residents in the former Auckland City and Manukau areas would pay directly for their refuse service. Ratepayers would have a lower waste targeted rate as the cost of refuse collection will be funded from users. This means that in tenancy scenarios the cost of refuse to landfill disposal in this area will transfer to the household. This change would mean that all residential refuse collections across the Auckland region would be a standardised user pays service.
18. The impact of this proposal on the different legacy areas is variable depending on when different service changes are progressed. A full break down of these impacts is in Attachment B 'consideration of overall impact section.'

<sup>1</sup> The government provides the council with funding from the Waste Levy to encourage activities that divert waste from landfill.

**Attachments**

| No. | Title                                 |
|-----|---------------------------------------|
| A   | Options table                         |
| B   | Assessment against statutory criteria |

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## Attachment A: Funding Options Table

| Rationale                                                             | Benefits                                                                                                | Risks/Issues                                                                                                                                                                                                                                                                                                                                                                                       | Impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Food waste service funding                                            |                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Option A:<br>Increase in solid waste targeted rate (\$67 pa)          | Spreads the cost equally between all households with access to the service and encourages participation | <ul style="list-style-type: none"><li>Will help achieve the 30% per capita reduction target for kerbside waste to landfill (estimated to divert 50,000 tonnes from landfill initially, rising to 75,000 tonnes by 2040)</li><li>Collected food waste will be processed for beneficial reuse</li></ul>                                                                                              | <ul style="list-style-type: none"><li>The targeted rate including food waste collection is anticipated to rise by a total of \$73 pa while the average cost of refuse will fall by \$28 pa in Auckland and Manukau and \$45 pa elsewhere</li><li>The impact of the changes differs depending on the property's ownership, see table at paragraph 10</li></ul>                                                                                                                                                    |
| Option B:<br>User Charge for participating households (\$95-\$120 pa) | Only those households that use the service would pay for it                                             | <ul style="list-style-type: none"><li>Will make some contribution to reduction target for kerbside waste to landfill – but will be much less than option 1</li><li>Collected food waste will be processed for beneficial reuse</li></ul>                                                                                                                                                           | <ul style="list-style-type: none"><li>A user charge acts as a disincentive to participation</li><li>Costs of operating the service are much higher per pick-up when there is less participation</li></ul> <ul style="list-style-type: none"><li>Participating households will pay full cost of service – estimated to be \$95-\$120.</li></ul>                                                                                                                                                                   |
| Option C:<br>Increase in general rates                                | Reflects wider benefit to the community of reduction in waste to landfill                               | <ul style="list-style-type: none"><li>All ratepayers contribute to the service and therefore would encourage participation</li><li>Will help achieve the 30% per capita reduction target for kerbside waste to landfill (estimated to divert 50,000 tonnes from landfill initially, rising to 75,000 tonnes by 2040)</li><li>Collected food waste will be processed for beneficial reuse</li></ul> | <ul style="list-style-type: none"><li>Ratepayers with no access to the service will be contributing (business, Gulf Islands and rural ratepayers)</li></ul> <ul style="list-style-type: none"><li>General rates would increase by approximately 1.7%</li><li>Ratepayers receiving the service can lower the overall impact by reducing their refuse under pay as you throw</li><li>High value properties would have a greater cost impact</li></ul>                                                              |
| Option D:<br>Do not provide service                                   | Does not add new costs to ratepayers                                                                    | <ul style="list-style-type: none"><li>Minimise changes to rates costs</li></ul>                                                                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"><li>The reduction to landfill targets are less likely to be achieved</li><li>The move to user pays refuse in the Auckland and Manukau areas will not have the offsetting reductions available from diverting some of their waste into the food waste service</li></ul> <ul style="list-style-type: none"><li>No impact for those already on pay as you throw charges, but Auckland and Manukau areas will have new user charges with no ability to divert food waste</li></ul> |



| Rationale                                                                                                    | Benefits                                                                                                   | Risks/Issues                                                                                                                                                                                                                                                                                   | Impacts                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                              |                                                                                                            | <ul style="list-style-type: none"> <li>The contract for the Papakura service has already been procured</li> </ul>                                                                                                                                                                              |                                                                                                                                                                                                                                                                                          |
| <b>User pays refuse in Auckland and Manukau</b>                                                              |                                                                                                            |                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                          |
| <b>Option A:</b><br><b>Introduce pay as you throw to the Auckland and Manukau areas (\$3.80 per bin tag)</b> | Aligning waste services across the Auckland region and encouraging reduction in kerbside waste to landfill | <ul style="list-style-type: none"> <li>Will encourage use of the recycling and food waste services which in turn will help achieve the 30% per capita reduction target for kerbside waste to landfill</li> <li>Aligns the Auckland and Manukau areas with other parts of the region</li> </ul> | <ul style="list-style-type: none"> <li>Higher costs for residents (tenants and owner occupiers) if introduced without food waste service to assist in reduction in refuse volume</li> <li>The impact differs depending on the property's ownership, see table at paragraph 12</li> </ul> |
| <b>Option B:</b><br><b>Status quo – targeted rate in the Auckland and Manukau areas</b>                      | Minimise change to ratepayers                                                                              | <ul style="list-style-type: none"> <li>Minimise change to ratepayers</li> </ul>                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>Different methods of charging and perceived inequities across the Auckland region</li> <li>The reduction to landfill targets are less likely to be achieved</li> <li>No change</li> </ul>                                                         |

## Attachment B: Assessment against statutory criteria

When deciding from what sources to meet its funding needs, council must consider the matters set out in section 101(3) of the Local Government Act 2002, see below. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

101(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

(a) in relation to each activity to be funded,—

(i) the community outcomes to which the activity primarily contributes; and

(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and

(iii) the period in or over which those benefits are expected to occur; and

(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and

(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

(b) the overall impact of any allocation of liability for revenue needs on the community.

The following sections consider the funding of the food waste collection service and kerbside residential refuse collection in the former Auckland City Council and Manukau City Council areas against the criteria in section 101(3) of the Local Government Act 2002.

### 1. Food waste collection service

#### **The community outcomes to which the activity primarily contributes**

The community outcome to which the activity (solid waste) primarily contributes are set out in the LTP 2015-2015 as:

- A green Auckland – Through protecting our natural heritage and managing our natural resources sustainably. Managing Auckland's waste and reducing our reliance on landfills.

The kerbside food waste collection service contributes to this outcome by reducing waste to landfill and lower greenhouse gas emissions.

The provision of kerbside food waste collection contributes to wider outcomes for the region. However, it also provides a service to individual residential properties. A funding source directed to these beneficiaries, user pays or a targeted rate, is therefore more appropriate than general rates funding. A targeted rate is preferred as user pays would discourage use of the service thus defeating its primary purpose of diverting waste to landfill.

#### **The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals**

This service provides direct benefits to the properties receiving it. These properties should meet the costs via user charges or a targeted rate differentiated geographically, on areas where the service is available, and differentiated to those properties, residential, which receive the service. A user charge more directly targets users of the service as it applies to all residents receiving the service, tenants and owner occupiers. A targeted rate is only indirectly incident on tenants through their rent.

#### **The period in or over which the benefits are expected to occur**

The costs to deliver this service are incurred over a one to three year contractual cycle. These costs should be recovered from the beneficiaries over that time period i.e. from user charges or targeted rates.

#### **The extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity**

The cost of this service is driven by the properties who receive the service. These properties should meet the costs via user charges or a targeted rate differentiated geographically, on areas where the service is available, and differentiated to those properties, residential, which receive the service. A user charge more directly targets

users of the service as it applies to all residents receiving the service, tenants and owner occupiers. A targeted rate is only indirectly incident on tenants through their rent.

### The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

The cost of implementing a targeted rate for food waste collection is minor. The council only needs to adjust the geographical boundary for application of the current targeted rate to match the serviced area.

There is no cost to the council of using general rates to fund the food waste collection. The introduction of user pays for food waste collection would require the council to incur additional administration costs.

Funding the food waste collection from a targeted rate will improve the transparency of decision making on additional funding. Ratepayers will be able to clearly see exactly how any additional funding they provide will be used. This will make it easier for them to express a preference on increased funding. A fixed rate per SUIP will make it easier to communicate to the community the cost of the service improvements relative to their benefits.

The use of a targeted rate will also improve accountability for expenditure. If a decision is made to raise additional funding by use of a targeted rate then ratepayers can be confident it will be used for that purpose. Targeted rates can only be spent on the activity for which they are raised.

Overall accountability will not be impacted, as the form of funding will not influence ratepayers' ability to hold the council to account for the effectiveness of this expenditure given the technical expertise required to make such an assessment.

### Consideration of overall impact

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council's funding decisions as a whole, not just in relation to this activity.

The cost of the food waste collection service on its own is approximately \$67 per year or \$1.30 per week. However, the net cost is between \$27 and \$45 per residential ratepayer receiving the service, see table, between 50 and 87 cents per week.

| Service                                                         | Ratepayer cost impact of food waste collection (incl. GST)                    |                                                |                                                           |
|-----------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------|
|                                                                 | Charges                                                                       |                                                |                                                           |
|                                                                 | 2017/2018<br>Former North Shore,<br>Waitakere, Franklin,<br>Papakura & Rodney | 2017/2018<br>Former Auckland City &<br>Manukau | Future <sup>[1]</sup><br>Food waste collection introduced |
| Base service<br>Including recycling and<br>inorganic collection | \$102                                                                         | \$102                                          | \$108                                                     |
| Standard <sup>[2]</sup> refuse targeted<br>rate                 | n/a                                                                           | \$117                                          | n/a                                                       |
| Food waste                                                      | n/a                                                                           | n/a                                            | \$67                                                      |
| Total Rates                                                     | \$102                                                                         | \$219                                          | \$175                                                     |
| Change in rates                                                 | +\$73<br>(=\$175-\$102)                                                       | -\$44<br>(=\$175-\$219)                        |                                                           |
| Refuse – pay as you throw<br>bags vs bin tags                   | \$135 <sup>[3]</sup>                                                          | n/a                                            | \$89 <sup>[4]</sup>                                       |
| Total cost                                                      | \$237                                                                         | \$219                                          | \$264                                                     |

<sup>[1]</sup> Presented in today's dollars for comparison purposes.

<sup>[2]</sup> Ratepayers can request a larger bin for an additional rates charge of \$55 per annum.

<sup>[3]</sup> This is the current average cost per household which uses the council's bag pick up service.

<sup>[4]</sup> Expected cost is based on the change in refuse disposal in the food waste pilot area on the North Shore. Rodney customers currently use non-council refuse services. They will face similar impact as shown in this table if they choose to use council's refuse service when it becomes available.

| Ratepayer cost impact of food waste collection (incl. GST) |                                                                               |                                                |                                                           |
|------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------|
| Service                                                    | Charges                                                                       |                                                |                                                           |
|                                                            | 2017/2018<br>Former North Shore,<br>Waitakere, Franklin,<br>Papakura & Rodney | 2017/2018<br>Former Auckland City &<br>Manukau | Future <sup>[1]</sup><br>Food waste collection introduced |
| Net change in cost with food waste service <sup>[5]</sup>  | +\$27<br>(= \$264 - \$237)                                                    | +\$45<br>(= \$264 - \$219)                     |                                                           |

The table above shows the impact of the proposal on the majority of ratepayers – owner occupiers. The table below summarises the average change in waste management cost for various types of households under the proposal to introduce food waste service in the region and user pay refuse in the former ACC and MCC.

| Ratepayer/Household       | Former ACC & MCC                                                    |                                                                 | Other areas                                                     |
|---------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
|                           | - Food waste collection targeted rate and<br>- Targeted rate refuse | - Food waste collection targeted rate and<br>- User pays refuse | - Food waste collection targeted rate and<br>- User pays refuse |
| Residential landlords     | \$56                                                                | -\$44                                                           | \$73                                                            |
| Residential tenants       | \$0                                                                 | \$89                                                            | -\$46                                                           |
| Owner occupied properties | \$56                                                                | \$45                                                            | \$27                                                            |

## 2. Kerbside refuse collection: former Auckland City Council and Manukau City Council areas

### The community outcomes to which the activity primarily contributes

The community outcome to which the activity (solid waste) primarily contributes are set out in the LTP 2015-2015 as:

- A green Auckland – Through protecting our natural heritage and managing our natural resources sustainably. Managing Auckland's waste and reducing our reliance on landfills.

The kerbside refuse collection service contributes to this outcome by managing Auckland's waste.

The provision of kerbside refuse collection in the former Auckland City Council and Manukau City Council areas contributes to wider outcomes for the region. However, it also provides a service to individual residential properties. A funding source directed to these beneficiaries, user pays, is therefore more appropriate than general rates funding or targeted rates funding. User pays is the funding method used for kerbside residential refuse collection in the other areas of the region.

### The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals

These services provide direct benefits to the residents receiving the service. These residents should meet the costs via user charges or a targeted rate differentiated geographically, on areas where the service is available, and differentiated to those properties, residential, which receive the service. Users charges more directly targets users as they apply to both tenants and owner occupiers.

### The period in or over which the benefits are expected to occur

The costs to deliver these services are incurred over a one to three year contractual cycle. These costs should be recovered from the beneficiaries over that time period i.e. from user charges or rates.

### The extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity

The costs of the services are driven by the residents who receive the service. These residents should meet the costs via user charges or a targeted rate differentiated geographically, on areas where the service is available,

<sup>[5]</sup> Average net cost based on residents making use of food waste service to level observed in pilot.

and differentiated to those properties, residential, which receive the service. Users charges more directly targets users as they apply to both tenants and owner occupiers.

### **The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities**

The application of user pays for kerbside refuse collection in the former Auckland City and Manukau areas will be an extension of the changes to user pays charging being introduced in the remainder of the region. One off additional communication costs will also be incurred to support the new service. Retaining the current targeted rate has no direct cost but would not encourage use of the food waste service reducing its effectiveness in achieving a reduction in residential waste to landfill.

The costs of funding this service distinctly from other services are not substantial relative to the benefits of ensuring the beneficiaries pay:

- equitable allocation of cost - only those receiving the service would pay for it
- reduced waste to landfill from the incentive for residents to reduce refuse disposal via user pays for the kerbside refuse collection service.

### **Consideration of overall impact**

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council's funding decisions as a whole, not just in relation to this activity.

The estimated average change in the costs of solid waste services for the residents of the former Auckland City Council and Manukau City Council areas will change with the introduction of user pays kerbside refuse collection. The costs will differ between different types of household/ratepayer given the movement in charging mechanisms.

Residential tenants in the former Auckland City and Manukau areas would now pay directly for their refuse service. Landlords in these areas will have lower rates as the cost of refuse collection is recovered from user pays. It is unlikely that landlords will reduce rents when their rates fall with the removal of the targeted refuse rate. At present tenants in other parts of Auckland in all socio-economic groups pay user charges for their refuse.

The costs will differ between different types of household/ratepayer given the movement in charging mechanisms. The following table summarises the average impact if user pays refuse is implemented without the introduction of region wide food waste service.

| Ratepayer/Household       | Former ACC & MCC |
|---------------------------|------------------|
| Residential landlords     | -\$117           |
| Residential tenants       | \$112            |
| Owner occupied properties | -\$5             |

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## 7.6 Resource consent fees and charges

### Purpose

1. To outline proposed changes to regulatory fees and charges, which are beyond the annual inflation adjustment for the financial year 2018/2019.

### Summary

2. The council proposes a change to the current regulatory fees by introducing new fees relating to Deemed Permitted Boundary Activity Notices issued under the Resource Management Act 1991 (RMA), and Plantation Forestry permitted activity monitoring under the Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017 (NES).

### Permitted Boundary Activity

3. Deemed Permitted Boundary Activities are new to the RMA. They allow an activity defined as a boundary activity, that would normally require a resource consent, to be deemed to be permitted if relevant affected neighbours give their written application type, resulting from recent changes to Resource Management Act (RMA) 1991. It allows fast tracking approval, and the council can issue a notice to that effect. Staff propose to require a deposit of \$400 and charge hourly rates based on the work completed. Further billing/refund will be issued accordingly.

### Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017

4. The NES will come into force in May 2018. It provides that a number of activities relating to plantation forestry are permitted activities under the RMA, subject to a requirement that the council is given notice that they are going to occur. The charges will cover the council's costs associated with monitoring of permitted Plantation Forestry activities being undertaken and the assessment of management plans. Staff propose to require a deposit of \$400 and charge hourly rates based on the work completed. Further billing/refund will be issued accordingly.
5. The current hourly rates are outlined below. These will be adjusted for inflation from 1 July 2018.

| Staff position                                                                                                             | Approved hourly rate for 2017/2018 (incl. GST) |
|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Administration (all areas)                                                                                                 | \$105                                          |
| Building, compliance, monitoring, incident investigator, environmental health officer, licensing, other (excluding senior) | \$159                                          |
| Planner, engineer, subdivision advisor, specialist, urban design, other (excluding senior)                                 | \$159                                          |
| Senior processing/inspection, senior specialist, principal, Intermediate, team leader (all areas)                          | \$189                                          |
| Manager/project manager/legal services (all areas)                                                                         | \$198                                          |

### Background

6. Recent amendments to the Resource Management Act (RMA) 1991 have introduced a new fast track application process for the issue of Deemed Permitted Boundary Activity Notices for which a fee is able to be set minor boundary applications.
7. The new proposed changes to National Environmental Standards (NES) will require the council to monitor permitted Plantation Forestry permitted activity and assess notices including management plans. The NES states that the council can charge a fee for carrying out those functions.

### Options

8. Both are proposed to have a \$400 deposit payable at lodgement of the application. The fee (by way of hourly rate) ensures the council can recover the costs associated with assessing and monitoring the application. If the costs are lower than the deposit then a refund will be payable to the applicant. Likewise, if the charges exceed \$400 then additional charges will be invoiced. We will monitor the actual charges during the implementation to ensure the deposit is an accurate reflection of the overall charges
9. The council is required to issue a Deemed Permitted Boundary Activity Notice if the relevant statutory requirements are met per the amendments to the RMA. The Council is required to undertake monitoring of permitted Plantation Forestry activities and assessment of management plans per the provisions of the RMA and the NES.

Note: There are no options considered as this is a RMA requirement.

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## 7.7 Land advisory services fees and charges

### Purpose

1. To propose the introduction of fees and charges for the current land advisory services.

### Summary

2. The Land Advisory Services team within the Community Facilities department delivers land use services to internal and external customers, on behalf of the council as the landowner of parks, reserves and other service land. The services include investigating and assessing applications for physical works and activities on council owned land, and for acquisition, disposal and/or strategic development of council owned land.
3. The services are provided by a team of 15 full-time equivalent (FTE) staff. Over 620 applications have been received to date in calendar year 2017. Currently, the council does not charge for any of these services. The conservatively estimated non-rates revenue of \$350,000 (including GST) per annum could be generated if charges were introduced.
4. Similar to the existing model for cost recovery in the regulatory services, staff propose the following deposits and hourly rate charges.

#### Proposed deposits for landowner approval (by application type)

| Application Type           | Proposed deposit for 2017/2018 (incl. GST) |
|----------------------------|--------------------------------------------|
| Basic (average 4 hours)    | \$570                                      |
| Standard (average 8 hours) | \$990                                      |
| Complex (average 12 hours) | \$1410                                     |

#### Proposed hourly rates for Land Advisory Services (landowner approval and specialist services)

| Staff position                                                                                                              | Proposed hourly rate for 2017/2018 (incl. GST) |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Administration<br>Associate Land Use Advisor                                                                                | \$85                                           |
| Land Use Advisor                                                                                                            | \$105                                          |
| Senior Land Use Advisor/<br>Specialist Technical Statutory Advisor<br>Acquisitions and Disposals Advisor (including senior) | \$150                                          |
| Principal Property Advisor<br>Manager Land Advisory Services                                                                | \$180                                          |

5. The proposed hourly rates are based on staff position and job descriptions, which reflect the level of specialist or technical knowledge and any supervisory functions.
6. All fees would be waived for any applicants undergoing works or activities on council's behalf. A discount of 50 per cent would be applied to all community group or registered charity applicants.

### Background

7. The Community Facilities department manages the council's community facilities and serves as the land owner for the land underlying these facilities. The Land Advisory Services team conducts investigations and processes external, internal and CCO customer applications for approval to engage in works or activities on, or in some cases, to obtain a legal interest in, council land. These services are required for physical works

and activities, some of which also require resource consent, proposed on council land (landowner approvals) as well as for acquisition, disposal and/or strategic development of council land (specialist services).

8. To date, these services have been provided by the council to applicants free of charge, despite the fact that the benefit of these services accrues primarily to the applicants. Proposed recoverable costs are outlined in Table 1.

**Table 1: Cost recoverable functions of Land Advisory Services**

| Functions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cost recoverable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Not cost recoverable                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <ul style="list-style-type: none"> <li>Acquisition of land</li> <li>Disposal of land</li> <li>Strategic development of land and buildings</li> <li>Provide a licence to occupy (temporary use of council land such as storing diggers on a local park)</li> <li>Grant an easement (permanent use of council land such as installing a stormwater pipe across a reserve)</li> <li>Grant a lease (community or commercial)</li> <li>Legalise encroachments on council land (in certain circumstances)</li> <li>Landowner approvals</li> <li>Affected party approvals</li> <li>Public notifications</li> </ul> | <ul style="list-style-type: none"> <li>CCOs and internal council department requests (e.g. DPO, Healthy Waters, Community and Social Policy, Community Facilities (other units), Infrastructure and Environmental Services, Libraries) unrelated to an existing project and budget</li> <li>Update of data errors to reflect accuracy (e.g. an asset incorrectly sits with Auckland Transport and is the responsibility of Auckland Council)</li> </ul> |

9. It is conservatively projected that the council could generate, based on the proposal outlined, \$350,000 (including GST) per annum in non-rates revenue for the provision of these existing services. This proposal would serve to reduce the rates burden on rate payers and promote effective use of staff time.
10. This cost recovery proposal is similar to fees and charges for regulatory consent applications and would, in many ways, mirror that existing approach.

## Options

### Status quo: free of charge

11. The council could choose to continue providing the services at no cost to the applicants. This option does not recognise that the service primarily benefits the applicants who receive it, and that ratepayers bear the cost currently. The option would forgo a moderate revenue opportunity.

### Proposed charging regime

12. In developing the proposed fees, staff considered a number of charge rates including the current consenting hourly charges. While the function of Land Advisory Services is different and distinct from that of the council's Regulatory Services, similar skill-sets, experience, and education are applicable to staff in both areas. However, staff recognise charging for these services would mean a considerable change for applicants.
13. Therefore, staff recommend a set of hourly rates slightly lower than consenting charges, to balance the cost recovery against the novelty to applicants. The proposed charging regime represents what staff consider to be a fair and reasonable approach, allowing applicants to adjust to paying for our professional services while generating non-rates revenue for council.

| Staff position                               | Proposed hourly rate for 2017/2018 (incl. GST) |
|----------------------------------------------|------------------------------------------------|
| Administration<br>Associate Land Use Advisor | \$85                                           |

| Staff position                                                                                                              | Proposed hourly rate for 2017/2018 (incl. GST) |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Land Use Advisor                                                                                                            | \$105                                          |
| Senior Land Use Advisor/<br>Specialist Technical Statutory Advisor<br>Acquisitions and Disposals Advisor (including senior) | \$150                                          |
| Principal Property Advisor<br>Manager Land Advisory Services                                                                | \$180                                          |

14. Furthermore, all fees would be waived for any applicants undergoing works or activities on council's behalf (e.g. contractors hired by the council to complete works on council land requiring land owner approval). This waiver would ensure that the proposed fees would only apply to situations where the benefit of the works or activities accrues to a private party.
15. In addition, a discount of 50 per cent would be applied to all community group or registered charity applicants based on the same logic that provides such groups with peppercorn community leases in lieu of market rate leases. Staff presume community group applicants will be seeking approval for works or activities that further their community or public-serving focus.

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## 7.8 Cemetery fees and charges

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### Purpose

1. To outline proposed changes to cemetery fees and charges which are beyond the annual inflation adjustment for the financial year 2018/2019.

### Summary of the proposal / issue

2. The council proposes a change to the current cemetery fees and charges by removing the fee for the cremation of a baby under 1 year of age.

### Background

3. Auckland council crematoria perform around 80-85 baby cremations each year.
4. The current fee for the cremation of a baby less than one year is \$193 including GST. This fee is adjusted for inflation each year.
5. The fee covers the costs associated with processing the application, creating the record and returning the ashes to the family in a receptacle.
6. Cremations of babies less than one year old require a high level of skill from staff that operate the cremators in order to ensure there is a return for the family.
7. For religious or cultural reasons some families prefer a burial and Auckland Council offers dedicated children's and baby plots at a number of cemeteries across the region. Babies may also be buried in a family plot in an adult area of the cemetery.

### Options

8. Options are outlined in attachment A.

### Attachments

| No. | Title                  |
|-----|------------------------|
| A   | Options analysis table |

## Attachment A: Options Table

|                      | Rationale                                                                                         | Implications                                                                                                                                | Risks                                                                                                                                                                                                                                                                                                                                                     |
|----------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Option One:</b>   | Status quo: continue to charge for baby cremations                                                | <ul style="list-style-type: none"> <li>Aligned with most other council and some private crematoria providers</li> </ul>                     |                                                                                                                                                                                                                                                                                                                                                           |
| <b>Option Two:</b>   | Remove charges for stillborn and pre-term loss cremations                                         | <ul style="list-style-type: none"> <li>Aligned with charges at some private crematoria</li> </ul>                                           |                                                                                                                                                                                                                                                                                                                                                           |
| <b>Option Three:</b> | Remove charges for cremations for all babies under one year including stillborn and pre-term loss | <ul style="list-style-type: none"> <li>Increased level of service in comparison to most private providers in the Auckland region</li> </ul> | <ul style="list-style-type: none"> <li>Reduction in budgeted revenue of around \$14,000 pa</li> <li>Potential to increase the number of baby cremations and therefore increase costs</li> <li>May lead to an increase in requests to waive fees on the grounds of hardship</li> <li>Inequity in charging policy between cremations and burials</li> </ul> |

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## 7.9 Water Quality Improvements Programme

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### Purpose

1. Provide options to accelerate investment in water quality improvements for Auckland's beaches, harbours, streams and aquifers.

### Summary

2. Auckland has a significant issue of pollution of its waterways across the region. The Water Quality Improvements Programme has been developed to address some of the major causes of this issue by:
  - reducing waste water overflows into the Waitemata harbour from hundreds of events to six or less each year
  - reducing stormwater volumes into the Manukau Harbour
  - reducing contaminants (for example litter, sediments, metals and oils) in stormwater across the region, and in the South Kaipara Harbour
  - improving water quality and creating healthy habitats for plants and animals in streams across the region
  - establishing a system for proactive monitoring onsite waste water treatment systems such as septic tanks.
3. This paper presents an option to deliver this programme within the next decade. (A comparison of options can be found in Attachment A).
4. Option A: Under current budgets these outcomes will take over 30 years to achieve.
5. Option B: With additional investment of \$856 million the outcomes could be delivered by 2028.
6. The Western Isthmus component of the programme will involve significant collaboration between the Healthy Waters team and Watercare Services Limited as it will involve improvements to both the stormwater and wastewater networks and, in some places, separation of existing combined networks,
7. This paper also includes options for consideration on how to fund the Healthy Waters component of the investment programme. A targeted rate is preferred as it has a high degree of transparency, improves accountability and there are a number of different approaches to setting the targeted rate. These are set out in full in Attachments C.
8. Under a targeted rate set on a capital value the average value (\$1,080,000) residential property would pay \$66 per annum. The average value business (\$2,882,000) would pay \$308. (This is on the basis that business properties pay 25.8 per cent of the total share of rates, the target for the council's long-term differential strategy<sup>1</sup>.)

### Background

9. There are areas of Auckland's beaches, harbours, streams and aquifers that are significantly affected by poor water quality. Many waterways and beaches are unsafe for swimming after storm events, and some beaches are permanently closed to swimming. This is a result of pollution from a number of sources including:
  - wastewater overflows from the combined sewer network when stormwater overwhelms the system capacity.
  - pollution from road run-off

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<sup>1</sup> The Long-term differential strategy gradually lowers the share of rates paid by businesses from 32.7 per cent in 2017/2018 to 25.8 per cent in equal steps by 2037/2038.

- sedimentation from urban and rural land use
  - old or poorly maintained onsite wastewater systems (septic tanks etc).
  - impacts from farming such as livestock in streams and fertiliser runoff.
10. The Water Quality Improvements Programme of work has been developed to address these issues. The key projects and outcomes are as follows:
- stormwater upgrades and waste water/stormwater separation in the Western Isthmus
    - o reduces overflows into the Waitemata and Manukau harbours.
    - o beaches from Meola Reef to the Viaduct will be swimmable
    - o reduction in intermittent beach closures
    - o rehabilitation of Western Isthmus streams
    - o reduces demand on the waste water network from stormwater, allowing greater housing intensification in the Western Isthmus catchments
  - infrastructure for stormwater contaminant removal across the region
    - o reduction of sediment into the Kaipara Harbour
    - o reduction in stormwater contaminants across the region
  - rehabilitation of urban and rural streams
    - o improves the ecological health of the streams and reduces flow of contaminants into harbours
    - o enables urban development in areas such as Oamaru creek in East Tamaki
    - o stabilises areas of high stream erosion, reducing sedimentation in the harbours and protecting property and infrastructure
  - introduction of a proactive regional septic tank monitoring programme
    - o develop a regional database of onsite systems, their design parameters and maintenance records
    - o first step in identifying the individual properties contributing to the degradation of beaches and waterways, such as at Piha, Bethells Beach, and Little Oneroa on Waiheke
    - o develop a warrant of fitness style scheme to ensure the systems perform.

## Options

### Investment options

11. Options for investment have been developed and are set out in Attachment A. The key difference between the options is essentially in the timing of the programme.

### Funding options

12. Also considered as part of this proposal, are options for funding the Healthy Waters component of the additional investment in the water quality programme. Attachment B and D set out a full discussion of the possible approaches to funding the programme through rates. In summary the key issues for consideration of funding options are:
- a. General rate or targeted rate – After consideration of the cost drivers and beneficiaries of the additional investment it is concluded that the community at large benefits from improvements of water quality in the harbour and streams. However, a targeted rate assessed across all properties offers a higher degree of transparency and accountability.
  - b. Distribution of the targeted rate between business and non-business sectors – two differential options are identified for consideration, one based on business paying 25.8 per cent of the rate requirement (as intended under the existing long term differential strategy for general rates) and the other based on business paying 14.6 per cent of the rate requirement (reflecting the tax advantages that business ratepayers receive).
  - c. Distribution of the targeted rate within each sector – three options are set out for consideration i.e. setting the rate on a fixed basis (so each ratepayer pays the same), a capital value basis (ratepayers pay in proportion to their property value), or a combination of both.



#### Attachments

| No. | Title                     |
|-----|---------------------------|
| A   | Options table             |
| B   | Funding option discussion |

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## Attachment A: Options Table

|                                                                                                                  | Rationale                                       | Description                                                                                                                                                                                                                                                                                                                                                                                                                                            | Outcomes                                                                                                                                                                                                                                                                                                                                                 | Costs and funding                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Option One:<br/>Existing Asset<br/>Management Plans</b>                                                       | <i>Deliverable within<br/>current budgets</i>   | <ul style="list-style-type: none"> <li>Continue with existing works included in the Asset Management Plans of Watercare and Healthy Waters</li> <li>Includes Central Interceptor project and some stormwater upgrades</li> </ul>                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>Reduces the number of locations in the Western Isthmus that experience wastewater overflows every time it rains from 43 points to 31 points by 2028.</li> <li>The number of overflow points in the Western Isthmus that spill more than twice a year reduces from 218 to 214 by 2028.</li> </ul>                  | <ul style="list-style-type: none"> <li>Costs in line with current budgets and deliverable with current funding sources</li> </ul>                                                                                                                                                                                       |
| <b>Option Two:<br/>Full additional Water<br/>Quality measures<br/>including Western<br/>Isthmus acceleration</b> | <i>Delivers best water<br/>quality outcomes</i> | <ul style="list-style-type: none"> <li>Leverage the investment in Central Interceptor by bringing forward investment in the Western Isthmus from outer years of Asset Management Plans to achieve improved water quality outcomes within ten years</li> <li>Infrastructure for stormwater contaminant removal across the region</li> <li>Rehabilitation of urban and rural streams</li> <li>Introduction of regional septic tank monitoring</li> </ul> | <ul style="list-style-type: none"> <li>By 2028 reduce overflow points on the Western Isthmus to ten locations that are anticipated to overflow 2-6 times per year on average.</li> <li>Reduced Faecal Contamination of waterways from onsite wastewater systems in high risk areas</li> <li>Reduced Sediment runoff in to the Kaipara Harbour</li> </ul> | <ul style="list-style-type: none"> <li>Total additional cost across the LTP period of \$856 million</li> <li>Healthy Waters component, \$452 million, to be funded by a Water Quality Targeted Rate (discussion in appendix C)</li> <li>Watercare component, \$404 million, to be funded from water charges.</li> </ul> |

## Attachment B: Funding option discussion

### Introduction

In considering options for funding the Water Quality Investment Programme, the key questions to be answered are:

1. Should the programme be funded from general rates or targeted rates?
2. Do some ratepayers benefit more from the activity to be funded?
3. Do some ratepayers drive a greater share of the costs of the activity?
4. Are some ratepayers better able to afford the rate?
  - a. Should the rate be set on fixed or capital value basis?

### General rates or Targeted rate

Upgrades to stormwater infrastructure are currently funded from the general rate. This reflects the shared public good of this activity. For 2018/2019 the \$40 million (Including GST) required for the Water Quality Improvements Programme (WQIP) would represent a 2.25 per cent increase in general rates.

General rates are charged partly as a fixed uniform charge for all properties or separately used part of a property; and as differentiated rate set on each property's capital value. The council's capital value based general rate is differentiated in part to reflect the differences in costs for stormwater attributable to different sectors of ratepayers. Businesses pay more, as their larger areas of impermeable surface area require greater investment in stormwater infrastructure. Rural areas pay less as most rural properties are not served by the stormwater network.

The distribution of costs between the full stormwater activity and proposed activities for the WQIP differ. The majority of spending is to bring the stormwater network for the predominately residential areas of the Western Isthmus up to the standard of other areas. Six per cent of stormwater assets are located in rural areas, whereas just over ten per cent of the Water Quality Improvement programme will be spent in rural areas.

Compared to general rate funding, a targeted rate provides for more transparency in decision making and implementation. It can only be used to fund the projects it was raised for, enabling greater visibility of expenditure and accountability for outcomes. A targeted rate can also be set on a different basis from the general rate to reflect differences in the level of benefit received or cost imposed by different groups of ratepayers.

A WQIP targeted rate is proposed for funding so ratepayers can clearly identify the costs and benefits of the programme. Consulting on a separate targeted rate is likely to generate more feedback from the public that informs the question of whether ratepayers are willing to take on additional costs to improve water quality.

### Ratepayer benefits of the Water Quality Improvements Programme

All Aucklanders will benefit from improved water quality across the Auckland Region's harbours and streams. The direct benefits to individual ratepayers will vary depending on the use they make of Auckland's waterways.

The cost of activities undertaken by the WQIP varies across the region. Just over eighty per cent of the investment (\$325 million uninflated) will be spent upgrading the stormwater network in the Western Isthmus. The majority of this spending will be on separating stormwater and waste water for those properties served by the combined network. This work will bring the stormwater infrastructure in the Western Isthmus up to the standard of the rest of the network.

Properties on the combined network will not receive any additional benefit from this activity compared to other properties however. Their stormwater will continue to be conveyed away as it had been before the work was undertaken. Property owners will usually be required to pay the costs of connecting to the new networks if they develop their properties however.

The primary benefit of the Western Isthmus upgrades is the reduction of waste water overflows into the Waitemata Harbours from hundreds of events per annum to two to six events, and a reduction in Stormwater volumes into the Manukau harbour. For ratepayers, the visible benefits of this programme are:

- significant reduction of offensive beach litter (such as prophylactics, toilet paper and feminine hygiene products) across the extents of the Waitemata harbour (The nature of litter produced from waste water tends to be more offensive than that from other sources. It is also persistent in the environment and able to travel long distances on currents and tides.)
- removal of permanent closure notice for Meola Reef and Coxes Beach
- reduction of intermittent beach closures.

It might be expected that properties adjacent to beaches currently closed to swimming will benefit from higher land values as a result of the beaches being reopened. However, establishing the extent to which particular properties will benefit is difficult, as improvements to water quality will be incremental and over a long time frame. Additionally, the beaches where a permanent swimming ban is to be lifted, Meola Reef (an estuary) and Coxes Bay (a muddy bay enclosed by a sea wall and road) have not been and are unlikely to become popular swimming spots. The effect of water quality improvements on property values at these locations will be difficult to establish. The effect on properties adjacent to swimming beaches currently subject to intermittent closures is likely to be negligible.

Just over ten per cent of the Water Quality Improvements investment will occur in rural areas, for activities including:

- rehabilitation of rural streams
- sediment containment for the Southern Kaipara Harbour
- development of fish passages
- development of a proactive compliance and monitoring programme for onsite wastewater systems.

Again, the benefits of these activities accrue to the wider users of waterways, rather than individual property owners.

The remainder of the rate will be spent on contaminant containment and rehabilitation of streams in urban areas outside of the Western Isthmus.

Analysis of benefits does not provide strong support for differentiating the rate between ratepayer groups.

### Cost drivers for the Water Quality Improvements Programme

The table below identifies the major causes of water pollution across the Auckland Region:

| Source                         | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Waste water overflows          | Parts of the Western Isthmus are still served by a combined stormwater/waste water network that overflows during heavy rain events. Overflows occur in both the Waitemata and Manukau Harbours, and affect streams across the Western Isthmus.                                                                                                                                                                                                                                                                                                                                                                                                                |
| Impermeable Surface Area (ISA) | Buildings and hard landscaping such as driveways and parking areas prevent the absorption of water into the ground. In urban areas and towns such water flows must be captured by the stormwater network to prevent flooding. Stormwater will contain contaminants washed off the hard surface areas including metals, paint, dust and oils. Business properties are permitted a higher amounts of ISA than residential – typically 90-100 per cent coverage compared to 60 per cent for suburban properties. Rural properties are permitted 10 per cent coverage but rarely utilise this limit, and run-off is able to be filtered by surrounding open land. |
| Roads                          | 25 per cent of the region's Impermeable Surface Area is roading. Roads are significant source of pollutants such as oils and metals. Dust from unsealed rural roads is washed as sediment into waterways.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Septic Tanks                   | Onsite wastewater systems built under old standards (pre 2004) and those that are poorly maintained can pollute waterways. Beaches and streams close to areas where there are dense clusters of poor                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

| Source                           | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                  | performing systems, hilly terrain and clay soils have the highest risk. Water quality monitoring confirms that settlements on West Coast and Waiheke are affecting water quality.                                                                                                                                                                                                                                                                                         |
| Sediments                        | Rural land uses that disturb soil and stock churning up rural streams leads to sediment flows into waterways. Urban land uses can also accelerate stream erosion, introducing large volumes of sediment into the estuaries and harbours. Sediment reduces water visibility and smothers aquatic habitats. (Earthworks for property development can also result in sediment run-off – the council requires sediment to be contained onsite as part of consent conditions.) |
| Livestock and fertiliser run-off | Livestock and fertiliser use can lead to run-off of excess nutrients into waterways.                                                                                                                                                                                                                                                                                                                                                                                      |

The major investment in the WQIP is to address overflows of waste water from the combined stormwater/waste water network in the Western Isthmus. Water pollution in this case can be directly attributed to those properties and roads connected to the combined network. However, these properties do not differ from properties located in other urban stormwater catchments. Overflows are a result of historic design practices when untreated overflows diluted with Stormwater were once acceptable, rather than any particular activities or land uses occurring within the catchment.

Beyond the Western Isthmus network upgrades, it is possible to identify the following differences between ratepayer sectors and proposed investments:

#### **Urban Stream rehabilitation and urban stormwater contaminant removal (4 per cent of investment)**

While some land uses (e.g. heavy vehicle yards and petrol station forecourts), generate higher volumes of contaminants, such properties are normally required to install onsite treatment systems as a condition of consent. It is not possible to attribute a greater share of costs to specific business uses.

Urban properties with larger areas of impermeable surfaces will contribute a greater share of stormwater, and contaminants. It is not feasible to set a rate on actual impermeable surface area, as the council does not currently hold this information. The costs of obtaining and maintaining data on ISA would outweigh any benefit of setting a rate on this basis.

A larger proportion of costs can be attributed to urban businesses relative to urban residential properties as they are permitted larger amounts of ISA. Businesses are typically allowed 90-100 per cent land coverage compared to 60 per cent for suburban residential properties.

#### **Sediment removal from Southern Kaipara, and rural stream rehabilitation (8 per cent of investment)**

Costs are driven by rural land uses that expose soil in the catchments, stock intrusion into waterways and how erosive the underlying ground is. The Kaipara harbour is particularly sensitive to the effects of sedimentation as it is a nationally significant snapper spawning ground and the size and shape of the harbour promote the settlement of sediments in the harbour rather than washing them out to sea.

#### **Compliance and monitoring programme for on-site waste water systems (2 per cent of investment)**

This investment funds the establishment of a database of properties to be monitored. It is proposed that the on-going costs are funded through a fee charged to owners of monitored system.

An examination of the cost drivers suggests a small basis for charging business more than non-business properties.

#### **Affordability and capital value or fixed charges**

In general, businesses are better able to manage additional costs than residential properties. Businesses can also claim back GST and expense rates against tax. A business differential of at least 1.6 over non-business properties will reflect the value of these tax advantages.

The owners of higher value properties will in general be better able to afford an increase in rates than the owners of lower value properties. However, higher value properties already pay higher rates. The relation between property (capital) value and ability to pay is stronger for businesses than non-businesses. This is because a business's investment in property will reflect their potential to generate income. There is stronger support for setting the rate on a capital value basis for businesses than for non-business.

### Targeted Rate Models

An undifferentiated rate would see business properties pay 9.6 per cent of rates set on a fixed basis, or 15.9 per cent on a capital value basis. A rate that was differentiated to reflect only businesses tax advantages over non-business would see businesses pay 14.6 per cent of rates set on a fixed basis, or 25.8 per cent on a capital value basis. Businesses currently pay 32.7 per cent of general rates. Under the council's Long-term differential strategy, it is planned that the business share of general rates will be 25.8 per cent by 2037/2038.

Currently the water quality improvement activities are funded from general rates. If the council does not proceed with the programme now, then upgrades to the Western Isthmus stormwater network are planned to be funded from general rates in the outer years of the Healthy Waters Departments 30 year Asset Management Plan. Setting the targeted rate on a similar basis to the general rates would maintain existing policy settings.

### Fixed rate models:

The table below shows the fixed rate each property (or separately used part of a property) will pay under two model options. In the first, business pay 14.6 per cent of the total rates, and the second, business pay 25.8 per cent of the rates.

| Business Share: | Business Differential | Non-Business pay: (per SUIP) | Business pay: (per SUIP) |
|-----------------|-----------------------|------------------------------|--------------------------|
| Model 1: 14.6%  | 1.6                   | \$73.95                      | \$119.20                 |
| Model 2: 25.8%  | 3.3                   | \$64.25                      | \$210.43                 |

### Model 3: Capital value model:

The table below shows the rate in the dollar and how much business and non-business properties of different value would pay, for a capital value based rate. The business share of the rate is set at 25.8per cent. This equates to a differential of 1.74.

|                 | Non-business pays:   |              | Business pays: |  |
|-----------------|----------------------|--------------|----------------|--|
|                 | Rate (per \$ of CV): | \$0.00006145 | \$0.00010690   |  |
| Property Value: | \$300,000            | \$18.43      | \$32.07        |  |
|                 | \$500,000            | \$30.72      | \$53.45        |  |
|                 | \$890,000            | \$54.69      | \$95.14        |  |
|                 | \$1,080,000          | \$66.36      | \$115.46       |  |
|                 | \$1,500,000          | \$92.17      | \$160.36       |  |
|                 | \$2,000,000          | \$122.89     | \$213.81       |  |
|                 | \$2,882,000          | \$177.09     | \$308.10       |  |
|                 | \$3,000,000          | \$184.34     | \$320.71       |  |
|                 | \$5,000,000          | \$307.23     | \$534.52       |  |

|              | Non-business pays: | Business pays: |
|--------------|--------------------|----------------|
| \$10,000,000 | \$614.46           | \$1,069.04     |

#### Model 4: Fixed and Capital value model

The Water Quality targeted rate could also be set on a similar basis to general rates with a part fixed and part capital value based rate. In the table below 13.4 per cent of the revenue is collected on a fixed basis (the same proportion as for general rates) and the business share is 25.8 per cent.

|                      | Non-business pays: | Business pays: |
|----------------------|--------------------|----------------|
| Rate (per SUIP)      | \$10.49            | \$10.49        |
| Rate (per \$ of CV): | \$0.00005141       | \$0.00010157   |
| \$300,000            | \$25.91            | \$40.96        |
| \$500,000            | \$36.20            | \$61.28        |
| \$890,000            | \$56.25            | \$100.89       |
| \$1,080,000          | \$66.02            | \$120.19       |
| \$1,500,000          | \$87.61            | \$162.85       |
| \$2,000,000          | \$113.32           | \$213.64       |
| \$2,882,000          | \$158.67           | \$303.23       |
| \$3,000,000          | \$164.73           | \$315.21       |
| \$5,000,000          | \$267.56           | \$518.36       |
| \$10,000,000         | \$524.63           | \$1,026.24     |

The four models shown do not include a differential for rural properties as is currently applied to general rates. This is because the distribution of investment and benefits from the WQIP are shared between urban and rural areas. This differs from general rates funding where rural properties are charged a lower rates differential to reflect the lower investment in stormwater and transport services in rural areas compared to urban areas.

The table below shows the impact of each of the models on the urban and rural business, urban and rural residential, and farm/lifestyle properties.

|                         | Model:                       |                              |               |                         |
|-------------------------|------------------------------|------------------------------|---------------|-------------------------|
| General rates category: | Fixed (Business share 14.6%) | Fixed (Business share 25.8%) | Capital Value | Fixed and Capital Value |
| Urban Business          | 1.2%                         | 2.2%                         | 2.1%          | 2.1%                    |
| Urban Residential       | 3.4%                         | 2.9%                         | 2.8%          | 2.8%                    |
| Rural Business          | 0.6%                         | 1.0%                         | 2.0%          | 2.0%                    |
| Rural Residential       | 4.1%                         | 3.5%                         | 3.0%          | 3.1%                    |
| Farm and Lifestyle      | 2.7%                         | 2.4%                         | 4.0%          | 3.8%                    |

## Attachment C: Statutory decision making criteria

To set a targeted rate the council must consider the criteria in the Local Government Act 2002 below.

1. When deciding from what sources to meet its funding needs, council must consider the matters set out in section 101(3) of the Local Government Act 2002.
2. For the proposed targeted rate to fund expenditure on WQIP, council must consider, in relation to this activity:
  - the community outcomes to which the activity primarily contributes
  - the distribution of benefits between the community as a whole; any identifiable part of the community; and individuals
  - the period over which the benefits are expected to occur
  - the extent to which individuals or a group contribute to the need to undertake the activity
  - the costs and benefits (including consequences for transparency and accountability) of funding the activity distinctly from other activities.
3. Having considered these matters, the council must stand back and consider the overall impact of any allocation of liability for revenue needs on the community. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

### Assessment of options

The following section considers the proposed funding options against the statutory criteria.

#### The community outcomes to which the activity primarily contributes

Services provided by the WQIP include upgrades of the stormwater network, rehabilitation of urban and rural streams, and the introduction of monitoring of onsite waste management systems. These services will improve Auckland's water quality, which contribute to the following community outcomes as set out in the LTP 2015-2025:

1. A green Auckland:
  - through working with local boards and communities on a range of initiatives that protect and restore important environments and waterways through participating in environmental programmes and partnering with trusts and volunteers to deliver these programmes
  - by ensuring the effects of runoff to the environment are managed and our stormwater network is robust to cater for urban growth and changing environmental conditions
2. A beautiful Auckland loved by its people:
  - through ensuring that our natural environment and heritage is valued, understood and celebrated
3. Maori identity:
  - by empowering mana whenua and mataawaka to participate in natural resource management decision-making processes to realise shared aspirations and mutual outcomes and protect our Māori cultural heritage

All of these outcomes relate to the overall well-being of the city, and suggest a funding mechanism to which all ratepayers contribute. All of the options for additional funding provide for all ratepayers to make a contribution.

#### The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals

See "Ratepayer benefits of the Water Quality Improvements Programme" in Attachment B to this report.

#### The period in or over which the benefits are expected to occur

The assets to be built with additional funding will deliver benefits over their lifetime. It would therefore be more desirable to meet the capital costs from borrowing thus spreading them over the life of the assets. However, given constraints on council borrowing it is appropriate to fund the upfront investment from general or targeted



rates in order to realise the benefits. The ongoing operating and replacement costs will be funded from general rates.

**The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity**

See “Cost drivers for the Water Quality Improvements Programme” in Attachment B.

**The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities**

Funding these projects from a targeted rate will improve the transparency of decision making on additional funding. Ratepayers will be able to clearly see exactly how any additional funding they provide will be used. This will make it easier for them to express a preference on increased funding.

The use of a targeted rate will also improve accountability for expenditure. If a decision is made to raise additional funding by use of a targeted rate then ratepayers can be confident it will be used for that purpose. Targeted rates can only be spent on the activity for which they are raised.

It is administratively straight forward to implement a targeted rate in the manner proposed.

**Consideration of overall impact**

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their judgement and considering the proposal in the context of council’s funding decisions as a whole, not just in relation to this activity.

The overall affordability of any increase in funding demands on the community needs to be assessed against the pressing need for more investment to improve the health and safety of Auckland’s waterways. Investment in improved water quality:

- provides benefits to the environment
- improves the everyday lives of residents
- facilitates the intensification of development in the Western Isthmus and enables urban development in East Tamaki thus easing the pressure on housing.

The total cost of a targeted rate applied over the region on a per SUIP basis is around \$78 (GST inc) per property per annum or less than a \$1.50 per week. Higher capital value properties and business properties will in general be better able to manage increases in rates and accordingly consideration may be given to applying the rate on capital value or differentiating the rate between business and non-business properties. There is a correlation between capital value and income for residential properties with the average household income being higher in areas with higher capital value. Business properties can expense rates and claim back GST.

For those residential ratepayers for whom it may be an issue the council offers rates postponement and administers the rates rebate scheme on behalf of the Department of Internal Affairs.

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## 7.10 Auckland Council Investments Limited Review

### Purpose

1. To propose that the functions of Auckland Council Investments Limited (ACIL) be carried out by existing parts of the Auckland Council group, and that as a consequence ACIL be disestablished.

### Overview of functions of Auckland Council Investments Limited

2. ACIL was established on amalgamation of council with the objective to bring a strong commercial focus to the ownership and governance of council's major investment assets and to provide an efficient structure for the ownership of those assets on behalf of the people of Auckland.
3. ACIL is a Council-controlled Organisation (CCO) and must achieve the objectives of council as specified in its Statement of Intent. ACIL is also subject to CCO accountability requirements stipulated in the Local Government Act 2002, including half yearly and annual reporting, and auditing requirements.
4. ACIL's operating expenditure is approximately \$1.1m per annum and includes staff costs, directors' fees, audit fees and professional services. It is noted that some of ACIL's functions would need to be replicated elsewhere in the council group if ACIL did not exist. It is therefore considered that the disestablishment of ACIL would result in approximately \$500,000 - \$800,000 worth of savings.
5. ACIL currently has a 22.3% shareholding in Auckland International Airport Limited (AIAL) and a 100% shareholding in Ports of Auckland Limited (POAL) on behalf of the people of Auckland. At 30 June 2017, these investments were worth approximately \$1.9b (AIAL) and \$1.1b (POAL). Council received a combined dividend of approximately \$85.9m from ACIL for the financial year 2016/17.
6. Some transaction costs would be likely to be incurred through a reconfiguration of ownership of AIAL and POAL shares. An estimate of these transaction costs (accounting and due diligence) is approximately \$150,000 - \$300,000.
7. ACIL is currently a passive shareholder of AIAL shares as the shareholding is not a majority holding. Council has the expertise to hold AIAL shares in its Treasury and Financial Transactions team so the implications of a change of ownership on the AIAL shares would likely be minor. The ownership interest of the AIAL shares is therefore not considered to be a significant consideration in this proposal due to the passive nature of the shareholding.

### Ports of Auckland Limited

8. The major consideration for this proposal is the ownership of POAL. The structure of council's ownership of POAL should aim to give council the best balance between the ability to appropriately engage with POAL on planning and strategic matters, while facilitating a medium to long term focus for POAL's commercial activity.
9. POAL has been owned by ACIL since council amalgamated in 2010. Prior to this time POAL was owned by Auckland Regional Holdings, a subsidiary of Auckland Regional Council, from 2004 until 2010.
10. POAL paid a dividend of \$53.7m to ACIL for the financial year 2016/17. Any adverse impact on the performance of POAL resulting in a lower dividend return could offset potential savings from the disestablishment of ACIL.
11. POAL is a port company and is subject to legislative provisions including those of the Port Companies Act 1988 and the Companies Act 1993.
12. It is noted that major 'change of ownership' contractual clauses in POAL's material and operating contracts are unlikely to be triggered by a transfer of assets between entities within the council group, though some transaction costs would be likely to be incurred from a transfer of POAL shares as noted above.

13. It is noted that council has undertaken analysis of alternative financing streams in respect of POAL. One option identified is for POAL to run the port business as an operating company that leases land from council. This paper makes no comments on the merits of such an ownership structure, though it is noted that formal accounting and legal advice is required to confirm that none of the options presented in this paper would adversely impact any future decisions on alternative POAL ownership configurations.

### **Consideration of Options**

14. Four options and their respective implications for ownership of the AIAL and POAL shares were considered as part of this review. These options were considered in terms of whether the option would have a positive, neutral or negative impact on the overall council group performance.
15. In the context of group performance, the key considerations are to:
- (i) enhance the ability to engage with POAL on planning and strategic matters
  - (ii) ensure an optimal commercial return from the investments in AIAL and POAL, and
  - (iii) reduce council group costs
16. In its governance role council must balance POAL's need to retain responsibility of operational matters in order to operate as a successful business with the needs to manage the council group's combined debt levels (which relate to POAL's capital investment plans), secure efficiency gains from shared services and group procurement, and align strategic issues including land use and environmental considerations.
17. The role of ACIL as a holding company allows some distance between council and POAL which is conducive to POAL in fulfilling its legislative mandate to operate as a successful business under s 5 of the Port Companies Act 1988. It is considered that there has not always been a free flow of information between POAL and council, and the potential benefits from closer collaboration between POAL and the wider council group have not been realised. However, there is nothing in the current POAL ownership configuration to prevent information sharing and closer collaboration between these entities.
18. The proposed option considers that direct council ownership of POAL may achieve more effective alignment, provided that POAL's operational role can be preserved. It is noted, however, that any decision will be conditional on finalised accounting and legal advice.
19. The following analysis details the aspects of the proposed option alongside a consideration of the other options presented as part of the broader ACIL review. Option Three - to transfer AIAL shares to council and POAL shares to an alternative CCO, with ACIL being disestablished - was considered to be legally complex and it was concluded that there would not be sufficient alignment between POAL and the activities a possible alternative CCO. Option Four - to expand ACIL's existing portfolio and retain ACIL - was concluded to be ineffective as it is considered that there are not enough commercial assets in the council group with enough common arrangements to make this option feasible.

### **Proposal: AIAL and POAL shares transferred to council, with ACIL to be disestablished**

#### **Advantages**

20. Council's proposal presents the potential to achieve savings through the disestablishment of ACIL, estimated at approximately \$500,000 - \$800,000 per annum. As set out above ACIL's operating expenditure is approximately \$1,069,000 per annum and includes staff costs, directors' fees, audit fees and professional services. While these functions would be able to be absorbed by already existing staff within council parent, the extent to which additional expertise would need to be employed to manage council's interest in POAL is yet to be determined.
21. This option would enable direct oversight of POAL's capital expenditure programme which may be advantageous going forward in light of the increasing constraints on debt funded capital expenditure across the council group. However, it is noted that there is nothing in the current ownership structure that would prevent ACIL or POAL providing sufficient detail regarding POAL's intended capital programme.

22. It is considered that this proposal would (i) facilitate a more effective flow of information between the parties and (ii) enable the two parties to better engage in joint planning where it is mutually beneficial. This would extend to a better understanding of POAL's business through direct reporting to the governing body as well as the broader implication of easier implementation of any future port study outcomes or broader government port strategy developments. This option would therefore enable improved strategic alignment of POAL operations with the wider council group.
23. This option further allows for incremental savings to be achieved through the involvement of POAL in processes such as group procurement and insurance. It is noted that the current ownership structure does not preclude POAL from being involved in these processes. However, collaboration on these matters is not currently being achieved.

#### Disadvantages and Risks

24. Shorter term political decision making could be in conflict with POAL's principal objective to operate as a successful business under s 5 of the Port Companies Act 1988.
25. The nature of POAL's business as a port company requires POAL to be perceived positively by customers by providing certainty through long term planning and strategic direction. Direct ownership of POAL by council would bring POAL more proximate to political decision making. Political decision making has the potential to be based on shorter term outcomes as it is characterised by the political election cycle.
26. The proximity of political decision making to POAL may negatively impact the customer perception of POAL. This could result in POAL's customers preferring alternative port operations for business purposes, which would ultimately result in a lower dividend from POAL being returned to council.
27. Furthermore, s 6(1)(b) of the Port Companies Act 1988 allows up to two members or employees of a regional council to be appointed to a port board. In the instance where council's elected members or employees were envisaged to be prospective appointees to the POAL board, the customer perception of POAL could be further diminished, as any such appointment may be perceived as being political in nature, rather than being in the best interest of POAL's commercial objectives.
28. POAL currently returns a dividend of approximately \$53.7m per annum. The estimated savings of \$500,000 - \$800,000 resulting from the disestablishment of ACIL would be insignificant if the change of ownership was to negatively impact POAL's financial performance.
29. A commercial business owned directly by a political entity may be less attractive to commercial directors. Ownership of POAL by council may cause prospective directors to be less attracted to the role of being a director on the POAL board, and may cause existing directors to reconsider their role on the board.

#### Mitigation of Risks

30. In order to mitigate the risk of a lower dividend return from POAL, the governance arrangements of POAL would need to be configured in such a way that would enable POAL to continue to have a commercial mandate (as codified in the Port Companies Act 1988) that could not be overridden by shareholder directives from council.
31. Such governance arrangements could be established through a formal Memorandum of Understanding adopted by council that could include the following aspects:
  - a) A formal communication protocol to categorise information that is (i) reasonably accessible, (ii) ordinarily considered to be commercially sensitive or (iii) out of scope for governance purposes.
  - b) Particular features of the appointment process to the POAL board, such as a directive to not appoint elected members or council employees to the board.
  - c) An endorsement of POAL's five year business plan and 30 year Port Master Plan in order to provide certainty of continuity to POAL's commercial customers.
  - d) The reservation of POAL's right to develop its own policies relevant to port operation.

- e) A clear delineation of the roles of the respective entities and the nature of their relationship(s).
- f) The establishment of the process to manage discrepancies, for example, a dispute resolution clause or protocol. Such a clause would be triggered if council decisions were perceived to be in conflict with POAL's objective to 'operate as a successful business'.
- g) Any other aspects considered necessary to enable POAL to fulfil its legislative mandate or council to best achieve efficiencies across the group.

### **Option Two: Status Quo**

#### **Advantages**

- 32. ACIL provides POAL with stable commercial ownership that takes a medium to long term view of the ownership and investment in POAL. This is consistent with the long-term investment horizon of a port business and enables POAL to fulfil its legislative mandate to operate as a successful business under s 5 of the Ports Companies Act 1988.
- 33. It is considered that a commercial holding company such as ACIL can help to mitigate the potential conflict between shorter term political decision making and a long term commercial focus that is desirable for port companies such as POAL.
- 34. Further to the above points, retention of the current structure would provide continuity and certainty to POAL and its customers. This means that the dividend returned to council by POAL would be unlikely to be adversely impacted due to any perceived uncertainty in POAL's operating environment.
- 35. While observed distance exists between council and POAL through ACIL it is noted that there could be scope to achieve improved group coordination and strategic alignment within the current structure.

#### **Disadvantages**

- 36. The current configuration means that council does not have direct oversight of POAL's capital expenditure programme. Oversight of POAL's capital expenditure is advantageous going forward in light of the increasing constraints on debt funded capital expenditure across the council group.
- 37. No cost savings would be achieved through this option in terms of ACIL's operating cost of approximately \$1.1m per annum. Options to maximise savings within the current structure could be explored, however these are unlikely to be significant.
- 38. While there is nothing in the current POAL ownership configuration that precludes improved group coordination and strategic alignment, the observed disadvantage is that from a practical perspective the distance created between council and POAL through ACIL makes it more difficult to achieve these objectives.
- 39. It is noted that the constraints on shareholder interventions under the Port Companies Act 1988 apply whether council owns POAL directly or owns the POAL through ACIL. However, the additional layer of governance through ACIL adds a potential conflict where the views of ACIL might differ from those of council on specific issues.

### **Option Three: AIAL shares transferred to Council, POAL transferred to alternative CCO, with ACIL to be disestablished**

- 40. This option is not proposed by council, but was considered as an alternative to council's proposal as it provides potential to achieve savings through the disestablishment of ACIL, whilst continuing to manage the ownership of POAL at an arms-length to council.
- 41. This would maintain a distance between shorter term political decision making and POAL's long term commercial direction. This would enable POAL to fulfil its legislative mandate to operate as a successful business under s 5 of the Ports Companies Act 1988.
- 42. This option is unlikely to result in any improved strategic collaboration between Auckland Council and POAL that could not be achieved through ACIL or under direct Auckland Council ownership

43. Some of the potential savings may be offset by requiring expertise in the entity that owns the POAL shares. The board composition of an alternative CCO could be adapted to reflect the expertise required to strategically direct POAL consistent with council's Board Appointments and Remuneration Policy.
44. It is noted that there is no existing CCO that stands out as being appropriate to manage the ownership interest in POAL. Auckland Transport is not appropriate as the alternative CCO, because it is constituted with a defined transport role under the Local Government (Auckland Council) Act 2009. This means that the possible alternative CCOs that could hold POAL shares would likely be limited to Panuku Development Auckland Limited, Regional Facilities Auckland Limited, Watercare Services Limited or Auckland Tourism, Events and Economic Development Limited.
45. As there is no CCO with 100 per cent alignment with POAL's activities, the strategic focus and board composition of the alternative CCO would be likely to be impacted.
46. Furthermore, there may be a strategic misalignment between the primary function of an alternative CCO and POAL's commercial focus, which could result in conflicted decision making in respect of POAL. It is considered that a CCO functions most effectively when is constituted with a clearly articulated purpose. To add the responsibility of managing POAL to the role of an alternative CCO could cause confusion in respect of the purpose of that entity.
47. To mitigate the above issues, the constitution of an alternative CCO could be recast to ensure that the purpose of that entity is not inconsistent with Port Companies Act 1988, with the Statement of Intent mechanism being used to further clarify the strategic focus of that entity. Moreover, the board composition of an alternative CCO could be adapted to reflect the expertise required to strategically direct POAL.

#### **Option Four: ACIL's existing portfolio expanded**

48. This option is not proposed by council, but was considered as an alternative option as it presents the potential to achieve savings through better utilisation of ACIL's commercial expertise. This would result in better value for money from ACIL's current role.
49. The scope of this option would be limited as there are not many other commercial assets across the council group that would be appropriate for ACIL to manage. The value achieved through this option could therefore be limited.
50. The benefit of managing commercial assets together is achieved through economies of scale. The scope of this option could be limited as there are not sufficient commercial assets across the council group to give sufficient scale to justify implementing this option. This option could also require ACIL to hire additional expertise to manage additional commercial assets, which may limit the value for money to be achieved.

#### **Signatories**

|                    |                                                                      |
|--------------------|----------------------------------------------------------------------|
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## 7.11 Business Improvement Districts (BIDs)

### Purpose

1. Provide advice on changes to the Business Improvement District programme.

### Summary

2. The council is proposing a potential change to Papakura Business Improvement District (BID) targeted rate for 2018/2019 at the request of the Papakura Business Improvement District Association (extend the boundaries of the BID area).
3. BIDs support improvements to local business areas and help attract new business and customers.

### Background

4. Business Improvement Districts (BID) are areas within Auckland where local businesses have agreed to work together, with support from the council, to improve their business environment and attract new businesses and customers. The funding for these initiatives comes from BID targeted rates, which the businesses within a set boundary have voted on and agreed to pay to fund BID projects and activities.

### Options

5. The extension to the Papakura BID targeted rate boundary is proposed at the request of the Papakura BID Association.
6. The council's BID policy requires that a ballot be held of all businesses (ratepayers and occupiers) in the BID targeted rate area. In order to proceed these ballots require a 25 per cent return rate and of those over 51 per cent must be in support of the proposal. The ballot for Papakura is planned for February/March 2018.
7. The results of a ballot will be reported to the respective local board. The local board passes their views to the governing body who after considering the local board views, results of the ballot and feedback received during consultation determines whether or not the BID rate is set. The potential rate for the proposed BID extension is laid out in the table below.

| BID area             | Proposed targeted rate budget for 2018/19 (excluding GST) (\$) | Amount to be funded by fixed charge for 2018/19 (excluding GST) (\$) | Fixed rate per property for 2018/19 (including GST) (\$) | Amount to be funded by property value rate based on the capital value of the property for 2018/19 (excluding GST) (\$) | Estimated rate in the dollar for 2018/19 to be multiplied by the capital value of the property (including GST) (\$) |
|----------------------|----------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Papakura (expansion) | 270,275                                                        | 0                                                                    | 0                                                        | 270,275                                                                                                                | 0.00078226                                                                                                          |

8. The BID programme forms part of council's Local Economic Development activity. BID associations are the sole beneficiary of a council operating grant that represents the amount of rates raised from each BID area. Councils administrative costs for running the BID programme are funded from general rates. The BID programme is an established part of councils activities which provides transparency in funding of BID associations. There are no additional costs associated with this proposal.

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## 7.12: Rodney Local Board Transport Targeted Rate

### **Purpose**

1. To provide advice on funding options for a local targeted rate to support additional transport investment in the Rodney Local Board area.

### **Executive summary**

2. To accelerate improvement in the transport services in the Rodney Local Board area it is proposed to introduce a targeted rate to raise \$41 million over ten years to fund:
  - Increased frequency of the Huapai to Westgate bus service (effectively providing a 15- minute service out of Huapai, in the peak)
  - Bus service from Riverhead to Westgate
  - Huapai Park and Ride (investigation)
  - Warkworth Park and Ride
  - Proposed seal extension programme
  - Proposed footpath programme.
3. Officers propose a fixed rate of \$150 per separately used or inhabited part of a rating unit<sup>1</sup> (SUIP) as the primary benefits manifest in terms of improvement to personal transport options and outcomes and residential amenity. Accordingly the benefits will not differ materially between types of property. The projects are relatively evenly spread over the region and therefore all properties should share the costs.
4. Consideration was given to three alternatives:
  - General rates – not appropriate to fund projects not presently in the Regional land transport plan and benefiting only part of the region
  - Differentiated geographically within Rodney Local Board area
    - investment distribution varies across local board subdivisions
    - projects are reasonably spread across region providing benefits to all areas (subdivisions are electoral boundaries and don't reflect transport benefit distribution)
  - Differentiated targeted rate on business properties
    - businesses can expense income tax and claim back GST – equivalent to a differential of 1.6 times the residential rate
    - businesses do not benefit more than non-business properties and may benefit less
  - Maintain current investment – projects not delivered until decade after Long-term Plan 2018-2028.

### **Recommendation/s**

That the Rodney Local Board:

- a) decide if it wishes to recommend to the Governing Body consultation as part of the Long-term Plan 2018-2028 on a targeted rate of \$150 per separately used or inhabited part of a rating unit to fund \$41 million of transport improvements in the Rodney Local Board area over the next ten years.

<sup>1</sup> A SUIP separately identifies for rating purposes both a granny flat and the main house and each shop in a shopping mall.

## **Comments**

### **Background**

#### **Rodney Local Board Plan**

5. The Rodney Local Board consulted on investigating a targeted rate to fund transport improvements, as part of its local board plan. The draft text of the plan stated that “to make an impact and start addressing more of Rodney’s issues, we need extra funding, and for that we propose investigating a new targeted rate and progressing this pending the result of the investigation.” Potential uses for the rate were identified in the plan as including public transport trials (such as buses between Warkworth and Silverdale or rail to Huapai), park and ride facilities in Warkworth and Kumeu-Huapai, and sealing Rodney’s roads. The local board received 1,414 responses to the targeted rate question in the local board plan, and 53% of respondents supported the investigation into the targeted rate.
6. Auckland Transport has analysed the investments suggested in the local board plan consultation. The proposed investments have been adjusted to incorporate projects most likely to make a material difference to transport outcomes relative to their costs. These are set out in the proposal that follows and are discussed in more detail in Attachment B: Transport investment options for Rodney Local Board.

#### **Current Rodney Local Board area transport investment program**

7. The draft capital programme includes a number of potential projects in the Rodney local board area for consideration as part of development of the Long-term Plan 2018-2028:
  - seal extension programme, \$30 million
  - Supporting Growth projects in Warkworth, including
    - Matakana Link Road
    - future extension of Matakana Link Road to Sandspit Road
  - Warkworth Western Collector
  - Warkworth grade separated park and ride facility.
8. The Supporting Growth projects are a relatively low priority and the potential for funding is highly uncertain. For full details see Attachment B: Transport investment options for Rodney Local Board.

#### **Statutory decision making criteria**

9. The council (Governing Body and local boards) are required to consider and consult on any changes to funding for services. This proposal considers the sources of funding for the proposed transport improvements in the Rodney Local Board area against the statutory criteria in section 101(3) of the Local Government Act 2002. The key elements of this assessment are set out in the options below. A full analysis against the statutory criteria is set out in Attachment A: Assessment against statutory criteria.

#### **Rodney Local Board Transport Improvements Proposal**

10. To fund a range of additional transport service improvements in the Rodney Local Board area of \$41 million over ten years. The proposed service improvements are set out in the table below, for full details see Option Three in Attachment B: Transport investment options for Rodney Local Board. The costs are net of fare revenue which is not expected to be material. All costs are indicative and are subjected to further review. Delivery will be phased over time to align with revenue generated from targeted rate.

*Table 1: Proposed delivery timeframes*

| Project | 10 year OPEX | 10 year CAPEX | 10 year Total |
|---------|--------------|---------------|---------------|
|---------|--------------|---------------|---------------|

| Project                                                                    | 10 year OPEX     | 10 year CAPEX     | 10 year Total     |
|----------------------------------------------------------------------------|------------------|-------------------|-------------------|
| Bus service from Huapai to Westgate<br>Delivery from 2019 calendar year    | 2,300,000        |                   | 2,300,000         |
| Bus service from Riverhead to Westgate<br>Delivery from 2019 calendar year | 5,270,416        | 200,000           | 5,470,416         |
| Warkworth Park and Ride - 2018/19 – 2020/21*                               | 285,208          | 110,000           | 395,208           |
| Huapai Park and Ride – dependant on investigation                          |                  | 4,000,000         | 4,000,000         |
| Proposed seal extension programme – delivery over 10 year period           | 1,100,658        | 12,448,272        | 13,548,930        |
| Proposed footpath programme - delivery over 10 year period                 | 30,000           | 14,925,826        | 14,955,826        |
| <b>Total</b>                                                               | <b>8,986,282</b> | <b>31,684,098</b> | <b>40,670,380</b> |

\*See paragraph 13

11. The proposal does not include rail to Huapai that was referred to in the Rodney Local Board Plan consultation due to the high estimated cost of \$18.7m capital plus \$5.5m per annum for operating costs relative to potential benefit within the LTP planning timeframes. Two bus service proposals were also removed due to expected low patronage. The investment proposal has been adjusted to replace these projects with a range of other investments to serve the community in that area, including additional bus services to Westgate and investigation of Huapai Park and Ride.
12. Auckland Transport does not currently have plans for a park and ride in the Huapai area until after 2028, and no formal work has been done on identifying potential locations. Auckland Transport is currently undertaking a Programme Business Case for its park and ride programme. This work, which is planned for completion in February 2018, will include examining options for Huapai and will provide a decision on the merits of a facility. In the meantime, Auckland Transport will also investigate potential sites, including temporary options using existing parking sites. We propose a Huapai park and ride facility is tentatively included in the proposal, noting that this is subject to further investigation on the costs, feasibility and operational merits of constructing a facility in the short to medium term. In the meantime a placeholder allowance of \$4 million has been made to cover the possibility that land purchase may be required.

### **Proposed funding**

13. The Warkworth Park and Ride assumes the availability of Warkworth Showgrounds carpark, based on a lease land/licence arrangement between Auckland Transport and Auckland Council's Community Facilities Department. Further work is required to confirm the suitability of the site for Park and Ride.
14. It is proposed to fund the transport improvements with a targeted rate of \$150 per SUIP.
15. The projects are spread over the entire Rodney Local Board area providing benefits to all residents and properties in the form of:
  - a) improved personal transport choices and outcomes (bus services, new footpaths and Park and Ride facilities)
  - b) improved residential amenity (additional road sealing and new footpaths).
16. Given the nature of the benefits:
  - business owners and farms will benefit at a similar level to residential properties rather than in proportion to their scale of activity or capital value
  - residential properties of differing capital value will benefit similarly.

17. As the benefit to all properties is relatively similar a rate set as a fixed charge per separately used or inhabited part of a rating unit (SUIP) is appropriate.
18. The cost of the rate is estimated to be \$150 per annum or \$2.90 per week. This is unlikely to present material affordability issues for most ratepayers. Those ratepayers with affordability issues can access the council's rates postponement scheme or apply for the rates rebate which the council administers on behalf of the Department of Internal Affairs. Whilst business properties and more remote farms will benefit less than residential properties they can expense rates and claim back GST which means the net cost to them will be \$93.90 per annum or \$1.80 per week.

**Alternative funding options**

19. The following alternative funding options were considered

- General rates
- Differentiate by sub-region
- Differentiated targeted rate on business properties
- Maintain current investment.

20. Each of these options is assessed below.

**General rates**

21. General rates are not an appropriate funding source as the projects proposed are low priority for the region as a whole. While the cost of the service improvements would only increase general rates by 0.3 per cent for all other ratepayers the relative cost benefit of the projects isn't justified on a regional basis.

**Differentiate by sub-region with local board**

19. Targeted rates can be set to cover the entire Rodney area or geographical subsets if some benefit more from the proposed service improvements. The projects are spread broadly over the Rodney area but the cost of investment varies by subdivision, see table below.

|                                              |             |             |           |             |           |
|----------------------------------------------|-------------|-------------|-----------|-------------|-----------|
| No of SUIPs                                  | 31,207      | 12,450      | 3,236     | 12,805      | 2,717     |
| Annualised expenditure (revenue requirement) | \$4,067,038 | \$2,170,054 | \$363,006 | \$1,366,906 | \$167,073 |
| Investment per SUIP                          | \$150       | \$200       | \$129     | \$123       | \$71      |

20. The nature of projects proposed has been structured to deliver a reasonable distribution of investment and benefit across the Rodney Local Board area. The costs vary across the region resulting in a variation in investment value in different sub-regions but provide similar levels of benefit relative to population. The subdivisions are established for electoral purposes but don't align with the likely distribution of transport benefits.
21. The costs of providing some projects, park and rides (Warkworth \$400,000 and Huapai \$4 million), varies widely whereas the benefits are similar. Accordingly sharing the costs regionally is justified on a benefits basis for these projects.

**Targeted rate with business differential**

22. Business properties are able to expense rates and claim back GST. This makes the rate more affordable for these properties. In addition business properties are better placed to adjust their income in response to a change in costs than residential ratepayers. However, business ratepayers receive similar benefits to residential properties and accordingly should pay the same rate.
23. If a business differential was set it could be based on their tax advantage. Business properties would pay a fixed charge 1.6 times the non-business rate or \$232 per SUIP. The non-business rate would be \$145 per SUIP. After adjusting for expensing the additional rate against tax and claiming back GST business ratepayers would pay the same as residential ratepayers.

**Maintaining current investment and service levels**

24. Auckland Transport's draft capital programme includes a number of potential projects in the Rodney local board area for consideration as part of development of the Long-term Plan 2018-2028:
- seal extension programme, \$30 million
  - Supporting Growth projects in Warkworth, including
    - Matakana Link Road
    - future extension of Matakana Link Road to Sandspit Road
    - Warkworth Western Collector
    - Warkworth grade separated park and ride facility.
25. The Supporting Growth projects are a relatively low priority and the potential for funding is highly uncertain. For full details see Attachment B: Transport investment options for Rodney Local Board.
26. The additional investments in the proposal, which complement the list above, would not occur within the Long-term Plan timeframe.

### **Consideration**

#### **Local board views and implications**

27. The Governing Body has decision making authority for setting rates.
28. The Rodney Local Board will communicate their views on this proposal to the Governing Body if they wish to proceed.
29. Other local boards will give formal feedback on the draft Long-term Plan in May 2018 and have the opportunity to comment on this proposal at that time if it proceeds.

#### **Māori impact statement**

30. The council does not hold information on the ethnicity of ratepayers so is not able to identify the exact impact of policy changes on Māori. The impact of the policy options on Māori will be similar to that on other residents in Rodney.

### **Implementation**

31. There are no implementation issues.

### **Attachments**

| No. | Title                                               | Page |
|-----|-----------------------------------------------------|------|
| A   | Assessment Against Statutory Criteria               |      |
| B   | Transport investment options for Rodney Local Board |      |
| C   | Legislative Information                             |      |

### **Signatories**

|             |                                                                                                                |
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## **Attachment A: Assessment against statutory criteria**

1. When deciding from what sources to meet its funding needs, council must consider the matters set out in section 101(3) of the Local Government Act 2002, see below. This involves elected members exercising their political judgement and considering the proposal in the context of council's funding decisions as a whole.

101(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

(a) in relation to each activity to be funded,—

- (i) the community outcomes to which the activity primarily contributes; and
- (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- (iii) the period in or over which those benefits are expected to occur; and
- (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

(b) the overall impact of any allocation of liability for revenue needs on the community.

The following section considers the funding the proposed additional transport investment in the Rodney Local Board area against the criteria in section 101(3) of the Local Government Act 2002.

### **The community outcomes to which the activity primarily contributes**

The community outcomes to which the activity (transport) primarily contributes are set out in the LTP 2015-2015 as:

1. A fair, safe and healthy Auckland – By promoting walking to increase levels of physical fitness
2. An Auckland of prosperity and opportunity – Through moving people and resources efficiently which has a positive impact on productivity
3. A green Auckland – By reducing our reliance on petrol, air pollution and green-house gas emissions
4. A well connected and accessible Auckland – Providing Auckland with an efficient land transport system that encourages increased patronage of bus, rail and ferry services
5. A beautiful Auckland loved by its people – Fundamentally changing parts of our urban built environment

The transport investments proposed to be funded support these outcomes as noted in the table below.



| Project/service                        | Community outcomes |
|----------------------------------------|--------------------|
| Bus service from Huapai to Westgate    | 2,3 and 4          |
| Bus service from Riverhead to Westgate | 2,3 and 4          |
| Warkworth Park and Ride                | 2,3 and 4          |
| Huapai Park and Ride (investigation)   | 2,3 and 4          |
| Seal extension                         | 2 and 5            |
| New footpaths                          | 1 and 5            |

While all the projects connect to wider outcomes for the region their impact is small in a broader sense. The projects are either not included in the RLTP or bring forward work not presently scheduled for many years. Given these factors a targeted rate in the Rodney Local Board area is the most appropriate source of funding to supplement user charge revenue from the services.

**The distribution of benefits between the community as a whole; any identifiable part of the community; and individuals**

Where the services benefit direct users they should be funded from fares. Fares will be set at a level that does not discourage use thereby eliminating the other benefits of provision of the service. Revenue from fares that balance these factors will not be material. As a result targeted rates revenue will be required to make-up the shortfall.

The investments proposed are spread over the entire Rodney Local Board area. However, the nature of the benefits differs for each project in terms of service improvement and location. The nature of benefits is a key element in determining the appropriate funding source. The benefits of each project are described in the table below in terms of their distribution across potential beneficiaries differentiated geographically, by land use and direct use of the service.

| Project/service                        | Beneficiaries                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bus service from Huapai to Westgate    | <p>Users</p> <p>Residential properties within 500m of the bus stops/route and in particular properties in Huapai and Westgate would benefit from alternative transport options to the city and other destinations to the south. Drivers along the route may also benefit from possible localised decongestion benefits</p> <p>No direct benefits to business properties</p>    |
| Bus service from Riverhead to Westgate | <p>Users</p> <p>Residential properties within 500m of the bus stops/route and in particular properties in Riverhead and Westgate would benefit from alternative transport options to the city and other destinations to the south. Drivers along the route may also benefit from possible localised decongestion benefits</p> <p>No direct benefits to business properties</p> |

| Project/service         | Beneficiaries                                                                                                                                                                                                                                                                                                                                  |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Warkworth Park and Ride | Users<br>Residential properties in a wide catchment area around Warkworth would benefit from alternative transport options to the city and other destinations to the south. Drivers along the route may also benefit from possible localised decongestion benefits<br>Some benefits to business in freeing up parking spaces for retail visits |
| Huapai Park and Ride    | Users<br>Residential properties in a wide catchment area around Huapai would benefit from alternative transport options to the city and other destinations to the south. Drivers along the route may also benefit from possible localised decongestion benefits<br>No direct benefits to business properties                                   |
| Seal extension          | Primary beneficiaries are properties within 100-120m of carriageway from the reduction in dust particulates.<br>Benefits also accrue across Rodney, enhancing overall network connectivity to key destinations and safety.                                                                                                                     |
| New footpaths           | Individual projects mainly benefit residents in the local area.<br>The wider community benefits from enhanced localised amenity and promoting walking and cycling.                                                                                                                                                                             |

Targeted rates can be set in to cover the entire Rodney area or geographical subsets which benefit the most from the proposed service improvements.

The cost of investment differs by electoral subdivision, see table at paragraph 19 in report. However, electoral subdivisions are not set to define geographic areas of benefit for transport planning purposes. The projects proposed are spread broadly over the Rodney area, see maps for Option 3 in Attachment B: Transport investment options for Rodney Local Board.

The cost of providing the benefits differs in different parts of the region, in particular for the Warkworth, \$400,000, and Huapai, \$4 million, park and rides. The difference arises from historical reasons i.e. the Warkworth park and ride can take advantage of land already owned by the council whereas land acquisition will probably be required for Huapai. While the costs differ between the areas the benefits will be similar in nature and therefore it is reasonable to set the rate based on benefit rather than cost distribution.

For the above reasons it is appropriate to set a uniform targeted rate across the entire local board area.

A targeted rate can also be set differentially to recover more of the cost from land uses that will benefit more from the services. The primary beneficiaries of the investments proposed are residential properties. The benefits arise from improved choice and utility for personal transport and improved residential amenity. There is therefore no case based on benefit distribution for differentiation to allocate more of the rates burden to business or farm properties.

The rates burden can be allocated on a fixed charge per SUIP or based on capital value. Capital value rating would allocate more of the rates burden to business and farm properties. This isn't justified on the basis of the distribution of benefits noted above. The use of capital value would allocate more of the burden to higher value properties and less to lower value.

Property owners will benefit in terms of the improved amenity and options for personal transport. They will also benefit from improvements in property value arising from these benefits. Higher capital value properties may benefit more from the latter affect.

Given the foregoing staff recommend that a targeted rate proposal be presented for consultation based on a fixed charge per SUIP.

#### **The period in or over which the benefits are expected to occur**

The benefits associated with additional operating expenditure should be met by users and targeted or general rates recovering costs from the beneficiaries as they are realised.

The assets to be built with additional funding will deliver benefits over their lifetime. It would therefore be more desirable to meet the capital costs from borrowing thus spreading them over the beneficiaries over the life of the assets. However, given constraints on council borrowing it is appropriate to fund the upfront investment from general or targeted rates in order to realise the benefits.

#### **The extent to which the actions or inactions of particular individuals or as a group contribute to the need to undertake the activity**

None of the additional services or investments are driven by a response to the actions or inactions of particular individuals or groups. While the costs of maintaining new sealed roads are higher where there are more heavy vehicle movements most of this will be associated with the properties nearby. This factor has already been considered in the assessment of benefits above.

#### **The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities**

Funding these projects from a targeted rate will improve the transparency of decision making on additional funding. Ratepayers will be able to clearly see exactly how any additional funding they provide will be used. This will make it easier for them to express a preference on increased funding. A fixed rate per SUIP will make it easier to communicate to the community the cost of the service improvements relative to their benefits.

The use of a targeted rate will also improve accountability for expenditure. If a decision is made to raise additional funding by use of a targeted rate then ratepayers can be confident it will be used for that purpose. Targeted rates can only be spent on the activity for which they are raised.

Overall accountability will not be impacted as the form of funding will not influence ratepayers' ability to hold the council to account for the effectiveness of this expenditure given the technical expertise required to make such an assessment.

It is administratively straight forward to implement a targeted rate in the manner proposed.

#### **Consideration of overall impact**

Having considered the above criteria, the council needs to consider the proposal in terms of the overall impact on the community. This involves elected members exercising their

judgement and considering the proposal in the context of council's funding decisions as a whole, not just in relation to this activity.

The total cost of a targeted rate applied over the Rodney Local Board area on a per SUIP basis is \$150 per property per annum or \$2.50 per week. This is unlikely to materially impact on overall affordability for ratepayers.

For those residential ratepayers for whom it may be an issue the council offers rates postponement and administers the rates rebate scheme on behalf of the Department of Internal Affairs.

Higher capital value properties and business properties will in general be better able to manage increases in rates and accordingly consideration may be given to applying the rate on capital value or differentiating the rate between business and non-business properties. There is a correlation between capital value and income for residential properties with the average household income being higher in areas with higher capital value. Business properties can expense rates and claim back GST.

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## Attachment B: Transport investment options for Rodney Local Board

This attachment outlines three investment options to provide transport improvements for Rodney Local Board. Note that all costs are indicatively only and are subjected to change without notice. The programme will continue to be updated as new information becomes available.

### Option 1: Draft Regional Land Transport Plan (RLTP) projects only

If a targeted rate is not introduced, funding for projects in the Rodney area will be based on what is currently proposed for funding in the draft RLTP. Funding for the RLTP is primarily based on revenue from general rates, user changes, and debt. Some transport projects are also funded through the National Land Transport Fund (NLTF) which is administered by the Transport Agency (NZTA).

Auckland Transport is in the process of revising the draft RLTP, which involves reprioritising our capital projects for the 2019 – 28 period. Inclusion of projects in the draft RLTP depends on the outcomes of a comprehensive scoring process with a multi-agency panel comprised of AT and NZTA. A fair assessment of projects is conducted by considering the merits of each project according to their alignment with strategic intent, effectiveness in delivering objectives and value for money associated with the investment. Whether the proposed projects are included in the ten-year plan depends on how the project compares to other proposals and overall funding decisions between Council and Government. The draft RLTP will be out for public consultation early January 2018.

### Current Capital investment proposed in the draft RLTP:

#### Auckland Transport Proposal

The draft RLTP includes a \$30m seal extensions programme for 2019 – 28 period. This would address the unsealed portion of Wellsford Valley Road, Ahuroa Road, Ngarewa Road, Underwood Road, Muriwai Valley Road, Te Arai Point Road, Govan Wilson Road and Haruru Road. When compared to other proposals, it is likely to be funded.

The following projects on the Rodney Local Board area are currently included in the draft RLTP.

- Matakana Link Road (connection between State Highway 1 and Matakana Road)
- Supporting growth projects such as future extension of Matakana link Road to Sandspit Road, Western Collector (connection of Western parts of Warkworth with State Highway 1) and a grade separated Park and Ride facility
- More widely, supporting growth projects in the Northwest such as the Redhills network (connection from Coatesville Riverhead Highway to Don Buck Road), Fred Taylor Drive upgrade and local crossing over State Highway 18 (from Brigham Creek Road to Hobsonville Road).

#### State Highway Proposal

Warkworth to Wellsford motorway remains the long term option for the second stage of Road of National Significance and is continuing to be investigated. The Puhoi to Warkworth Road of National Significance is the main State Highway project for Warkworth. In the Northwest, there has been proposals for a direct State Highway 16 to 18 connection, enhancing the connection between Rodney and Upper Harbour.

### AT Renewals and Maintenance:

AT plans to continue with its maintenance programme. AT invests more in maintenance and renewals, on a per km basis than its peers. This is depicted in the figure 1 below.

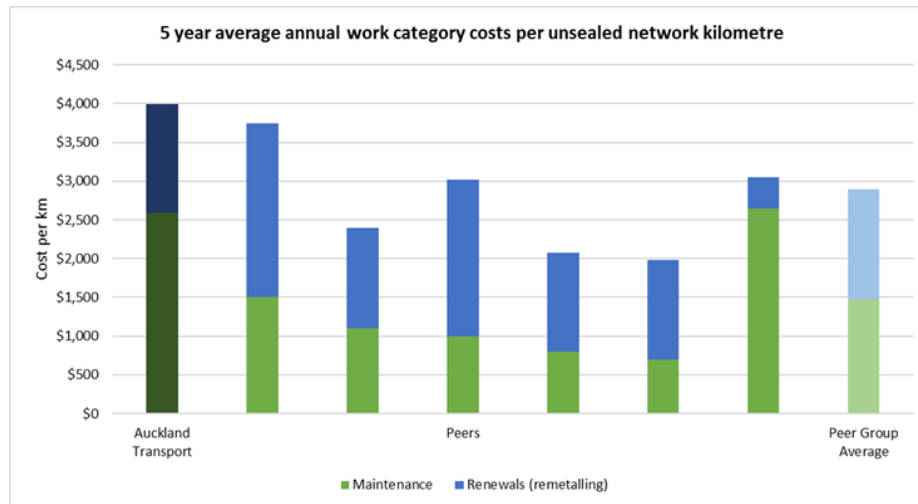


Figure 1: Comparison of maintenance and renewals (remetalling) spend in New Zealand

### Public transport operations

The New Bus Network was launched for West Auckland in June 2017. The new West Auckland bus network is part of a simpler, more integrated public transport network for Auckland. This includes improved services for Helensville, Huapai and Kumeū as follows:

122, 125 - Improved weekend services on these routes. The combination of 122 and 125 creates an hourly service between Huapai, Kumeū and Westgate, 7 days a week.

125x - Peak express services from Helensville, through Huapai, Kumeū and Westgate to the city centre. This service operates every 30 minutes, 7 days a week.

### Option 2: Full Local Board Proposal

This option reflects the full list of project proposals suggested by the Rodney Local Board. AT has reviewed the request and provided initial cost estimates and likely beneficiaries for each project. Note that all costs are indicative only and are subjected to change without notice. The programme will continue to be updated as new information becomes available. The likely period in which benefits will be fully realised has not been considered for this exercise. These additional projects would be delivered on top of other potential projects in the RLTP (i.e. Option 1).

### East West bus service

**Scope:** An hourly service between Parakai, Helensville, Kaukapakapa, and Hibiscus Coast Station would offer connections with local Hibiscus Coast buses and Northern Express buses at Hibiscus Coast Station. This service could also be timetabled to connect with the 125 service from Helensville to Westgate. This service seeks to provide alternative mode of transport for the Parakai, Helensville and Kaukapakapa area.

**Estimated costs:** Estimated operational costs per annum is approximately \$820,000 p.a. No assessment of the bus stop requirements through Kaukapakapa has been made to date, so an allowance for one pair, with a shelter on the Silverdale bound side of the road has been made. Cost would be around \$40,000.

**Beneficiaries:** This service will benefit residents living in close proximity to the proposed route, providing an alternative mode of transport. This includes Parakai, Helensville, Kaukapakapa and Waitoki.

**Rationale for Beneficiaries:** Beneficiary (bus service catchment area) assumptions for this route were made on allowing 500m catchment of proposed bus stops, but up to 1000m can be considered within the catchment of a stop, depending on the situation. In the case of projects proposed by Rodney Local Board, none of the settlements are that big, so they could all realistically be said to benefit. Location of proposed bus stops were based on their placement at key intersections and existing locations.

**Additional comments:** AT believes this service would not be the best value for money, as it wouldn't be frequent enough to be attractive for many commuters, and is expensive to operate all-day for what would be a limited number of users. The service makes sense in the longer term.

### Bus service from Riverhead to Huapai

**Scope:** A route for buses from Riverhead (which is currently not served by AT) could connect to Huapai Station, should a train service be reintroduced. This would offer connections from Riverhead to the wider transport network, and well as local destinations and services in Kumeū and Huapai. The service would operate hourly, 7 days a week, with a peak-period frequency of every 30 minutes in each direction. The route could start at Riverhead School, and travel via Great North Road and Kaipara Portage Road (to maximise the catchment in Riverhead), before travelling to Huapai via Riverhead Road. The route would terminate near Kumeū Library.

**Estimated costs:** Estimated project cost for 4 trips in the peak direction at peak times would cost around \$420,000 p.a. Bus stops in Riverhead will be required to enable safe boarding and alighting. Whilst a comprehensive review of any current bus stop facilities and requirements for new bus stops and shelters has not been undertaken, AT envisage that a further 5 pairs of bus stops, with shelters on the inbound bus stops, might be required to support this service. This would be a one-off capital cost of \$200,000 – based on \$40,000 per stop pairing.

**Beneficiaries:** This service will benefit residents living in close proximity to the proposed route, providing alternative mode of transport and connection between centres. This includes Riverhead and Huapai.

**Additional comments:** AT believes this service would make sense in the longer term, once both Riverhead and Huapai area are develop further. Without a train service from Huapai, it wouldn't be the best value for money. AT's view is that the main appeal of a Riverhead to Huapai service is for trips to the local amenities in Kumeū/Huapai for Riverhead residents, as opposed to commuters.

### Bus service from Riverhead to Westgate

**Scope:** Riverhead to Westgate would connect to the wider AT Metro network. This would enable connections to more destinations, including 110 services direct to the City Centre, as well as 120 to Constellation Station. The service would operate 30 minutes at peak, and hourly at other times 7 days a week. This service seeks to support forecast growth in North West Auckland. Approximately 30,000 house and 13,000 new jobs are anticipated in the area over 30 years.

**Estimated costs:** Estimated project cost for 4 trips in the peak direction at peak times would cost around \$520,000 p.a.

**Beneficiaries:** This service will benefit residents living in close proximity to the proposed route, providing an alternative mode of transport and possible localised decongestion benefits. This includes Riverhead and Westgate.

### Train service to Huapai

**Scope:** A 30-minute interval service will require 2 DMUs to operate the timetable, with the trains passing each other at Waitakere station. This is the maximum frequency service that could be operated on the existing single track line between Swanson and Huapai. Operation of a 10-minute service would require double tracking between Swanson and Huapai, which would incur significant capital expenditure. This service seeks to support forecast growth in North West Auckland. Approximately 30,000 houses and 13,000 new jobs are anticipated in the area over 30 years.

**Estimated costs:** Estimated project cost for a 30-minute interval service is approximately \$18.7m of capital expenditure with \$5.5m operating expenditure per annum.



**Beneficiaries:** This service would provide a wide catchment and would provide an alternative mode of transport the Northwestern area and possible localised decongestion benefits.

**Rationale for Beneficiaries:** Flow transportation specialist (FLOW) was commissioned by Auckland Transport to undertake a survey of public transport users at key stations and Park and Rides. The survey was designed to provide information on those who currently use the Park and Ride facilities, particularly the trip characteristics of the users, including origin and designation information. These surveys show stations/terminals which are most distant from the city centre, such as Albany, Half Moon Bay, West Harbour, Pukekohe, and Hobsonville attract wide catchments. Passenger origin data from Swanson saw people travelling from Bethells Beach, Waimauku, Riverhead, and Taupaki. Therefore, it is plausible to assume Huapai rail station could attract a wide catchment.

**Additional comments:** This service performs poorly from an economic perspective due to high capital costs and low patronage forecasts. Therefore, as standalone investments they appear to offer poor value for money. AECOM has calculated the BCRs, based on patronage forecast from Auckland Forecast Centre to reflect both 10 and 30 minute options.

| Option                                                         | Estimated costs                   | Estimated BCR |
|----------------------------------------------------------------|-----------------------------------|---------------|
| 30 min – no tunnel upgrade                                     | \$18.7M Capex, \$5.5M Opex/ year  | 0.07          |
| 30 min – with tunnel or rolling stock fire safety risk upgrade | \$64.67M Capex, \$5.8M Opex/ year | 0.04          |

AT's view is that this is a high cost service that is only likely attract limited patronage. From a strategic and operational perspective, AT does not support heavy rail operation to Huapai in the medium term.

## Warkworth Park and Ride

**Scope:** AT Metro considers that a park and ride facility at the Warkworth Showgrounds would be relatively easy to implement, provided a lease land/licence arrangement could be established, subject to further investigation. This project would seek to support forecast growth in North Auckland. Approximately 3,000 house and 4,000 new jobs are anticipated in the area over 30 years.

**Estimated costs:** Establishing a pair of bus shelters will cost around \$70,000. This would include two shelters and associated hardstanding and kerb work. Further stops on State Highway 1 near the intersection of Woodcocks Road would also be beneficial, to enable greater access to the service. This is estimated to cost approximately \$40,000. This would include a pair of bus stops, with a shelter on the southbound side of the road. Warkworth Showgrounds is on recreation reserve, but leases to the community are managed by the community leases section of Auckland Council. Advice from AT Property suggests \$25,000 p.a. as a rough estimate for a lease land arrangement.

Estimated maintenance costs for one bus shelter is roughly \$978 dollars per annum.

**Beneficiaries:** Warkworth Park and Ride would provide a wide catchment, as depicted in appendix A, figure 1. The Park and Ride would provide an alternative mode of transport the Warkworth area, possible localised decongestion and some benefits to business in freeing up parking spaces for retail visits.

**Rationale for Beneficiaries:** Based on the survey data from FLOW, Passenger origin data from Albany saw people travelling from Snells beach, Waitoki, Helensville, Arkles Bay, and Warkworth. This confirms stations/terminals which are most distant from the city centre attracts wide catchments. It is plausible to assume Warkworth Park and ride could attract a wide catchment north and north east of Warkworth.

## Proposed seal extension programme

**Scope:** Auckland has a total legal road length of 7,300km of which approximately 868km (12%) is unsealed. 678km (78%) of the unsealed road network is in Rodney. As mentioned previously, the draft RLTP does have



\$30m planned for the next 10 years. Targeted rates would enable acceleration and ability to deliver more unsealed roads for the next 10 years.

**Estimated costs:** The cost to complete a seal extension varies significantly from road to road but it typically relates to the condition width of the existing roadway and the topography that it follows. A 7.2m wide seal extension would cost around \$800,000/km over unsealed near level uncomplicated terrain, however, this would escalate to around \$1,400,000/km over narrow and steep complex terrain. Based on the review of the current seal extension priority list the average cost per kilometre to extend the seal on the existing network would be around \$980,000/km.

If a targeted seal extension roading rate was implemented and a further \$13m was raised over a similar 10 - year period, additional projects could also be added to the currently planned seal extension assumed in the draft RLTP. Currently, potential additional projects are:

- Krippner Road (approx. 2.7 km)
- Rustybrook Road (approx. 1.8 km)
- Weranui Road (approx. 3.3 km)
- Cames Road (approx. 130 m)
- Wilson Road #3 (approx. 3.6 km)
- Pebble Brook Road (approx. 1.2km)

Estimated maintenance costs for sealed roads are roughly \$18,500 dollars per km, per annum. Note all costs are estimates only and the programme may be revised from time to time in light of operational factors.

**Additional comments:** AT is currently trialling a number of cost effective treatments for unsealing roads. Otta and Notta seal are currently part of a 2-year trial. Given the trial status of these AT would not recommend including these in a targeted rate proposal as AT cannot yet confirm the full cost and OPEX implications of these yet.

**Beneficiaries:** Although individual projects mainly benefit residents in the local area, the overall programme provides benefits across Rodney's township by improving overall network connectivity to key destinations, with added benefit of mitigating dust effects for residents in close proximity.

**Rationale for Beneficiaries:** One of the prioritisation criteria considers the number of dwellings/businesses in close proximity or along the unsealed roads. To some degree these are the direct beneficiary of the seal extension programme. AT typically only count dwellings located within 100 - 120m of the carriageway. Residence living in close proximity of the unsealed roads will have the benefit of less dust particulates. However, the seal extension programme is well disbursed in the Rodney region, which allows all users to use the facility around the region.

## Proposed footpath programme

**Scope:** The proposed footpaths programme supports integration with public transport by providing improved links to bus stops and other public transport interchanges, provides improved transport links to metropolitan centres, district centres, town centres and village centres and integrate with other planned community infrastructure investment, increase mode choice and encourage active modes, particularly for short distance trips, to improve safety for pedestrians, support overall network resilience and efficiency by providing alternative mode options for shorter trips and to provide wider air quality, economic, health and recreational benefits for local residents living in the areas targeted for increased investment.

**Estimated costs:** AT currently has a candidate list of approximately 500 requests for new or improved footpath segments. A targeted rate that raised \$7m could address the highest priority items on this list such as:

- Albert Street, Riverhead (approx. 317m)
- Matakana Road, Matakana (approx. 182m)

- York Terrace / Elliot street, Riverhead (approx. 338m)
- Tapu Road, Huapai (approx. 86m)
- Springs Road, Parakai (approx. 462m)
- Hill Street, Warkworth (approx. 180m)
- Princess Street, Riverhead (approx. 444m)
- Puriri street, Helensville (approx. 235m)
- Rodney street, Wellsford (approx. 375m)
- SH16, Waimauku (approx. 556m)
- Mahurangi East Road, Snells Beach (approx. 266m)
- Goodall Road, Snells Beach (approx. 216m)
- Blue Gum Drive, Warkworth (approx. 449m)
- Dairy Flat Highway, Dairy Flat (approx. 815m)

Estimated maintenance costs for footpaths are roughly \$275 dollars per km, per annum. Note all costs are estimates only.

**Beneficiaries:** Although individual projects mainly benefit residents in the local area, the overall programme provides benefits across Rodney's township by enhancing localised amenity and promoting walking and cycling in the community.

**Rationale for Beneficiaries:** New footpath proposals are primarily in the urban areas and would benefit town centres, bus stops, education intuition, employment areas, significant community areas. Priority is given to those footpaths which lie within 300m from those areas, along with safety and connection to existing footpath and growth area and other considerations.

### Summary of costs for option 2:

| Project                                | 10 year OPEX      | 10 year CAPEX     | 10 year Total      |
|----------------------------------------|-------------------|-------------------|--------------------|
| Bus service: Kaukapakapa/Waitoki       | 8,200,000         | 40,000            | 8,240,000          |
| Bus service from Riverhead to Huapai   | 4,200,000         |                   | 4,200,000          |
| Bus service from Riverhead to Westgate | 5,270,416         | 200,000           | 5,470,416          |
| Train service to Huapai                | 55,000,000        | 18,700,000        | 73,700,000         |
| Warkworth Park and Ride                | 285,208           | 110,000           | 395,208            |
| Seal extension                         | 1,100,658         | 12,448,272        | 13,548,930         |
| New footpaths                          | 12,787            | 7,074,430         | 7,087,217          |
| <b>Total</b>                           | <b>74,069,069</b> | <b>38,572,702</b> | <b>112,641,771</b> |

**Note:** All costs are indicative only and are subjected to further review. Delivery will be phased, to be aligned with revenue generated from targeted rate

### Option 3: Revised proposal

This option provides a revised version of the full list of Local Board proposals. It retains the bus service between Riverhead to Westgate, Warkworth Park and Ride and additional seal extension programme from the previous option. The more expensive rail option has been replaced with a proposed increase in frequency of the Huapai and Kumeū to Westgate bus service (effectively providing a 15-minute service out of Huapai, in the peak). The proposed footpaths programme has been replaced (at the Local Board's request). This option provides a valuable programme for Rodney, which is more affordable, whilst ensuring a reasonably even distribution of

benefits across the Local Board area. Note that all costs are indicatively only and are subjected to change without notice. The programme will continue to be updated as new information becomes available.

The likely period in which benefits will be fully realised has not been considered for this exercise and will be conducted in due course.

### Bus service from Huapai - Kumeū to Westgate

**Scope:** Additional buses to run 122 service in the peak could enhance overall attractiveness to public transport in the Tapu Road/Matua Road catchment area. Under the new network, there is already a 122 service between Tapu Road/Matua Road, Kumeū, to Westgate. This proposal is to introduce additional buses in the peak to increase frequency. Terminating at Westgate opens up the option of connecting to 110 service from Westgate to the City Centre and connecting to 120 services to Constellation Station. When inter-timed with 125x service, there would be a service approximately every 15 minutes on the main road in the peak. This service seeks to support forecast growth in North West Auckland. Approximately 30,000 house and 13,000 new jobs are anticipated in the area over 30 years.

**Estimated costs:** Estimated project cost for 4 trips in the peak direction at peak times would cost around \$230,000 p.a.

**As per RLTP:** AT does not have plans to increase/introduce additional buses to the 122 service.

**Beneficiaries:** This service will benefit residents living in close proximity to the proposed route, providing an alternative mode of transport and possible localised decongestion benefits. This includes Riverhead and Westgate. This is depicted in appendix A, figure 3.

**Rationale for Beneficiaries:** Beneficiary (bus service catchment area) assumptions for this route were made on allowing 500m catchment of proposed bus stops, but up to 1000m can be considered within the catchment of a stop, depending on the situation. In the case of projects proposed by Rodney Local Board, none of the settlements are that big, so they could all realistically be said to benefit. Location of proposed bus stops were based on their placement at key intersections and existing locations.

### Bus service from Riverhead to Westgate

**Scope:** Riverhead to Westgate would connect to the wider AT Metro network. This would enable connections to more destinations, including 110 services direct to the City Centre, as well as 120 to Constellation Station. The service would operate 30 minutes at peak, and hourly at other times 7 days a week. This service seeks to support forecast growth in North West Auckland. Approximately 30,000 house and 13,000 new jobs are anticipated in the area over 30 years.

**Estimated costs:** Estimated project cost for 4 trips in the peak direction at peak times, and hourly services at all other times would cost around \$520,000 p.a. Whilst a comprehensive review of any current bus stop facilities and requirements for new bus stops and shelters has not been undertaken, AT envisage that a further 5 pairs of bus stops, with shelters on the inbound bus stops, might be required to support this service. This would be a one-off capital cost of \$200,000 – based on \$40,000 per stop pairing. This is depicted in appendix A, figure 4.

**As per RLTP:** AT has plans to introduce this service but this wouldn't be before the 2020/21 financial year.

**Beneficiaries:** This service will benefit residents living in close proximity to the proposed route, providing an alternative mode of transport and possible localised decongestion benefits. This includes Riverhead and Westgate. This is depicted in appendix A, figure 4.

### Warkworth Park and Ride

**Scope:** AT Metro considers that a park and ride facility at the Warkworth Showgrounds would be relatively easy to implement, provided a lease land/licence arrangement could be established, subject to further investigation. Approximately 3,000 house and 4,000 new jobs are anticipated in the area over 30 years.

**Estimated costs:** Establishing a pair of bus shelters will cost around \$70,000. This would include two shelters and associated hardstanding and kerb work. Further stops on State Highway 1 near the intersection of Woodcocks Road would also be beneficial, to enable greater access to the service. This is estimated to cost approximately \$40,000. This would include a pair of bus stops, with a shelter on the southbound side of the road. AT believes Warkworth Showgrounds is on recreation reserve, but leases to the community may be managed by the community leases section of Auckland Council. Advice from AT Property suggest \$25,000 p.a. as a rough estimate for a lease land arrangement.

Estimated maintenance costs for one bus shelter is roughly \$978 dollars per annum.

**As per RLTP:** This project has been considered in the draft RLTP and is planned to be delivered by 2024/2025 period. This does depend on funding decisions between Council and Government.

**Beneficiaries:** Warkworth Park and Ride would provide a wide catchment, as depicted in appendix A, figure 1. The Park and Ride would provide an alternative mode of transport the Warkworth area, possible localised decongestion and some benefits to business in freeing up parking spaces for retail visits.

**Rationale for Beneficiaries:** Based on the survey data from FLOW, Passenger origin data from Albany saw people travelling from Snells beach, Waitoki, Helensville, Arkles Bay, and Warkworth. This confirms the fact that stations/terminals which are most distant from the city centre attracts wide catchments, it is plausible to assume Warkworth Park and ride could attract a wide catchment north and north east of Warkworth. This is depicted in appendix A, figure 1.

## Huapai/Kumeū Park and Ride investigation

**Scope:** AT investigated the possibility of accelerating a Huapai/Kumeū Park and Ride facility. This project seeks to support forecast growth in North West Auckland. Approximately 30,000 house and 13,000 new jobs are anticipated in the area over 30 years.

AT have undertaken rapid investigation of a number of options

- A Park and Ride facility on 391 and 393 Main Road has been considered. However, AT understands as part of safety improvements along State Highway 16, the Transport Agency (NZTA) are planning on placing a median “barrier” along SH16 opposite and to either side of this land which will prevent right hand turns out on to SH16 from that land. Access to that land from the realignment of Station Road is being investigated however AT traffic engineers advise that right hand turns into that area of land by vehicles travelling south from the Tapu Rd \ Station Rd intersection should be kept to a minimum as this may create localised congestion in a residential zone.
- Kumeū showgrounds could be established as a Park and Ride. The land is privately owned and current estimates for a lease land arrangement would in the order of \$40,000 p.a.

The advice from AT Strategy is that a Huapai/Kumeū park and ride facility was not planned for another decade. However, a programme business case on the park and ride programme is underway, which will look at appropriate locations regionally, including the Huapai/Kumeū area. AC has strongly recommended AT to include Huapai/Kumeū Park and Ride into the draft revised proposal.

**Estimated costs:** An indicative amount of \$4 million dollars, intended to represent the cost of a small park and ride (50 spaces, including land purchase) has been included. The completion of the programme business case will inform the decision on whether a park and ride is sensible in the Huapai/Kumeū area.

**As per RLTP:** This project has not been considered in the draft RLTP, as it is planned in the 2nd decade.

**Beneficiaries:** Huapai/Kumeū Park and Ride would provide a wide catchment, as depicted in appendix A, figure 1. The Park and Ride would provide an alternative mode of transport the Huapai/Kumeū area and possible localised decongestion benefits

**Rationale for Beneficiaries:** Flow transportation specialist (FLOW) was commissioned by Auckland Transport to undertake a survey of public transport users at key stations and Park and Rides. The survey was designed to

provide information on those who currently use the Park and Ride facilities, particularly the trip characteristics of the users, including origin and designation information. These surveys show stations/terminals which are most distant from the city centre, such as Albany, Half Moon Bay, West Harbour, Pukekohe, and Hobsonville attract wide catchments. Passenger origin data from Swanson saw people travelling from Bethells Beach, Waimauku, Riverhead, and Taupaki. Therefore, it is plausible to assume Huapai rail station could attract a wide catchment. This is depicted in appendix A, figure 1.

## Proposed seal extension programme

**Scope:** Auckland has a total legal road length of 7,300km of which approximately 868km (12%) is unsealed. 678km (78%) of the unsealed road network is in Rodney. As mentioned previously, the draft RLTP does have \$30m planned for the next 10 years. Targeted rates would enable acceleration and ability to deliver more unsealed roads for the next 10 years.

**Estimated costs:** The cost to complete a seal extension varies significantly from road to road but it typically relates to the condition width of the existing roadway and the topography that it follows. A 7.2m wide seal extension would cost around \$800,000/km over unsealed near level uncomplicated terrain, however, this would escalate to around \$1,400,000/km over narrow and steep complex terrain. Based on the review of the current seal extension priority list the average cost per kilometre to extend the seal on the existing network would be around \$980,000/km.

If a targeted seal extension roading rate was implemented and a further \$13m was raised over a similar 10 - year period, additional projects could also be added to the currently planned seal extension assumed in the draft RLTP. Currently, potential additional projects are:

- Krippner Road (approx. 2.7 km)
- Rustybrook Road (approx. 1.8 km)
- Weranui Road (approx. 3.3 km)
- Cames Road (approx. 130 m)
- Wilson Road #3 (approx. 3.6 km)
- Pebble Brook Road (approx. 1.2km)

Estimated maintenance costs for sealed roads are roughly \$18,500 dollars per km, per annum. Note all costs are estimates only and the programme may be revised from time to time in light of operational factors. This is depicted in appendix A, figure 1.

**As per RLTP:** Currently these projects have not been considered in the draft RLTP due limited funding available in 2018 - 28 period. Therefore, these projects would be considered in the second decade (2028 – 2038 period).

**Additional comments:** AT is currently trialling a number of cost effective treatments for unsealing roads. Otta and Notta seal are currently part of a 2-year trial. Given the trial status of these AT would not recommend including these in a targeted rate proposal as AT cannot yet confirm the full cost and OPEX implications of these yet.

**Beneficiaries:** Although individual projects mainly benefit residents in the local area, the overall programme provides benefits across Rodney's township by enabling overall network connectivity to key destinations, with added benefit of mitigating dust effects for residents in close proximity.

**Rationale for Beneficiaries:** One of the prioritisation criteria considers the number of dwellings/businesses in close proximity or along the unsealed roads. To some degree these are the direct beneficiary of the seal extension programme. AT typically only count dwellings located within 100 - 120m of the carriageway. Residence living in close proximity of the unsealed roads will have the benefit of less dust particulates. However, the seal extension programme is well disbursed in the Rodney region, which allows all users to use the facility around the region. This is depicted in appendix A, figure 1.



## Proposed footpath programme

**Scope:** The proposed footpaths programme supports integration with public transport by providing improved links to bus stops and other public transport interchanges, provides improved transport links to metropolitan centres, district centres, town centres and village centres and integrate with other planned community infrastructure investment, increase mode choice and encourage active modes, particularly for short distance trips, to improve safety for pedestrians, support overall network resilience and efficiency by providing alternative mode options for shorter trips and to provide wider air quality, economic, health and recreational benefits for local residents living in the areas targeted for increased investment.

Estimated costs: Rodney Local Board has an unprioritised footpath list. A targeted rate that raised \$15m could deliver a programme of footpaths spread around Rodney's township, such as:

- Kaipara Coast Highway - Kaukapakapa (approx. 740m)
- Alice Street - Riverhead (approx. 254m)
- Newton Road – Riverhead (approx. 245m)
- Puriri Street – Helensville (approx. 42m)
- Springs Road – Parakai (approx. 462m)
- Fire Station to Peak Rd along SH16 – Kumeū (approx. 1.2km)
- Pulham Road – Warkworth (approx. 240m)
- Wilson Road – Warkworth (approx. 490m)
- State Highway 1 - Wellsford (approx. 230m)
- Domain Crescent - Muriwai (tbc)
- Pipitiwai Drive, Helensville (approx. 986m)
- Falls Road – Warkworth (approx. 417m)
- Goodall Road - Snells Beach (approx. 216m)
- Blue Gum Drive - Warkworth (approx. 449m)
- Dairy Flat Highway - Dairy Flat (approx. 815m)
- Matakana Road - Matakana (approx. 2.1km)
- Leigh Road – Whangateau (approx. 259m)
- Hill Street – Warkworth (approx. 180m)
- Puhoi to State Highway 1 (tbc)
- Coatesville Riverhead Highway – Coatesville (tbc)
- Omaha Drive - Omaha (approx. 800m)
- Rodney Street (Eastern side) - Wellsford (approx. 330m)
- Rodney Street (Corner at no. 95) - Wellsford (approx. 15m)
- Rodney Street - Wellsford (Centennial Park Road), (approx. 375m)
- Sandspit Road - Sandspit (approx. 924m)
- Worker Road - Wellsford (approx. 259m)
- School Road – Wellsford approx. (544m)
- State Highway 1 – Wellsford (tbc)
- McKinney Road – Warkworth (tbc)

Estimated maintenance costs for footpaths are roughly \$275 dollars per km, per annum. Because the footpaths programme has not been prioritised, AT has included a nominal amount of \$30,000 for maintenance of footpaths over 10 years. Note all costs are estimates only and the programme may need to be revised from time to time in light of operational factors. Indicative location is depicted in appendix A, figure 1.

**As per RLTP:** This programme has been considered in the draft RLTP, which has provisioned \$30m in the draft RLTP. However, when compared to other project proposals for funding, this programme has not been identified as high priority and therefore unlikely to get funding.

**Beneficiaries:** Although individual projects mainly benefit residents in the local area, the overall programme provides benefits across Rodney's township by enhancing localised amenity and promoting walking and cycling in the community.

**Rationale for Beneficiaries:** New footpath proposals are primarily in the urban areas and would benefit towncentres, bus stops, education intuition, employment areas, significant community areas. Priority are given

to those footpaths which lie within 300m from those areas, along with safety and connection to existing footpath and growth area and other considerations. As per the attached map, these priority footpaths are reasonably disperse in Rodney and seeks to address infrastructure deficit and provide a basic network of footpaths where key gaps are identified. This is depicted in appendix A, figure 1

### Summary of costs for option 3: Distributed benefits

| Project                                     | 10 year OPEX     | 10 year CAPEX     | 10 year Total     |
|---------------------------------------------|------------------|-------------------|-------------------|
| Bus service from Huapai - Kumeū to Westgate | 2,300,000        |                   | 2,300,000         |
| Bus service from Riverhead to Westgate      | 5,270,416        | 200,000           | 5,470,416         |
| Warkworth Park and Ride                     | 285,208          | 110,000           | 395,208           |
| Huapai/Kumeū Park and Ride investigation    |                  | 4,000,000         | 4,000,000         |
| Seal extension                              | 1,100,658        | 12,448,272        | 13,548,930        |
| New footpaths                               | 30,000           | 14,928,858        | 14,958,858        |
| <b>Total</b>                                | <b>8,986,282</b> | <b>31,687,130</b> | <b>40,673,413</b> |

**Note:** All costs are indicative only and are subjected to further review. Delivery will be phased, to be aligned with revenue generated from targeted rate. The programme will continue to be updated as new information becomes available.

### Summary of costs for option 3: Differential benefits based on Rodney subdivision

| Project                                     | 10 year OPEX     | 10 year CAPEX     | 10 year Total     |
|---------------------------------------------|------------------|-------------------|-------------------|
| <b>Kumeū Subdivision</b>                    |                  |                   |                   |
| Bus service from Huapai - Kumeū to Westgate | 2,300,000        |                   | 2,300,000         |
| Bus service from Riverhead to Westgate      | 5,270,416        | 200,000           | 5,470,416         |
| Huapai/Kumeū Park n Ride investigation      |                  | 4,000,000         | 4,000,000         |
| Seal Extensions                             | 156,695          | 4,614,848         | 4,771,543         |
| New Footpaths                               | 11,968           | 5,146,640         | 5,158,608         |
| <b>Subtotal</b>                             | <b>7,739,079</b> | <b>13,961,488</b> | <b>21,700,567</b> |
| <b>Dairy Flat Subdivision</b>               |                  |                   |                   |
| New Footpaths                               | 3,111            | 1,667,616         | 1,670,727         |
| <b>Subtotal</b>                             | <b>3,111</b>     | <b>1,667,616</b>  | <b>1,670,727</b>  |
| <b>Warkworth Subdivision</b>                |                  |                   |                   |
| Warkworth Park n Ride                       | 285,208          | 110,000           | 395,208           |
| Seal Extensions                             | 697,228          | 5,672,728         | 6,369,956         |
| New Footpaths                               | 12,310           | 6,894,587         | 6,906,897         |
| <b>Subtotal</b>                             | <b>994,746</b>   | <b>12,677,315</b> | <b>13,672,061</b> |

| Wellsford Subdivision |                |                  |                  |
|-----------------------|----------------|------------------|------------------|
| Seal Extensions       | 246,735        | 2,160,696        | 2,407,431        |
| New Footpaths         | 2,612          | 1,220,015        | 1,222,627        |
| <b>Subtotal</b>       | <b>249,346</b> | <b>3,380,711</b> | <b>3,630,057</b> |

|              |                  |                   |                   |
|--------------|------------------|-------------------|-------------------|
| <b>Total</b> | <b>8,986,282</b> | <b>31,687,130</b> | <b>40,673,413</b> |
|--------------|------------------|-------------------|-------------------|

**Note:** All costs are indicative only and are subjected to further review. Delivery will be phased, to be aligned with revenue generated from targeted rate. The programme will continue to be updated as new information becomes available



Appendix A: Supporting information for option 3

Figure 1: Proposed projects in Rodney, distributed benefits (Option 3 – Revised proposal)

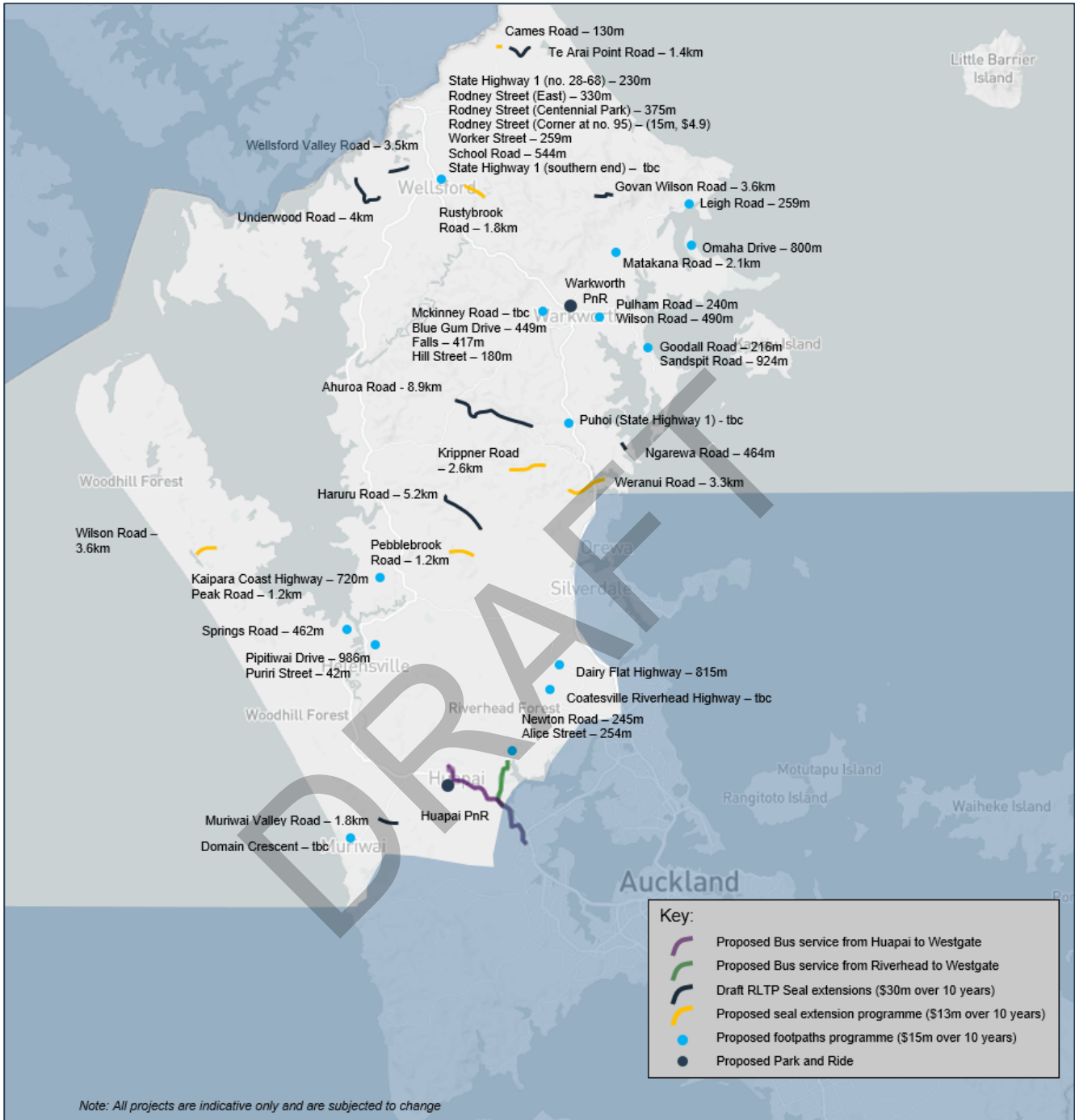


Figure 2: Proposed projects in Rodney, differential benefits based on Rodney subdivision (Option 3 – Revised proposal)

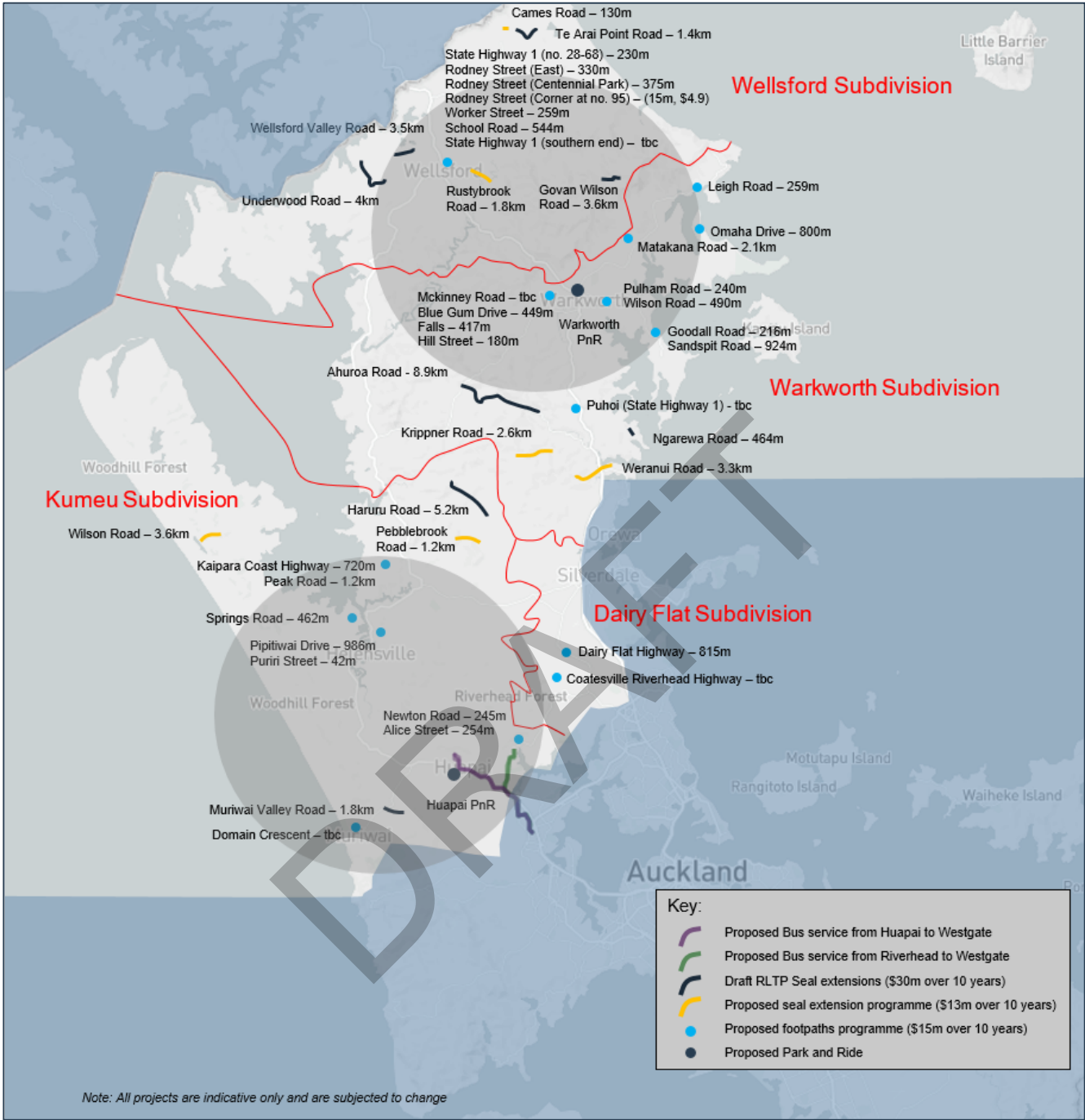


**Figure 3: Bus service from Huapai and Kumeū to Westgate**

Based on 500m catchment from bus stops

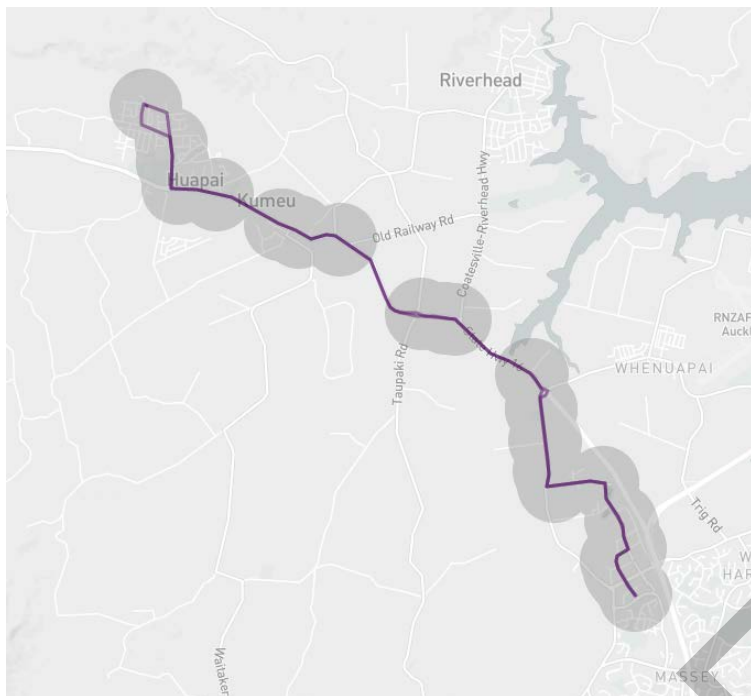
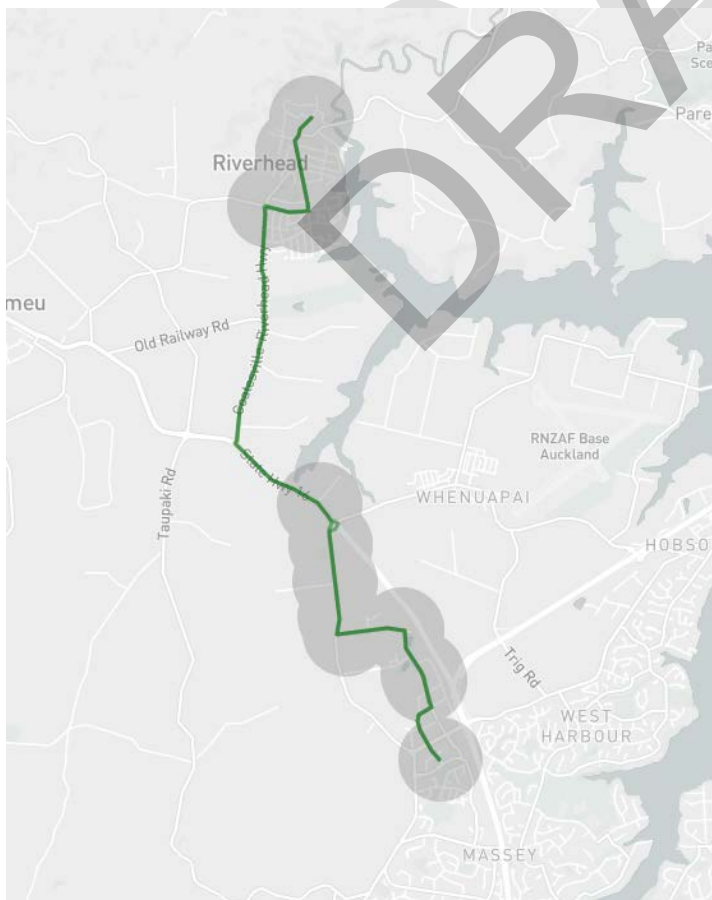


**Figure 4: Bus service from Riverhead to Westgate**

Based on 500m catchment from bus stops



### Attachment C: Legislative information

|                                                     |     |                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Proposal                                            | a)  |                                                                                                                                                                                                                                                                                          |
| Mayor's intent reference                            | n/a |                                                                                                                                                                                                                                                                                          |
| Impact on Financial strategy                        | Yes | Requires capital investment of \$32.3 million over ten years                                                                                                                                                                                                                             |
| Impact on Infrastructure strategy                   | No  |                                                                                                                                                                                                                                                                                          |
| Impact on rates                                     | Yes | New targeted rate introduced                                                                                                                                                                                                                                                             |
| Impact on debt                                      | Yes | The majority of the proposed capital expenditure will be spread over time to allow cash funding by the targeted rate. Some additional borrowing, up to \$4 million, may be required to support the Huapai park and ride depending on its timing in relation to other capital expenditure |
| Impact on levels of service                         | No  | Increase in service level in Rodney Local Board area. Service level increase not material on a regional basis                                                                                                                                                                            |
| Consistency with other council plans                | No  | Projects to be funded bring forward some investments in RLTP and add others not presently included                                                                                                                                                                                       |
| Change in ownership or control of a strategic asset | No  |                                                                                                                                                                                                                                                                                          |