

Infrastructure NZ Building Nations
Symposium 2018

Providing for Growth

Deputy Mayor Bill Cashmore



Auckland Region

August 2018

Financial overview section - key points:

- Over **\$26 billion** of capital investment, focused on transport and water infrastructure to support new housing areas and intensification of existing areas
- General rate increases to remain at **2.5%** for the next two years.
- Funding raised through new targeted rates has been **ring-fenced** to protect the environment and improve water quality
- Auckland Council has set a debt target at 265% of revenue. This is a **prudent approach** to ensure we maintain our high credit rating which in turn **keeps our interest costs low**.

Addressing population growth – Focus areas

1. Growth

- Auckland's pace of growth is expected to continue
- By 2028 it is expected there will be 2 million people living in the region
- This means Auckland will grow by the size of Tauranga every three years
- Growth presents challenges for investment in transport, pipe networks and community infrastructure like sports fields
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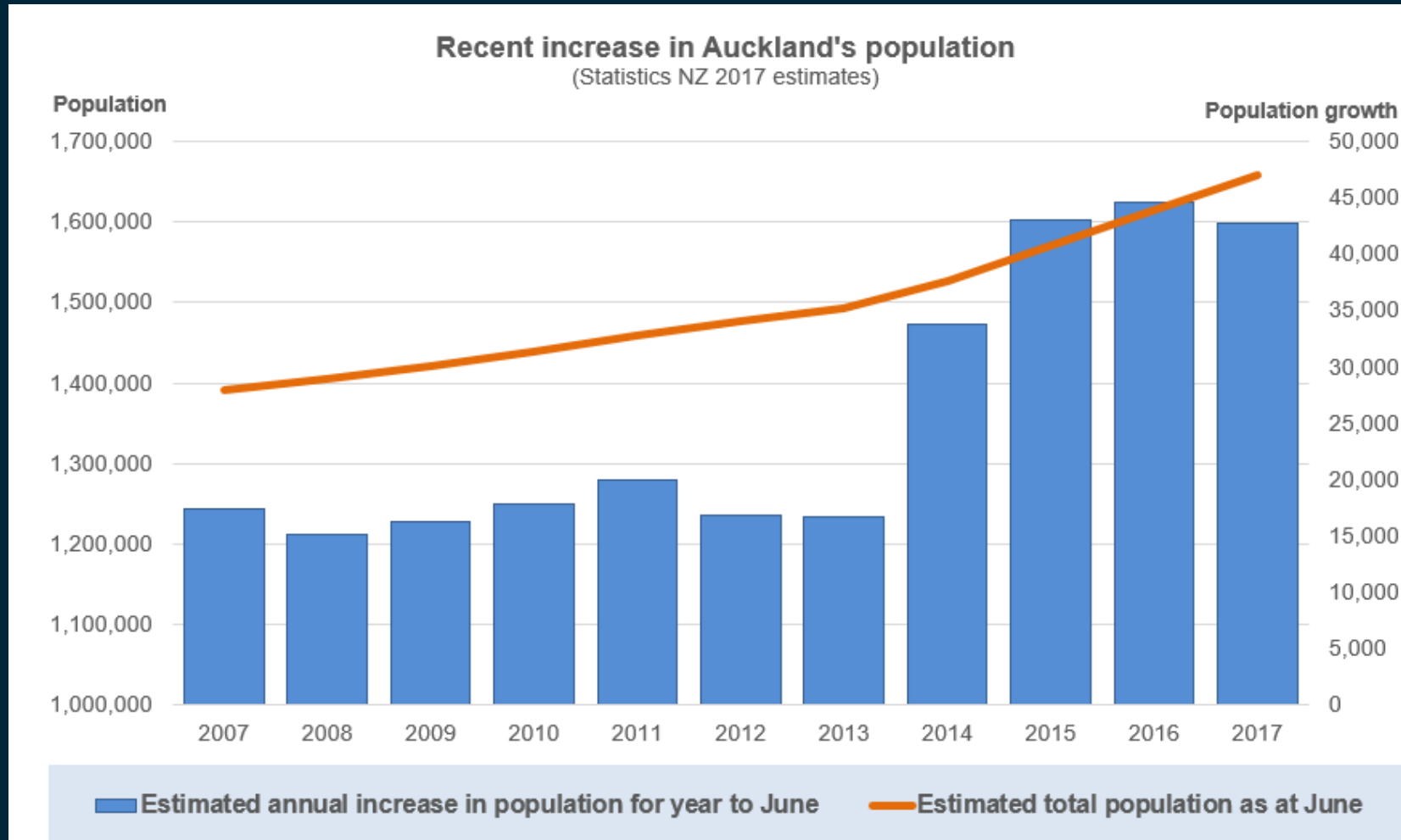
2. Transport - \$12 billion of capital investment

- Part of a \$28 billion package with government over 10 years
- Introduction of a regional fuel tax that when combined with subsidies will fund \$4.3 billion of specific projects that would otherwise not progress

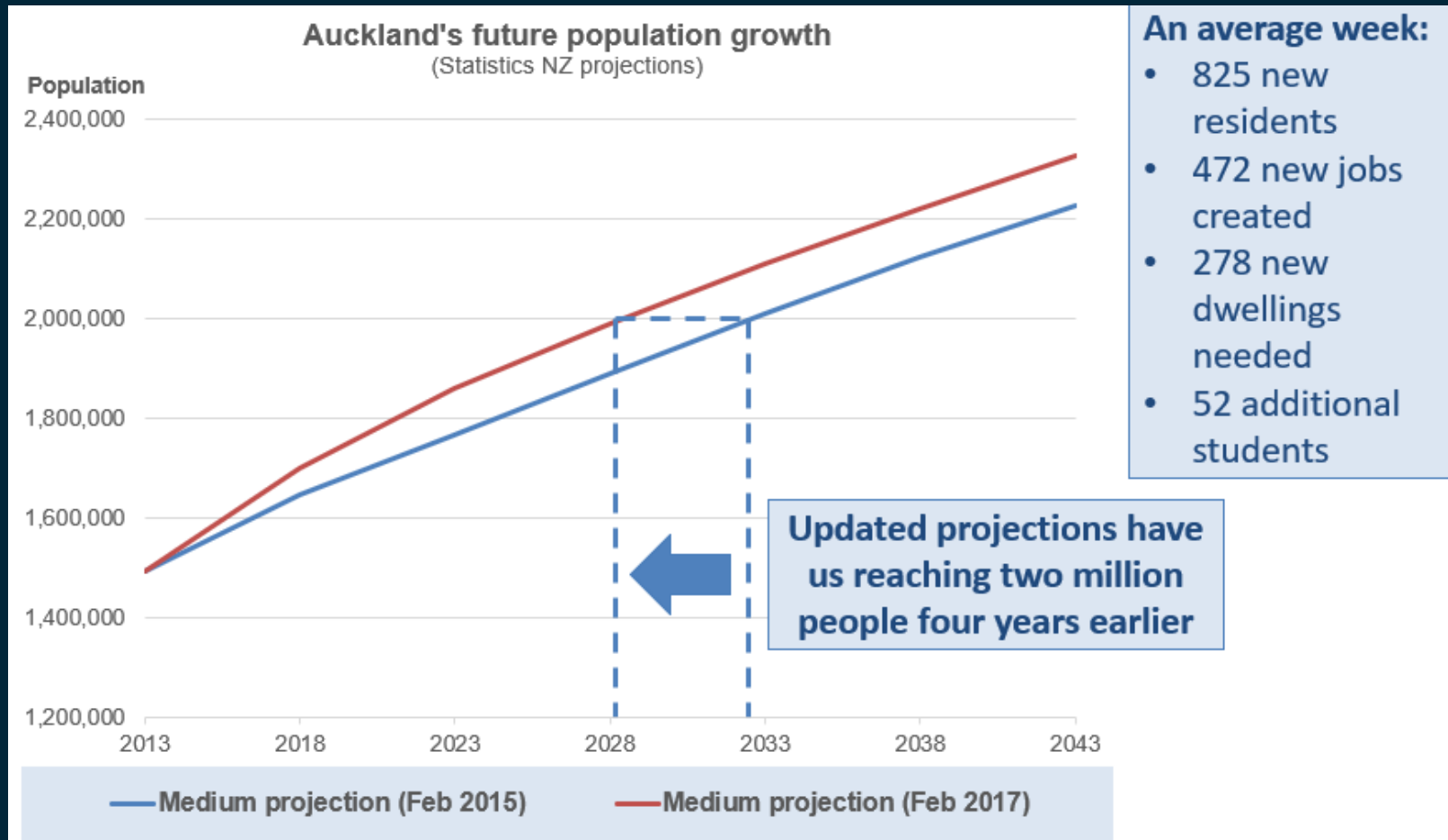
3. Reducing environmental degradation

- Upgrading stormwater systems to improve water quality in our harbours
- Mitigating the impact of climate change on coastal areas additional \$90 million
- Protecting native species, like Kauri, ecological sites of significance and pest eradication

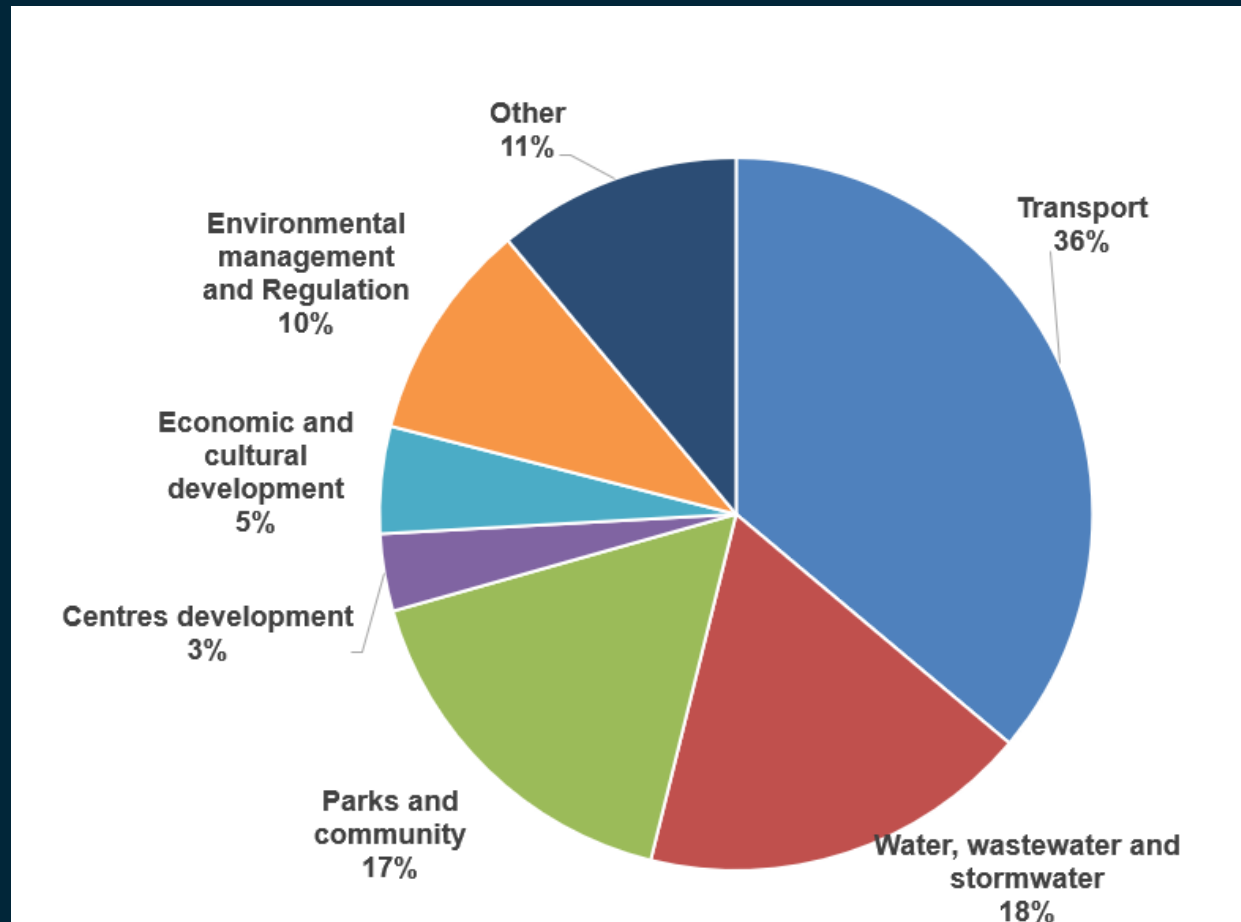
Population growth



Growth projections



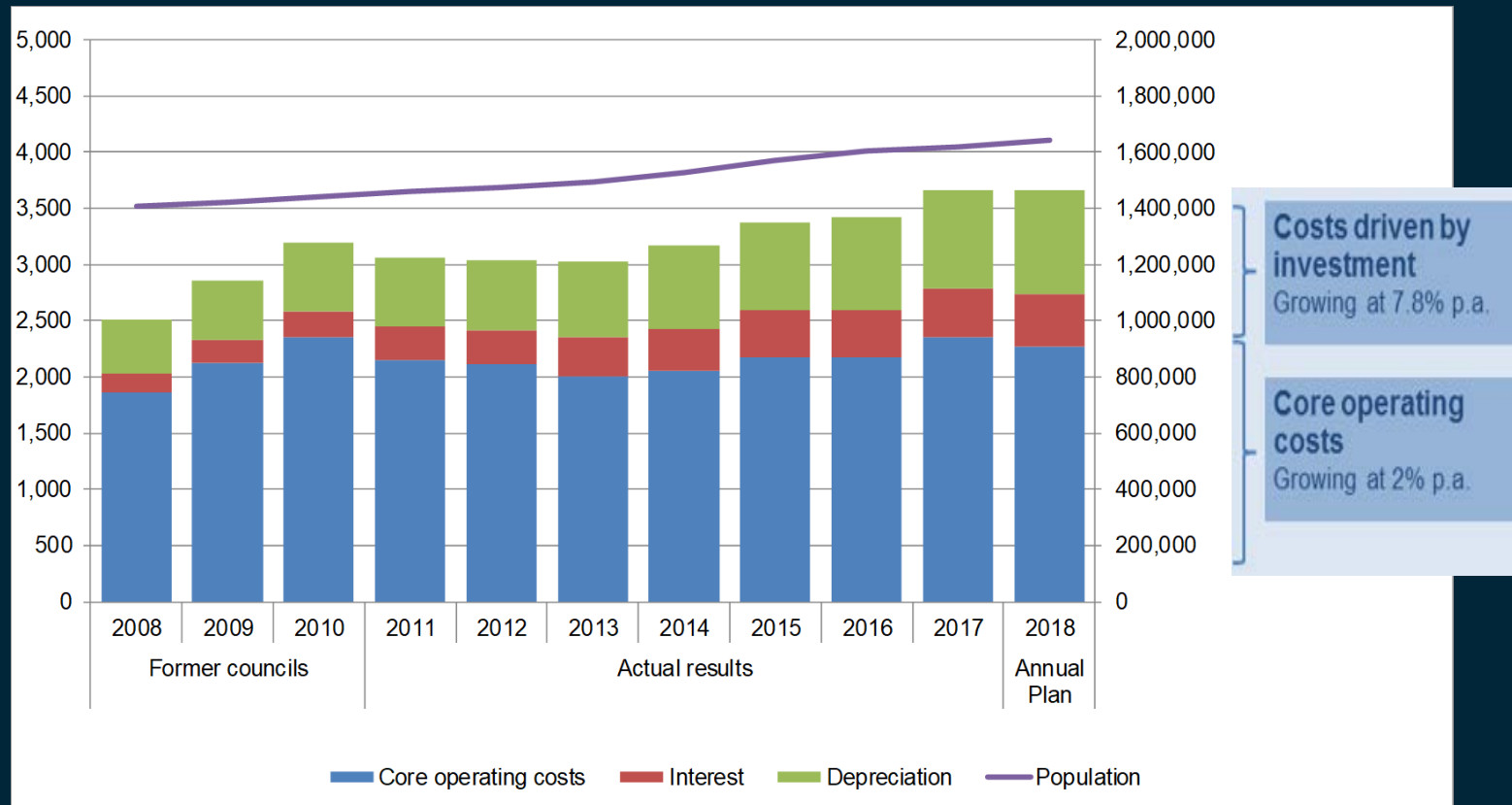
Operating expenditure



Operating costs cover provision of day to day services such as waste collection, mowing parks, maintaining our roads, footpaths, water and stormwater pipes, environmental protection, running our libraries, swimming pools and other community facilities.

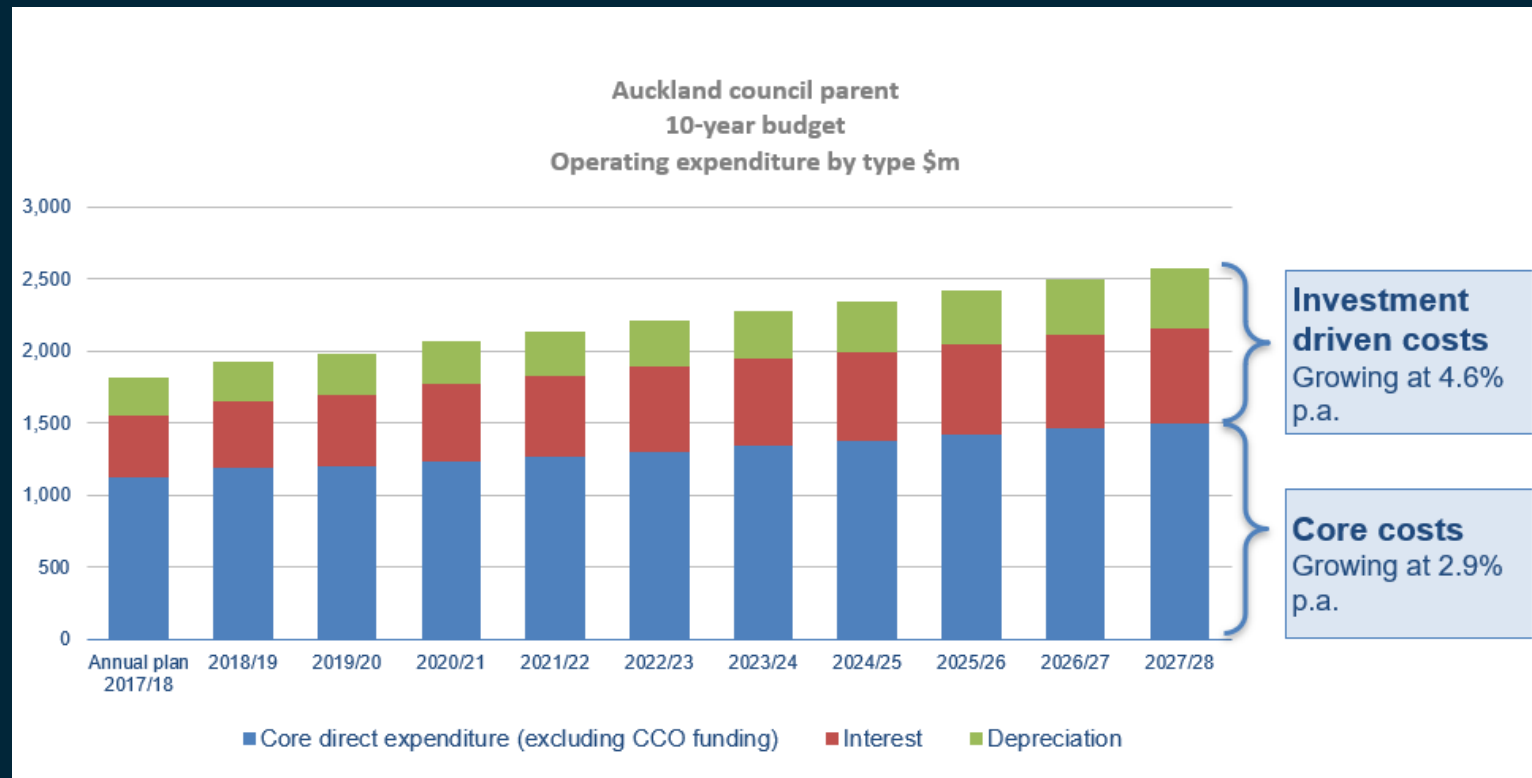
Rates make up less than 40% of the total funding required to deliver this.

Auckland Council group operating expenditure with population (historical View)



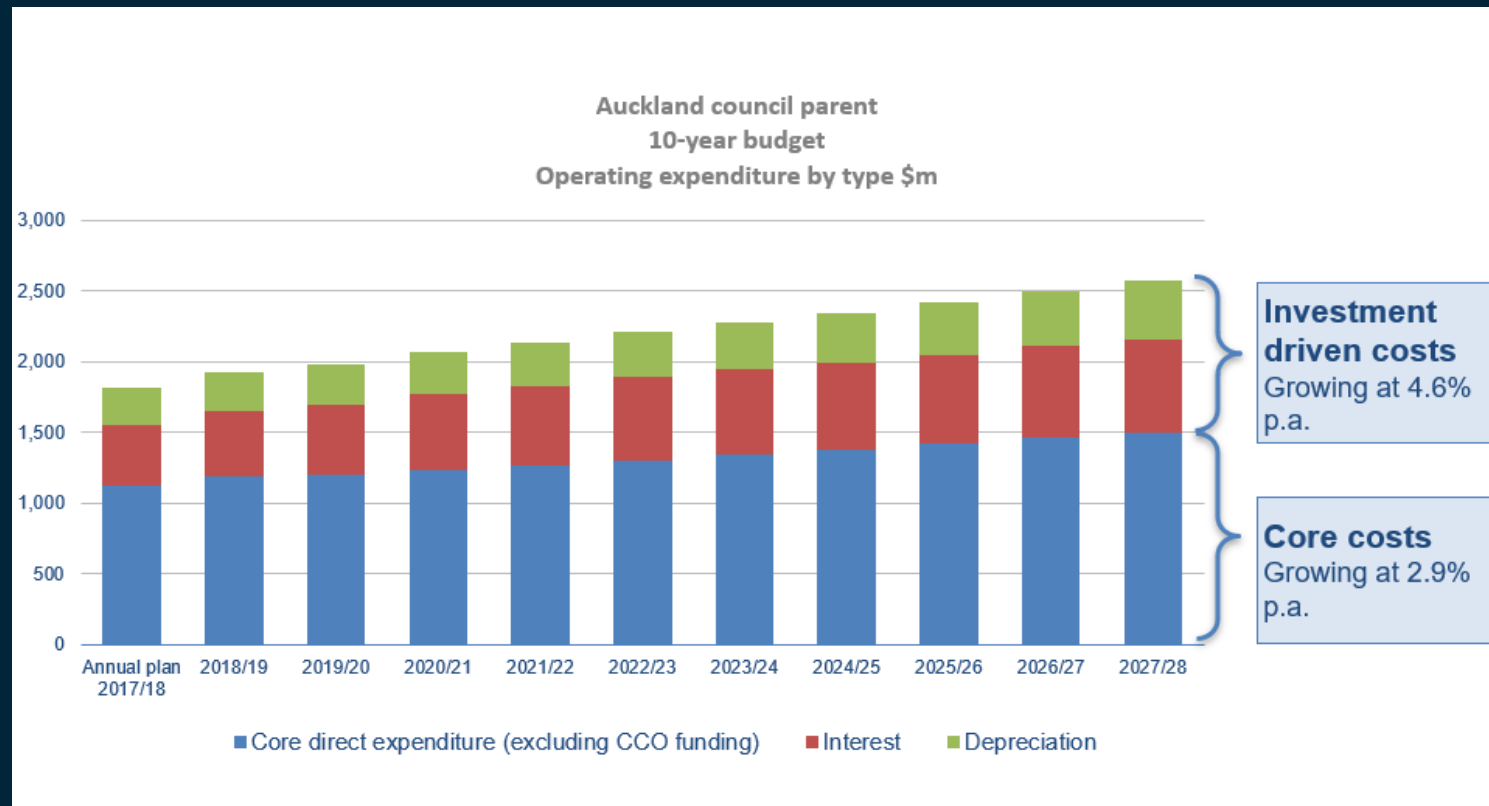
Growth in operating costs

- Ownership and operation costs of new and improved assets
- Delivering services to a growing population
- Increased investment in certain areas such as environmental protection



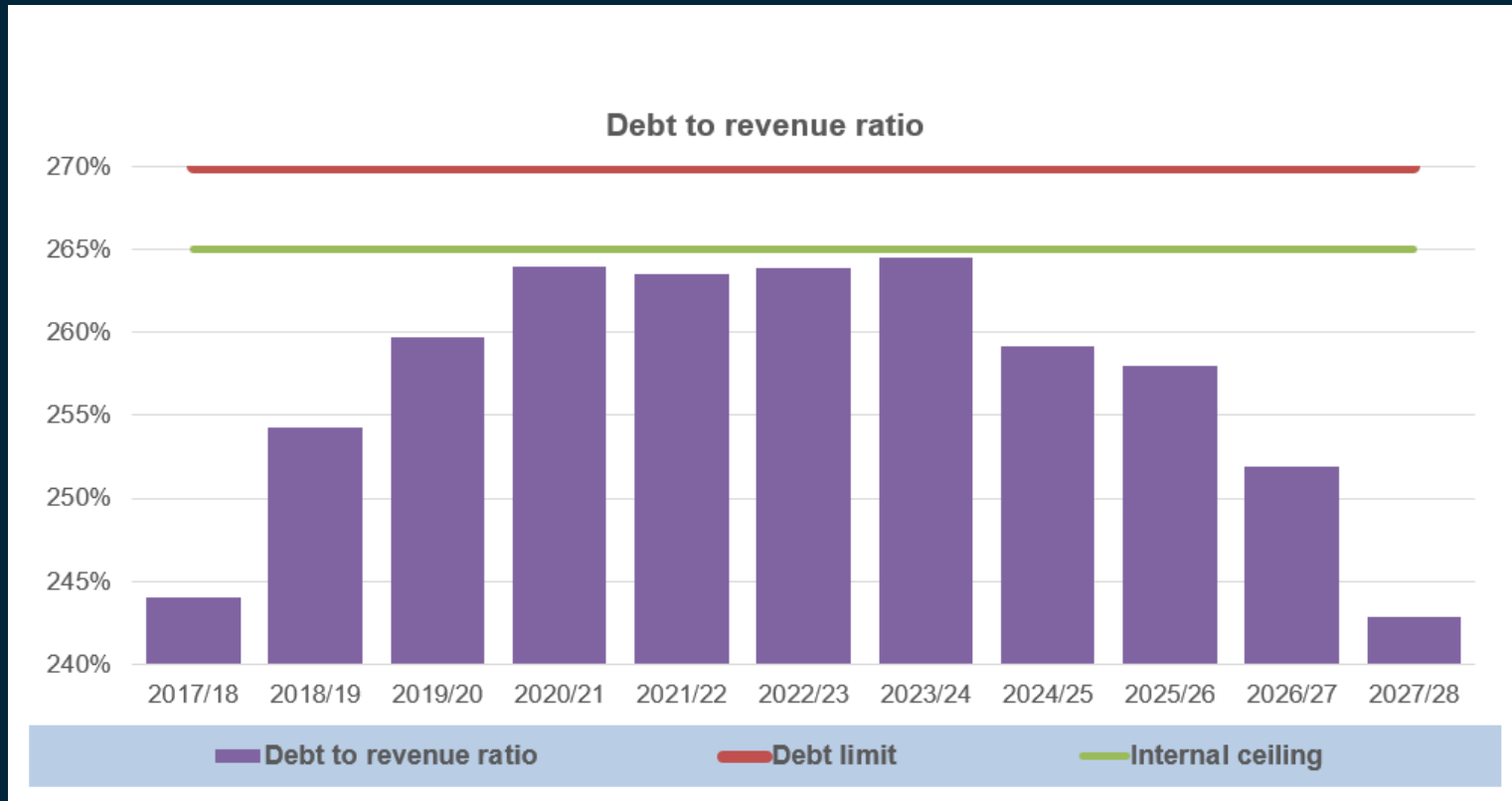
Capital investment for Auckland

- Investment is focused on transport and water infrastructure to:
- deliver expected service levels in the face of significant population growth
- support new housing areas and intensification of existing areas




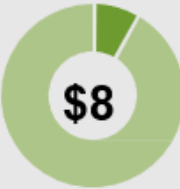




Council's borrowing









- Auckland Council has set a target of debt below 265% of revenue
- This is a prudent approach to ensure we maintain our AA credit rating and access to lower interest rates



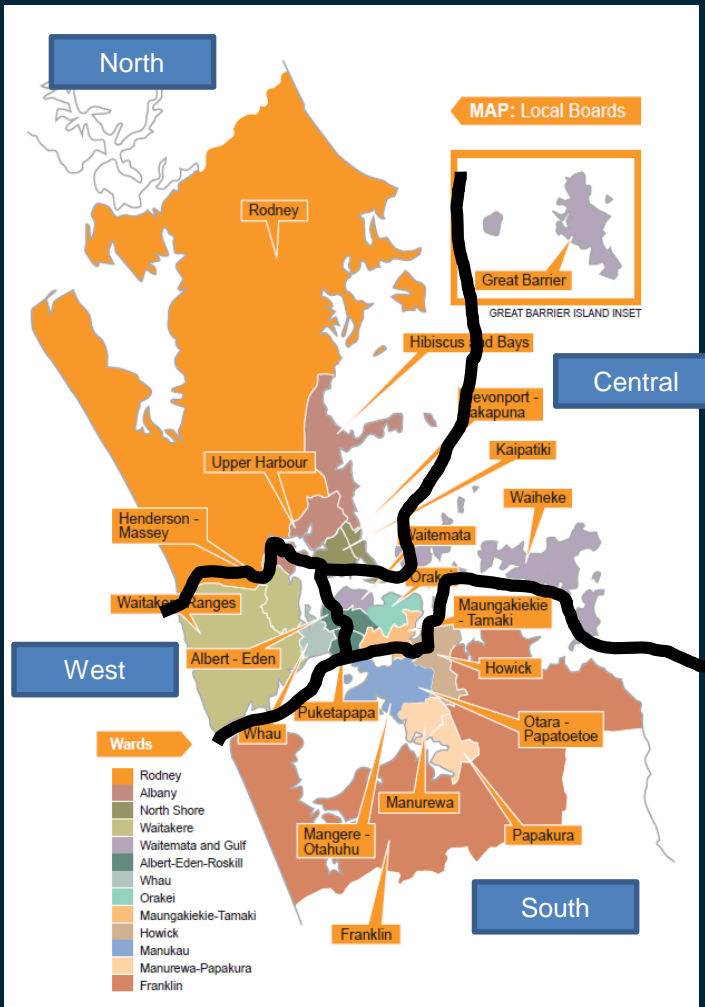
Budget areas at a glance

Key areas of spend	Capital spend 2018-2028	Operating spend 2018-2028	Rates value per \$100
 Transport	\$12.0b	\$17.3b	 \$33
 Water, wastewater and stormwater	\$7.1b	\$8.5b	 \$8
 Parks and community	\$3.7b	\$8.0b	 \$30

Budget areas at a glance

Key areas of spend	Capital spend 2018-2028	Operating spend 2018-2028	Rates value per \$100
 <p>Centres development</p>	\$1.3b	\$1.7b	 <p>\$5</p>
 <p>Economic and cultural development</p>	\$0.4b	\$2.3b	 <p>\$7</p>
 <p>Environmental management and regulation</p>	\$0.1b	\$4.8b	 <p>\$11</p>
 <p>Other</p>	\$1.6b	\$5.3b	 <p>\$6</p>

2018 RLTP capital programme (AT and NZTA)

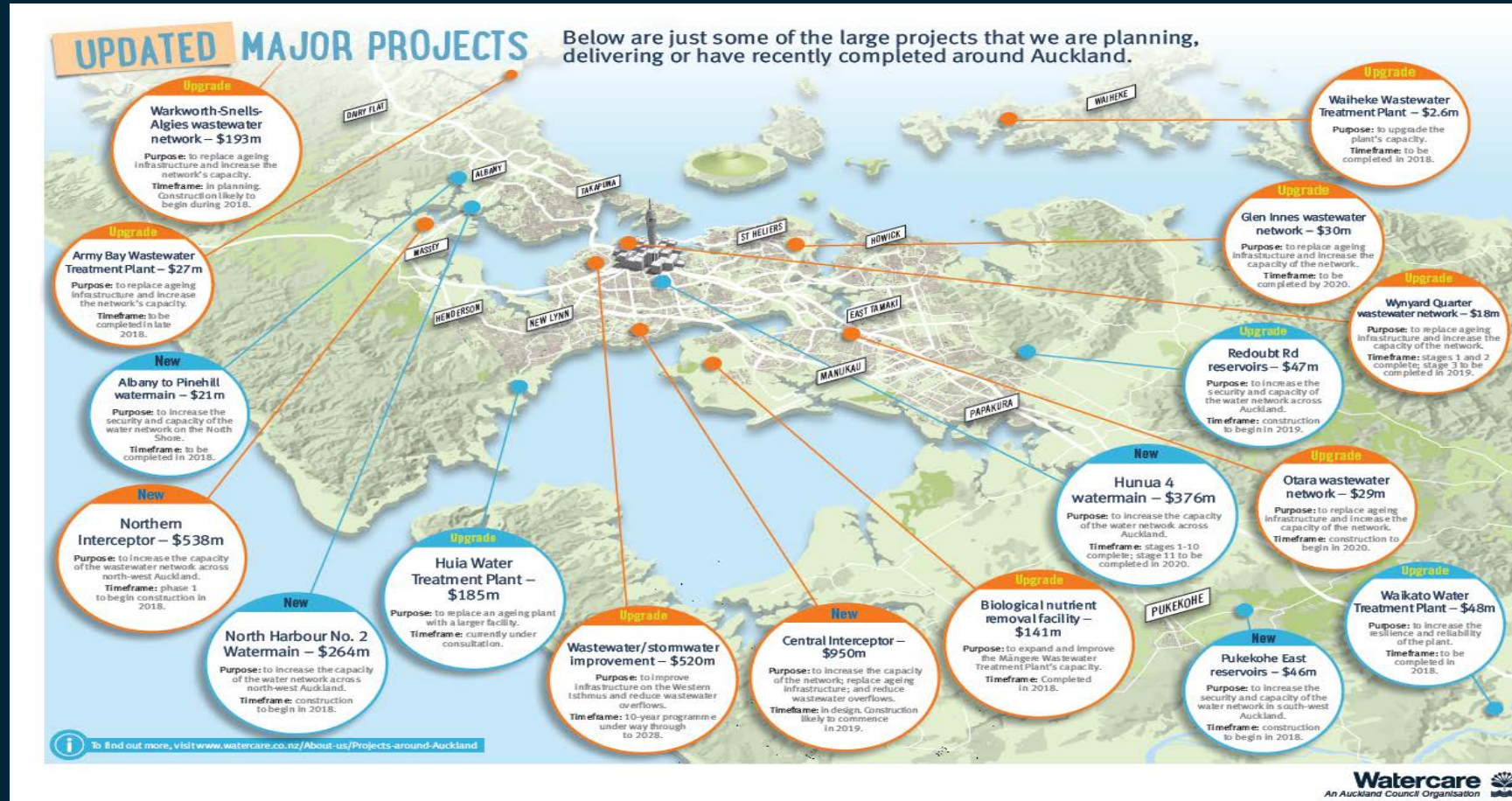


Sub-regional Groups	AT (nominal values, including inflation) \$m	¹ NZTA (nominal values, including inflation) \$m
Central	542	813
North	624	2,258
West	122	133
South/East	941	
South	658	1,082
Subtotal	2,887	4,286
Regional items		
Committed, Ring-fenced Council funding and Renewals	3,641	1,499
Environmental impact	85	138
Rapid Transit	-	1,815
Growth-related	666	20
Local Board Priorities	372	-
Network Optimisation	290	43
PT including additional EMUs	627	-
Safety	703	-
Technology	300	-
Active Mode	492	-
Subtotal	7,176	3,515
Total	10,063	7,801

Wastewater strategic investment

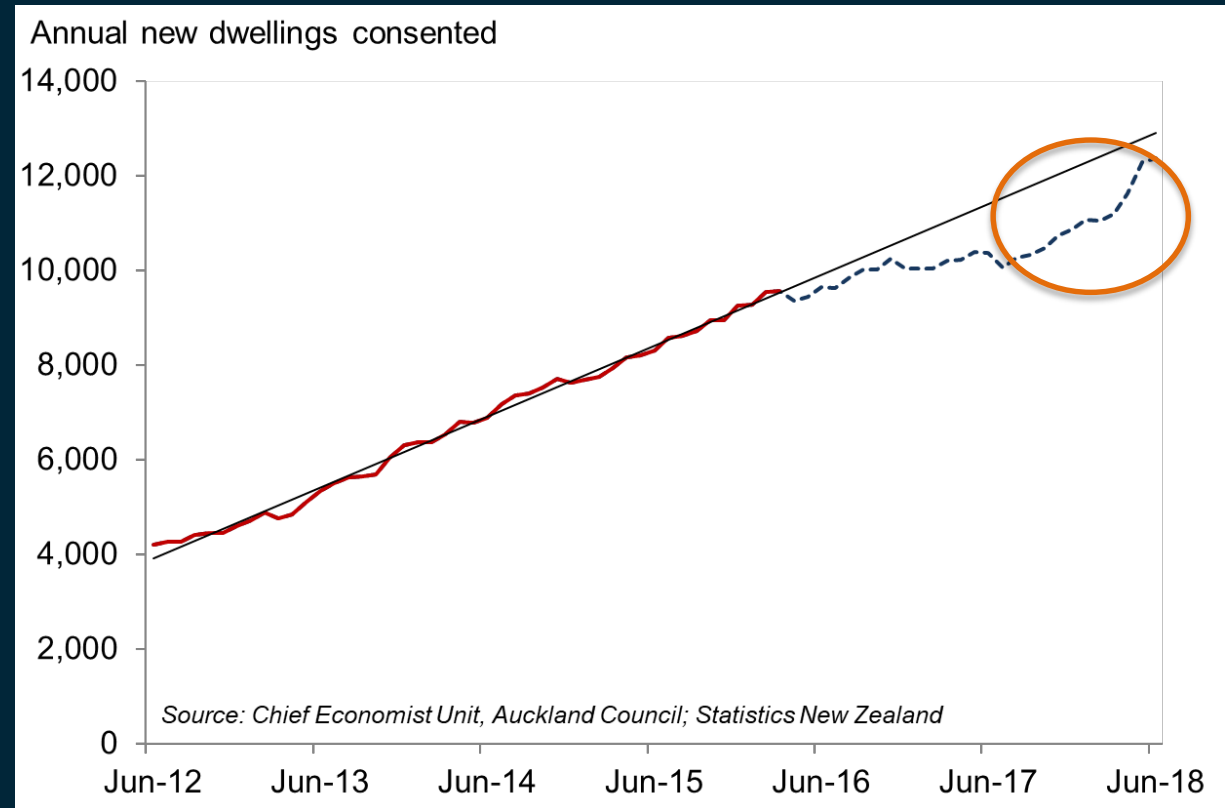
Total investment	2017 – 2026	2027 – 2036
	\$2,761m	\$3,061m

Watercare Major Projects

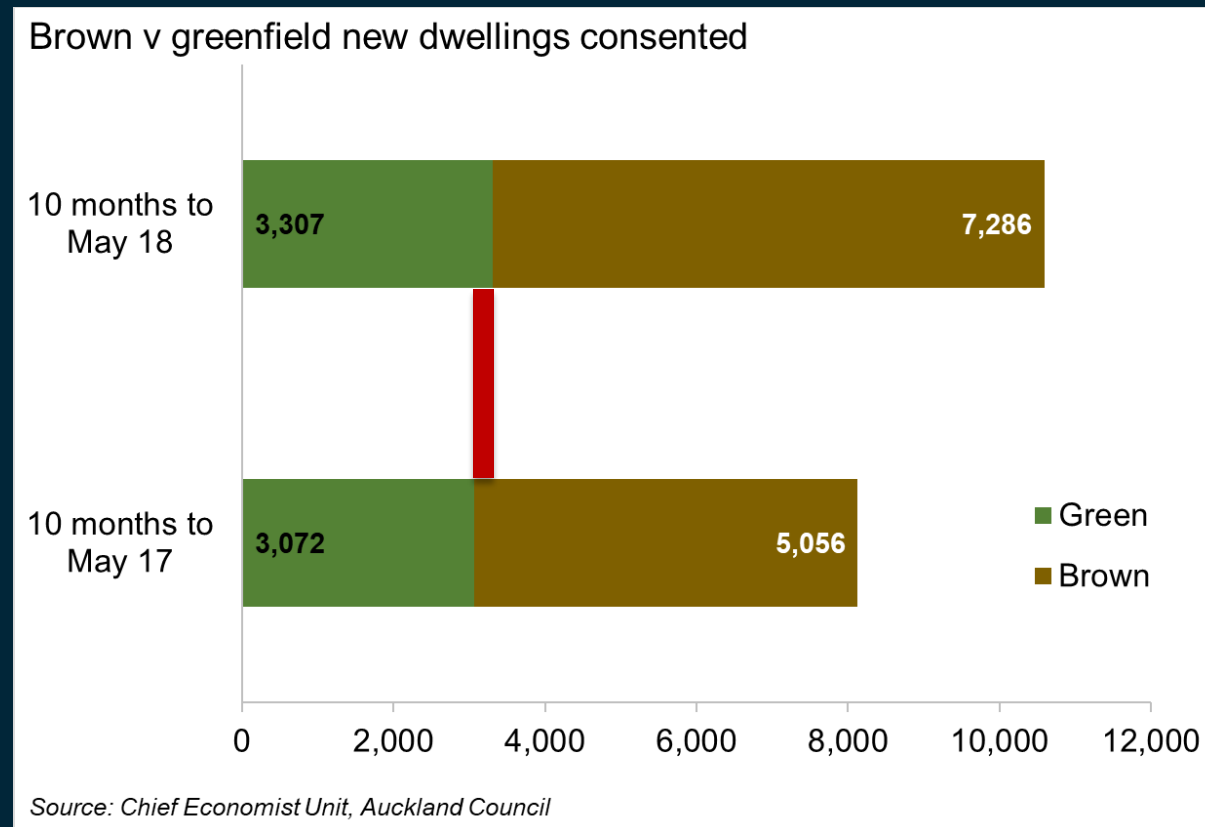


New residential dwellings consented

- 2nd wind began in August 2017
- Consents in 11 months to June 2018: 11,595 (+25%) y/y
- CCCs: 8,838 (+28%)
- UP now a major driver of AKL growth



A brownfield focus





Q & A

**Deputy Mayor
Bill Cashmore**