

**He pūrongo i
mua i ngā pōti**
**Pre-election
Report**



Auckland Local Elections 2022

He kōrero mā ngā kaipōti me ngā kaitono pōti
Information for voters and potential candidates

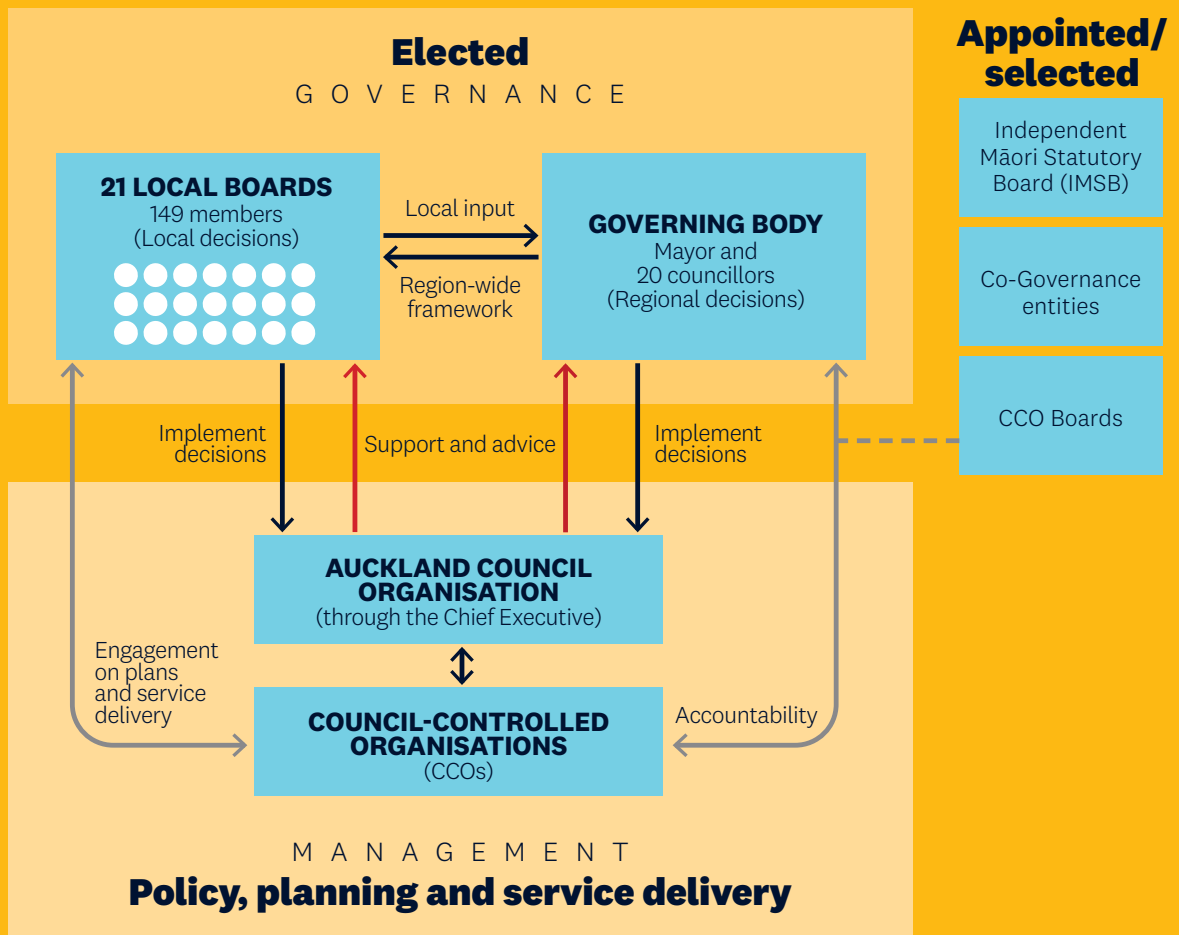


Our governance structure

The mayor sets a vision for Auckland and is tasked with leading the development of regional plans, policies and budgets to achieve that vision.

Along with the mayor, Auckland’s 20 councillors, who represent 13 wards, make up the Governing Body. It focuses on strategic issues and initiatives which affect Auckland as a region.

We have 149 local board members, spread over 21 boards, who make decisions on local services, such as parks, libraries, community halls and pools, which form the fabric of our local communities.



This report is a legislative requirement of the Local Government Act 2002. By law, the Chief Executive of each council must prepare one independently of their Mayor and Councillors.



Rārangi Kōrero

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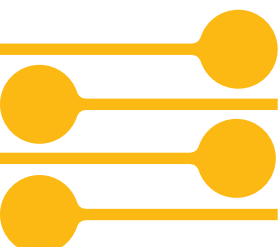
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A message from our chief executive

Whether you are standing for Te Kaunihera o Tāmaki Makaurau / Auckland Council, or preparing to vote, there are some important things to consider ahead of this year’s local government elections.

Auckland is a fantastic place to live and is on track to becoming a region of over two million people in the early 2030s. That growth brings with it many challenges. This includes issues such as transport congestion, housing affordability and environmental degradation.

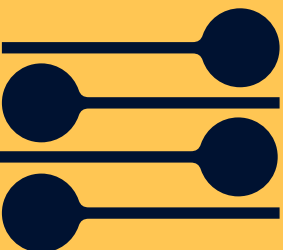
Auckland’s ageing infrastructure is already struggling to cope with rapid growth and the cost of new infrastructure to meet demand and mitigate the effects on our environment is enormous. Our current 10-year Budget 2021-2031 (Recovery Budget) provides for \$32 billion of capital investment. Many billions of further infrastructure investment needed to address growth pressures and fully meet community expectations were not able to be included in the budget, in order to constrain rates increases and ensure prudent borrowing levels.

On top of these challenges, recent events are increasing the financial pressures facing the council. The COVID-19 pandemic resulted in an estimated \$900 million revenue loss due to lower usage of public transport and our facilities, along with fewer events and reduced returns from our investments in Ports of Auckland and Auckland Airport. At the same time our costs have been rapidly rising with inflation at a three-decade high, fuel prices at record levels, interest rates rising rapidly and ongoing disruption to global supply chains. While some of these pressures might ease over time, many of the inflationary impacts such as higher wage costs will permanently increase our cost base.

These pressures mean that just balancing the budget in each year of the next council term will be challenging, let alone finding the money to address the critical longer-term challenges.

In addition, COVID-19 has hit the economic and social wellbeing of some of our communities very hard, including some that were already the most vulnerable. Combined with rapidly growing housing prices, the level of socio-economic inequity in Auckland is beginning to reach critical levels.

At the same time the impacts of climate change are now beginning to be felt more regularly with increasingly frequent droughts, floods and extreme weather events. Substantial investment will be required to adapt to these hazards as well as to meet the ambitious targets that have been set for reducing Auckland’s carbon emissions.





This report therefore focusses on the following key issues that will need urgent action over the next council term:



Climate change action



Addressing inequity across Tāmaki Makaurau / Auckland



Funding and financing Aucklanders’ needs

It is not a time for the faint hearted. Steering a path through these uncertain times is demanding and will be challenging for each and every one of our elected members. The good news is that if we tackle these challenges then we can make a meaningful difference in terms of maintaining and improving the quality of life for Aucklanders, our communities and our whānau.

These issues and opportunities will need to be addressed in partnership with Māori and through applying a te ao Māori lens. Many community partners and central government also have a key role to play.

This report sets out a strategic context for decision-making in Auckland. For each of the three key issues, the report reflects on what has been achieved to date and shares some thoughts on what more could be done. It also lists some other key decisions to be made next term, along with some financial information and information on the key projects planned over the next three years.

I encourage potential candidates and eligible voters to make use of this report to fully participate in this year’s local government election. It is a rapidly evolving environment but together we can anticipate change and make decisions to deliver what Aucklanders need.



Jim Stabback
 Tumu Whakarae/Chief Executive
 Te Kaunihera o Tāmaki Makaurau/
 Auckland Council

Auckland is...

Tāmaki Makaurau is a place desired by many. Auckland’s natural beauty, strategic location, access to green spaces, abundance of public spaces and diversity of people bring with it many opportunities but also many challenges.



...a great place to live

- 87 per cent of Aucklanders rate their overall quality of life positively
- 81 per cent think their local area is a great place to live
- 63 per cent are proud of how their local area looks and feels.



...working in partnership with Māori

- honouring our legislative obligations and responsibilities derived from Te Tiriti
- striving to create a Tāmaki Makaurau where Māori thrive, by delivering on our Māori outcome priorities
- tackling the challenges and leveraging benefits for all.



...growing rapidly

- 1.66 million people currently - forecast 2.4 million by 2050
- 60 more people every day - for the next 30 years
- more than the population of Cambridge every year - for the next 30 years.



...facing financial pressures

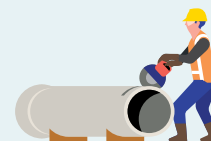
- pandemic-related revenue pressures
- ongoing economic pressures such as inflation and interest rate rises
- labour and supplier cost pressures.





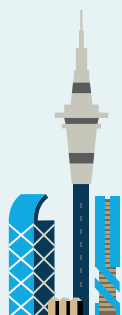
...becoming increasingly diverse

- 180 ethnicities, speak 175 languages
- by 2036 around 65 per cent of the population expected to be Māori, Asian or Pasifika.



...requiring infrastructure

- infrastructure investment has not kept pace with growth
- existing assets are getting older and not always fit for purpose
- housing, transport and the environment are being impacted
- parks and access to community facilities are important to the health of our local communities.



...the country's economic powerhouse

- 38 per cent of New Zealand's GDP
- employs a third of New Zealand's workforce
- home to some key industries and innovative sectors such as technology, high-value food exports, education and the creative industry (including screen).



...more expensive and less equitable

- Auckland house prices are now around 10 times the median income – fourth most unaffordable in the world
- there is socio-economic disparity with widening gaps based on income.



...facing environmental threats

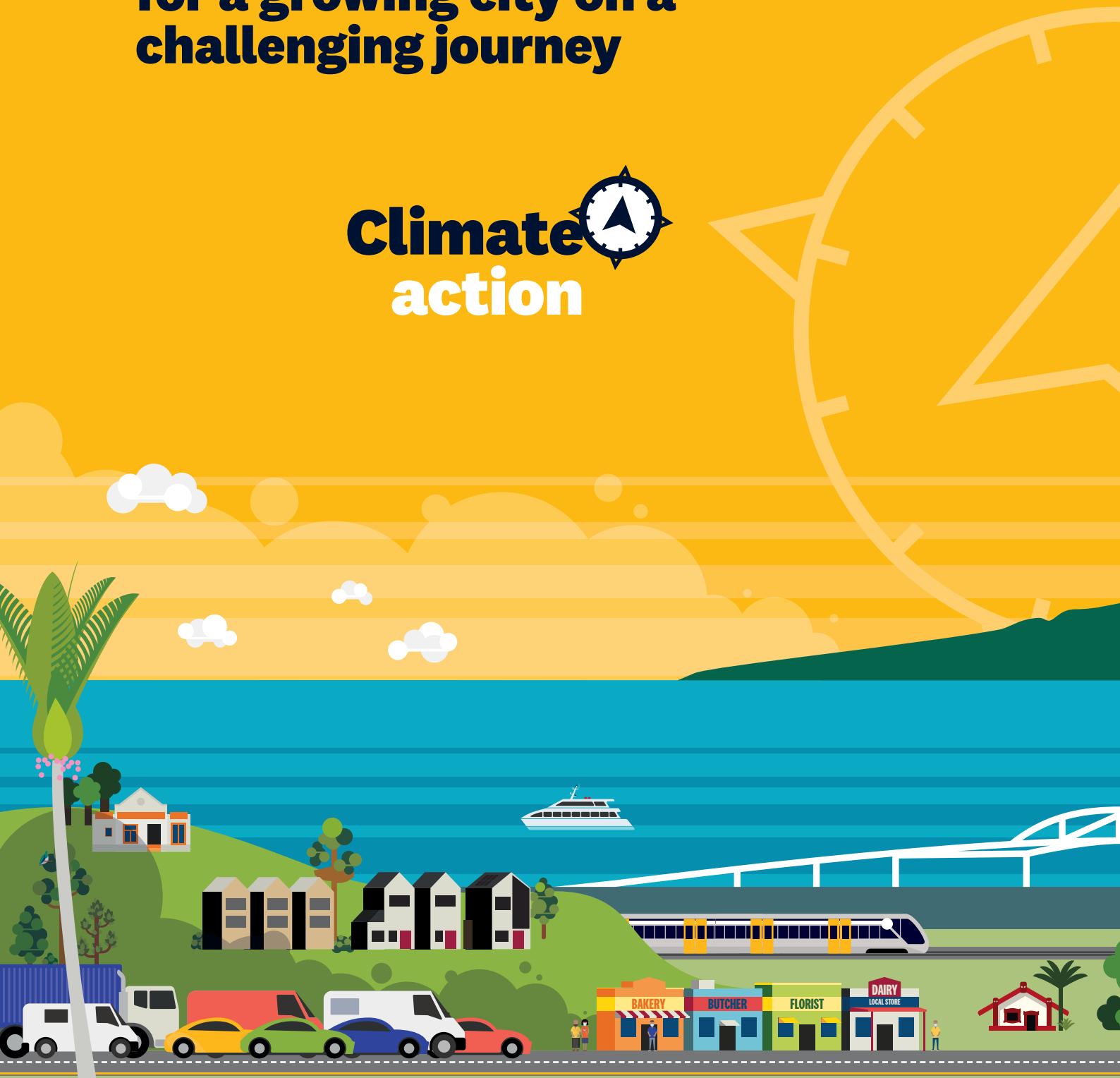
- 50 per cent of Aucklanders are worried or very worried about the impact of climate change on the region
- many species in rapid decline including our kauri trees
- many waterways are polluted and need urgent action.



Key issues

**Bold leadership is required
for a growing city on a
challenging journey**

Climate 
action





Addressing inequity



Funding for Aucklanders' needs





Key issue one: Climate action

> The issue

Auckland’s climate is changing. We are already starting to see higher temperatures, increased drought, more intense storm and rainfall events, sea level rise and coastal flooding. These impacts are expected to increase in frequency and severity.

The average annual temperature in Auckland increased by about 1.6-degrees Celsius over the past century and we are planning for a total 3.5-degree Celsius warmer world by 2050.

The impacts of climate change require new ways of thinking. This includes Aucklanders taking action to reduce emissions by changing behaviours towards transport and energy usage and even in the way housing is planned and developed. We all have a part to play but those that are least able to afford it might well be the most affected – so providing for social equity will need to be a key part of any response.

> The challenge

In June 2019 Auckland Council declared a climate emergency and adopted Te Tāruke-ā-Tāwhiri: Auckland’s Climate Plan that states how we will respond to climate change through a set of goals. Without urgent action to significantly reduce emissions, Auckland’s net greenhouse gas emissions are expected to increase by around 19 per cent by 2050. This is clearly at odds with the climate goals which include:

Reduce greenhouse gas emissions by 50 per cent by 2030

Reach net zero emissions by 2050

Take a planned approach to adapting to the changes we face

Some infrastructure may no longer be adequate to deal with our climate future of more rainfall, or a warmer climate. Sea-level rise will increase risks for property and assets on the coast.

Responding to this is likely to require substantially increased funding, fundamental reprioritisation of existing spending and policy changes.

These goals cannot be achieved by any one organisation or group. They require bold and ambitious action by individuals, communities, businesses, mana whenua and government, with the council needing to take a lead in some areas.

> Progress so far

Halving our emissions by 2030 will require transformational change that includes:

64%
reduction in transport emissions

15%
reduction in agricultural emissions

24%
reduction in emissions from waste

65%
reduction in stationary energy (such as building heating)



In 2020 and 2021 the council made budget decisions to address climate change. The initial focus was on reducing emissions for the council organisation and strengthening our role as a leader and educator for climate change in the Auckland region.

To accelerate our response to the climate emergency, in our Annual Budget 2022/2023 we proposed a fund of \$574 million from a targeted rate over the next 10 years. This will be combined with expected government funding and additional public transport fare revenue from Aucklanders using new services. This is expected to see over \$1 billion invested in buses, ferries, walking, cycling and our urban forest canopy. The climate action package puts an immediate focus on enhancing low carbon transport options and greening our neighbourhoods. It addresses some inequities across the region, like providing further and more frequent public transport services in areas of most need and more trees in areas with less canopy cover.

We are also aligning to the central government's Emission Reduction Plan, in developing the Transport Emissions Reduction Plan for the Auckland region, with a focus on what policy needs to change and going beyond what the council can do by itself.

However, even with this action from the council and others, Auckland is not on track to achieve these 2030 or 2050 emission goals.

➤ What more could be done?

With brave and ambitious action in the next council term, it is possible to implement the immediate and transformational changes needed to achieve Auckland's emission reduction targets. Embedding climate change action in all public services and infrastructure decisions is essential for Auckland to succeed and to set an example for other cities to follow.

With good planning, strong partnerships and a robust approach to funding and policy development, Auckland's communities, economy and natural environment will be more resilient and responsive to the ongoing impacts of climate change. This would see greater climate protection infrastructure, such as flood banks and seawalls and therefore greater protection of lives and livelihoods to help ensure a vibrant Auckland for current and future generations.

The scale of change is huge and will require substantial additional funding. We can only achieve these outcomes if we are prepared to make some fundamental changes to the way we live our day-to-day lives.

➤ Are we ready to take action to make these changes?

➤ What can Auckland's leaders do to show the way through a prolonged period of uncomfortable change?



Auckland's
3,200km

of coastline means serious threat of coastal erosion, storm surges and flooding. Before the end of this century, approximately 1.5 to 2.5 per cent of Auckland's land area may be exposed to sea level rise. This affects nearly 10,000 homes, 80 per cent of coastal ecosystems and 6 per cent of dairy land.



45%

of Aucklanders consider sustainability most or all of the time when making daily decisions.

50%

of all Aucklanders are worried or very worried about impact of climate change.



Key issue two: Addressing inequity

> The issue

Our diversity is one of Auckland’s strengths. It delivers many benefits to the region including promoting a culturally rich, vibrant and exciting city; attracting talent, tourists and entrepreneurs; increasing global awareness and tolerance and helping us to compete on an international stage.

While the cultural and demographic make-up of Auckland is changing rapidly, the nature of services and facilities provided in Auckland, and how they are delivered, hasn’t always kept pace.

There is also socio-economic disparity with widening gaps based on income, meaning that many people cannot achieve their potential. This brings about wealth inequality, poor productivity, environmental degradation, housing unaffordability and risks to social cohesion. In short, there is unequal distribution of resources across our communities. Auckland’s Māori population is over-represented in many measures of socio-economic deprivation.

The issues of climate change and the COVID-19 pandemic and its flow-on effects are likely to have disproportionate ongoing impacts on some sectors of our community, including our most vulnerable. If not addressed this would further exacerbate current inequities.

In addition, the significant rise in house prices and rents have made housing less affordable for many.



The Auckland Prosperity Index measures relative ‘prosperity’ across six domains including skills and labour force, connectedness, demography, business activity, economic quality, and household prosperity. The average Prosperity in Auckland is 5.9 out of 10, but it ranges from 9.4 in Ōrākei to 2.0 in Māngere-Ōtāhuhu.

> The challenge

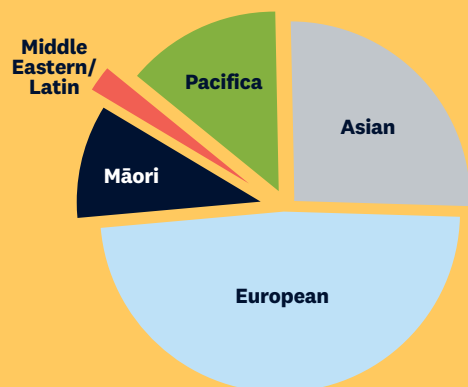
The Auckland Plan recognises widespread inequity in Auckland and embraces the principle of social equity. This means aspiring to an Auckland where prosperity is shared more equitably, and everyone has access to enough resources to participate fully in their community and has a chance to flourish.

Auckland population growth

The number of older Aucklanders (those aged 65 and over) is expected to more than double in the two decades from 2013, reaching a total of 353,600 people by 2033.

Auckland’s Māori and Pasifika populations are youthful and predominantly located in the west and south.

Over the next 25 years Auckland’s Asian population is forecast to grow by 3.3 per cent a year, with Pacifica growth at 1.9 per cent and Maori at 1.7 per cent.



Auckland Council will need to partner with others to achieve effective change and be clear on what part we will play in this wider collective effort.

The council's Economic Development Action Plan identifies tangible actions for mitigating and reversing inequality, particularly in the wake of COVID-19. The plan acknowledges that the economic recovery will be led by those most insulated from the pandemic. Delivering an equitable economic recovery will require targeted and meaningful efforts for communities and sectors most at risk of being disadvantaged by social inequities such as limited access to resources or services.

Understanding the dynamics of disadvantaged communities helps us develop policy and deliver services that meet the needs of the people and issues they are intended to target. The more sophisticated the methods of identifying discrimination and community disadvantage, the greater chance of producing policy and delivering services that can effect real and long-lasting change.



1/3

of Auckland's population, 537,528 people are aged 24 or younger according to the 2018 Census.

➤ Progress so far

In February 2022 Auckland Council adopted a new strategy *Ngā Hapori Momoho | Thriving Communities 2022-2032* which sets out what we need to do to address inequities and support communities to thrive.

This includes targeting our investment and tailoring services to better meet the needs of communities, especially those experiencing the greatest disparities in outcomes. It also means backing communities to determine their own priorities and solutions, including supporting “for Māori, by Māori” initiatives.

More generally, progress has been made with the socio-economic transformation of south and west Auckland through economic activity which is inclusive, just, circular and regenerative. This programme of work seeks to ensure that south and west Aucklanders hold leadership roles across the economy, including as business leaders, entrepreneurs, designers and innovators. The programme includes initiatives that intentionally seek out the best opportunities for local communities, with the greatest potential for personal, whānau and community transformation.

The council's southern and western initiatives work closely with central government, the private sector, communities and non-governmental organisations. One of the flagship projects of the western initiative is Amotai, an intermediary that connects Māori and Pasifika businesses with contracting opportunities. Amotai's aim is to level the playing field, so small and medium-sized enterprises have fairer access to markets and customers.

We have also implemented a living wage for council employees and our cleaning contractors and continue to respond to homelessness through both direct and indirect support. Throughout the COVID-19 pandemic we have also worked with communities in need to provide immediate practical support as well as working to increase vaccination rates for some of our most vulnerable communities.

Achieving Māori Outcomes



- Supporting economic opportunities
 - in the first half of 2021, over \$120 million worth of contracts were awarded to Amotai registered suppliers
- Investing in marae
 - on track to invest in mana whenua and mataawaka marae, inside of the 10 years originally forecast
- Supporting te reo Māori
 - Te Kete Rukuruku programme - by the end of 2020/2021, 242 parks had adopted Māori names and four parks were fully bilingual with a total of 72 bilingual signs
- Tino rangatiratanga and kaitiakitanga to enhance the mauri (life force) of te taiao (the environment)
 - developed a regeneration strategy for the Puhinui stream, a 12.5-kilometre degraded waterway in Manukau.

Other initiatives to help level the playing field include the council’s collaboration with central government’s housing and urban development programmes and a recent review of the equity of funding of local communities through our 21 local boards’ budgets. We have decided to do more in using alternative ways of delivering services, through increased partnerships, digital services and multi-use community facilities. This approach is less dependent on having as many community facility assets. Over time, implementation of this new approach will see us sell aging community assets that are not fit for purpose and reinvest in services and facilities that better meet the needs of our diverse communities. Local boards will continue to work with their communities to understand their specific needs.

The programme of work to be funded by the proposed Climate Action Targeted Rate will also help to ensure that over a million Aucklanders will be within 500 metres of an improved bus service, and 170,000 more people will be within 500 metres of a frequent bus route. This will make public transport a more appealing and convenient option in parts of the city which currently have poor access to public transport. This programme will also ensure more shade trees are planted in areas currently with less canopy cover.

➤ What more could be done?

Focusing our efforts in communities of greatest need and areas where there are entrenched disparities in outcomes will create the greatest benefit to individuals, communities and Auckland as a whole. Through empathetic, compassionate, and inclusive actions in the next council term, Auckland could move toward becoming a place where no part of the community feels left behind by the people and organisations that are there to represent them.

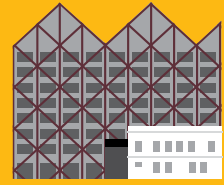
More of the council’s policies and investments could aim to prioritise those communities that need us most. This may require some strong calls to redirect resources to specific areas and communities.

In particular, equitable responses to the issues of climate change and recovery from the pandemic will require identifying and responding to communities that have been most impacted and have the least capability to access what they need to improve their outcomes.

While we do not build houses, we need to play our part to ensure there is a wider range of housing choices available to meet the needs of our communities. This means enabling adequate development and intensification through zoning rules and ensuring enough infrastructure (such as roads, water pipes, public transport, parks, and community facilities) is provided to accommodate growth in a way that supports strong communities. We also need to support more new business developments in places that are close to where people live, to improve access to employment for our communities.

➤ **What can Auckland’s leaders do to ensure communities and whānau in Auckland have what they need to succeed?**

➤ **How might we prioritise communities, sectors, geographic areas and people most in need?**



The total number of new dwellings consented in Auckland in the year ended November 2021 was

20,384

(57 per cent above the 2004 peak of 12,987; rising almost continuously since 2011).



Key issue three: Funding for Aucklanders' needs

> The issue

There is no doubt that pressure on Auckland's financial position is increasing.

As Auckland grows rapidly and becomes increasingly geographically and demographically diverse, there are more and more demands for additional spending on public services and infrastructure. As our climate changes there has also been a growing realisation of the need to improve the resilience of our infrastructure and take urgent action to achieve emissions reductions targets within the timeframes that we have committed to. All this is on top of taking care of the services and assets we already have – some of which are showing their age.

The COVID-19 pandemic has added a new set of challenges to be addressed. Short-term revenue pressures have been accompanied by an embedded impact of rising wages, interest rates and inflation and a ballooning of socio-economic imbalances which will need to be addressed. These issues are further compounded by ongoing supply chain disruption and rising costs for our major capital projects, such as the City Rail Link.

As the pressure to spend increases, it must be carefully balanced against the need to keep charges for residents and businesses affordable, both now and into the future.

If we want to address these challenges and aspirations we have, we need to look at balancing the options for funding this.



> The challenge

Currently-planned council rates increases are not adequate to deal with the financial pressures the council is facing. In short, what we need to spend is increasing at a faster rate than the money the council has coming in.

The demand for funding



Population growth



Increasing diversity and changing community expectations



Aging assets



Environmental degradation



Pandemic recovery support



Changing government policy compliance



Infrastructure needs



Responding to climate change

At the same time Auckland’s funding is being constrained by:

 The desire to keep rates and charges affordable	 Short term revenue losses from COVID-19 related effects	 Debt constraints to ensure prudent financial management is achieved	 Limited options to utilise central government funding
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This is made harder by:

 Rising inflation	 Labour market pressures	 Increasing interest rates	 Supply chain constraints
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Additionally in the current environment we need to provide extra financial headroom to deal with high levels of uncertainty around both where our money comes from, and what we need to spend.

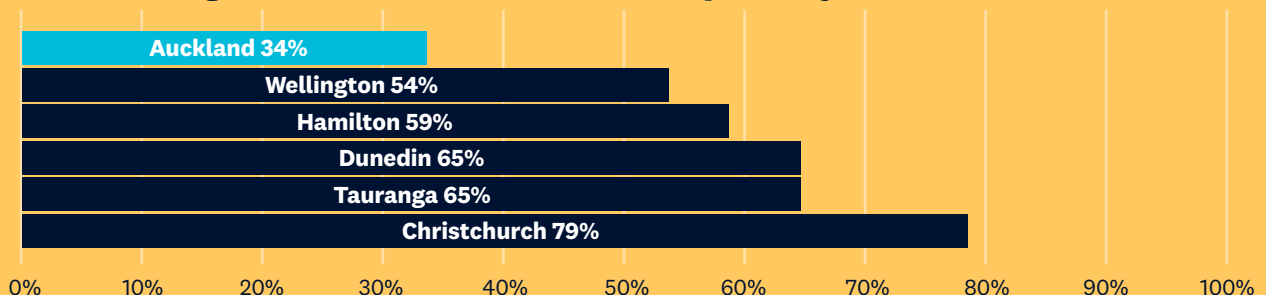
Balancing the budget is an increasingly difficult task. Either the council considers further cost reductions – which are likely to impact on service levels or even which services council provides – or finds new ways to increase revenue.

We are proposing to implement \$15 million of additional permanent cost reductions in the form of efficiency savings and low-priority service reductions across the group in 2023/2024, growing to \$30 million per annum from 2024/2025 onwards. These targets, along with all of our other budget measures, are going to need to be reviewed as more of the emerging budget pressures eventuate.

➤ Progress so far

To date, Auckland Council has sought to balance these competing financial forces within a relatively narrow framework. We’ve achieved efficiency savings and cost reductions in the way we work, we’ve prioritised our capital investment (spending on both new and renewed assets), we’ve sold or leased some surplus assets that were not required to deliver services and we’ve carefully managed our debt limits to balance our budget and make sure that what we are doing is financially prudent. We have also extended the timeline for fully funding depreciation – which is funding we provide for the replacement of assets. Council believes it is fair for each generation to pay for the

Cumulative general rates increases over the past 10 years



This graph is indicative of headline rates increases for selected councils from 2012/2022. It does not account for differences in how each council funds some of its activities e.g. rubbish disposal and water and wastewater charges. There are also differences in the way some councils allow for targeted rates when calculating the headline increases.

All of Auckland Council’s headline numbers were average general rates increases and do not include targeted rates. In addition, Auckland is a unitary council whereas others don’t include activities that are the responsibility of the relevant regional council.

assets they use - so any postponement in depreciation not only means we might not have allowed enough money to replace assets, but could also place an unfair burden on the next generation.

Rates account for just under 40 per cent of our revenue and we've had a long-term target of rates increases being no more than 3.5 per cent per annum. To date, average rates increases have been kept relatively low with the support of our efficiency drive which has delivered \$2 billion of savings over the past 11 years. Our prudent approach to financial management has seen the council retain our strong credit rating and unrestricted access to capital markets.

For many years we have delivered high levels of efficiency savings and deferred capital investment where health and safety and similar risks were not compromised. However, it is becoming harder and harder to respond to demands for additional council services and investments without significant further trade-offs in terms of reduced or delayed investment in infrastructure, renewals and services.

The focus has been on what the council can afford, given its limited financial capacity, rather than what the city needs to perform as a modern, liveable city. This has meant many potential investments and new services that could add significant value for Auckland have had to be delayed.

➤ What more could be done?

With bold and courageous action in the next term of council, a different approach could be taken to how we fund what Aucklanders need. Without this there is a real risk that we cannot adequately respond to the challenges and opportunities we face.

Some of the ways we could approach our finances differently are:

- taking advantage of further financial and economic opportunities to achieve greater progress by working in partnership with others. Potential partners include central government, the private sector, the philanthropic and volunteer sectors and post-settlement iwi. This could involve innovative new funding or financing approaches, (such as congestion charging and infrastructure levies) although ultimately someone will need to pay for the additional investment required.
- considering higher future rates increases and using the growing revenue stream to support higher levels of debt and therefore investment in the city. The investment and spending enabled by higher rates could lead to a more prosperous city with more resilient infrastructure and achieve faster progress in addressing the other key issues of climate action and inequity.
- fundamentally review the role that council plays in meeting the needs of Aucklanders. This could involve significant decisions about what services the council provides and where it focuses its investment. It could also include consideration of the council's assets and/or working with others to ensure Auckland has the resources it needs to flourish. Doing or owning less in one area could free up the council to invest in other services or assets that respond to Auckland's key challenges.

Decisions that increase the council's funding capacity are often unpopular decisions. However, they increase the council's ability to invest in Auckland to tackle the challenges we are facing and provide the services and assets that support a modern city.

➤ **How ready are we to make decisions now to achieve faster progress on our critical issues?**

➤ **What trade-offs are we prepared to make?**



Debt Ratio

Our long-term financial strategy sets a limit on the ratio of our debt to our revenue of 290 per cent. This means that our debt should not exceed \$2.90 for each \$1.00 of revenue.



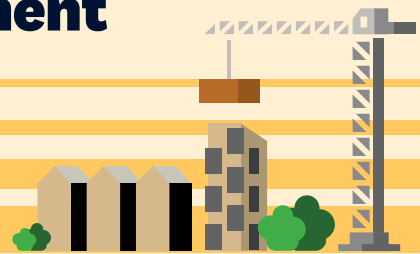
Assets

The council owns over \$60 billion of assets and we have already looked at selling some to fund other assets.

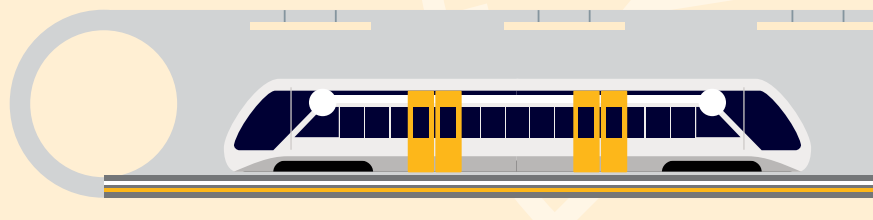
Other major issues and decisions

In addition to the challenges mentioned above, over the next three years many major issues and decisions affecting the lives of Aucklanders will require leadership, direction and management. These include:

Planning and Urban Development



ISSUE	DESCRIPTION	COUNCIL ROLE
National Policy Statement on Urban Development (NPSUD)	Some zoning rules need to be changed to allow more intensive development in order to comply with new government policy.	The council must follow the direction set by central government but has some limited discretion about how and where to apply the new rules. Find more here
Unitary Plan Changes Post Monitoring Report	There is a statutory requirement to provide a comprehensive monitoring report five years from the date the Auckland Unitary Plan became 'operative in part'. This work may result in plan changes being recommended ahead of the review of the Auckland Unitary Plan in 2026.	In addition to the plan changes required as result of the NPSUD, plan changes may be required in relation to resilience to natural hazards, climate change and improving the quality of the built environment. Find more here



Development Strategy

The 30-year plan for when and where land is intended to be development ready is being updated.

The council will consult on and agree an updated plan that complies with new government policy and aligns to long-term infrastructure and funding plans.

➤ Find more **here**

Transport Emissions Reduction Plan

Auckland Council is working with central government agencies to agree a plan to meet the challenging targets set for reducing Auckland’s transport emissions.

The council will need to agree this plan and then work with central government and Aucklanders on its implementation.

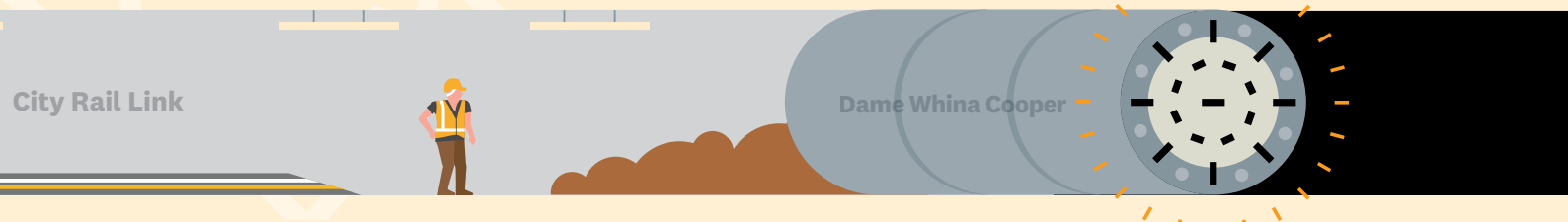
➤ Find more **here**

Intensification Around Auckland’s Light Rail Corridor

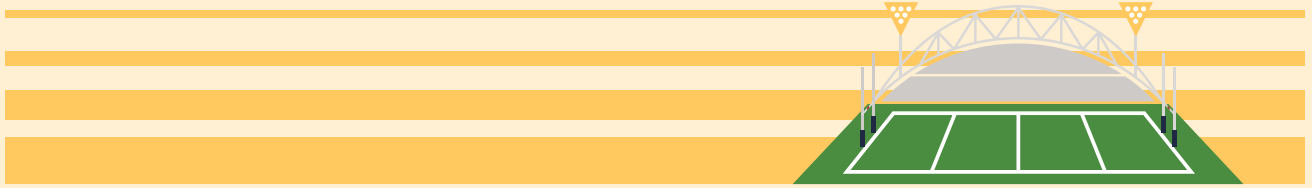
Central government has announced that it is investing in a high-capacity, linked-up rapid transit network across Auckland. It will start with light rail from the City Centre to Māngere, an area that will be home to 17 per cent of Auckland’s future population growth and 33 per cent of job growth over the next 30 years. This will be the first leg of a system that will connect to the North Shore and north-west in time.

As central government moves into the detailed planning and consenting phase of this project, the council will need to consider implications around the extent of intensification along the light rail corridor and the extent, reach and type of any financial implications for council.

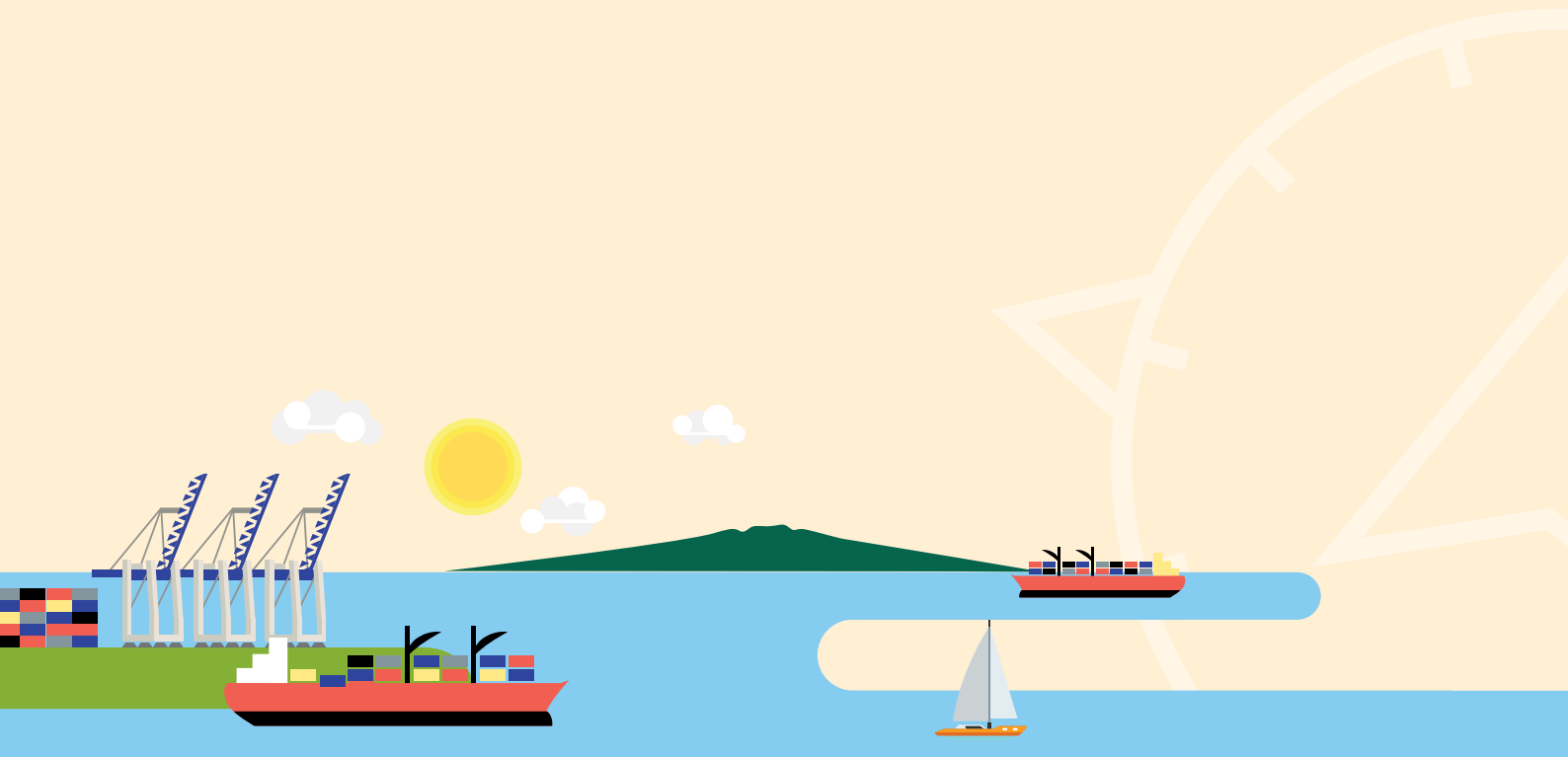
➤ Find more **here**



Major infrastructure



ISSUE	DESCRIPTION	COUNCIL ROLE
<p>Future of Ports of Auckland</p>	<p>Ports of Auckland is facing increasing long-term demand but is unable to keep expanding to meet this demand. Several studies have considered the long-term supply chain needs of the upper North Island and the best way to meet future demand.</p>	<p>The council will need to work with relevant stakeholders to set the priorities and medium-term strategic direction for Ports of Auckland.</p>
<p>➤ Find more here</p>		
<p>Stadium Strategy</p>	<p>The council has been considering the Council Controlled Organisation (CCO) review recommendation on the potential for joint management of the city’s four stadiums (including Eden Park).</p>	<p>The council will need to decide how to get the best out of the stadiums that it owns and consider the extent to which it provides ongoing financial support to Eden Park, which is owned by a separate trust.</p>
<p>➤ Find more here</p>		



Environment, regulation and monitoring



ISSUE	DESCRIPTION	COUNCIL ROLE
Three Waters Reform	Central government has proposed new organisations to deliver water supply, wastewater and stormwater services independent of local councils.	The council will need to facilitate the transfer of the associated assets, staff and contracts to a new water entity and will need to manage any impacts of the change for the rest of the council group. ➤ Find more here
Resource Management	The government is undertaking comprehensive reform of the resource management system. The Natural and Built Environments and Strategic Planning Bills will be introduced in late 2022. These bills will replace the current Resource Management Act 1991. The government will consult on the Climate Adaption Bill and National Adaption Plan in early 2022, with the bill being introduced in 2023.	The council will make a formal submission on the bills when introduced. The scale of reform is substantial and will have significant impacts on Auckland Council. ➤ Find more here
Water Strategy	To develop an adaptive approach to protecting Aucklanders from harms as a result of future water issues.	The council will need to make decisions following initial positions taken by council in March 2022. ➤ Find more here
National Policy Statement on Freshwater Management	The National Policy Statement for Freshwater Management 2020 provides councils with direction on how they should manage freshwater under the Resource Management Act 1991. It came into force in September 2020.	The council will need to ensure that its policies, operations and capital investments give effect to the direction in this policy statement. ➤ Find more here



Supporting communities



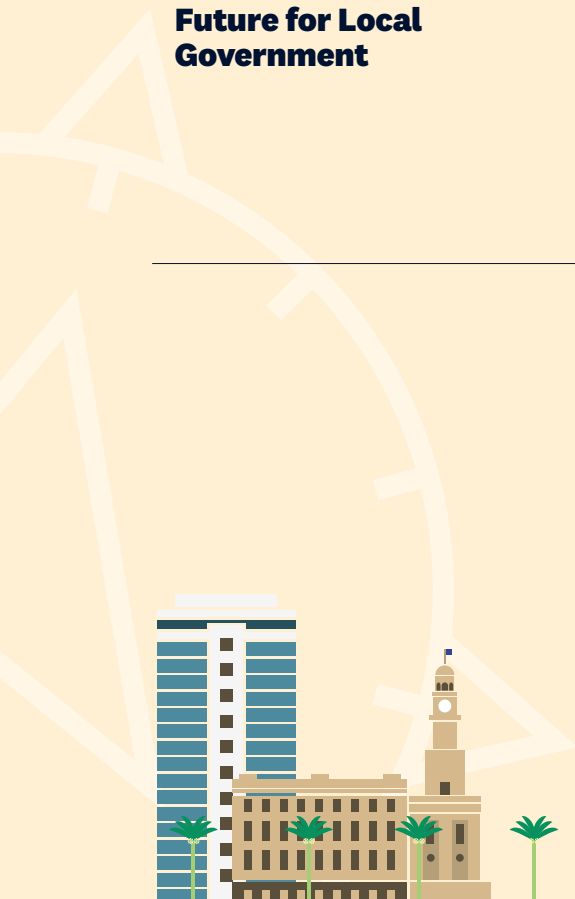
ISSUE	DESCRIPTION	COUNCIL ROLE
<p>Supporting Communities That Need Us Most</p>	<p>Auckland Council is involved in many initiatives to support communities most in need as discussed in the addressing inequity part of this report.</p>	<p>The council will need to consider what more it can do to support these communities by reprioritising investment and applying an equity lens across all the decisions it makes.</p> <p style="text-align: right;">➤ Find more here</p>
<p>Funding our 21 Local Boards</p>	<p>Auckland Council is currently considering allocating more decision-making authority to our 21 local boards. The next step will then be to consider the methodology for allocation of funding across the local boards.</p>	<p>If the proposed changes are agreed, the council will need to implement the new decision-making responsibilities and ensure that local boards are well supported in this.</p> <p>In the following phase, the council will also need to decide:</p> <ul style="list-style-type: none"> • whether or not to change the local board funding allocation model • what the new funding formula might be and how quickly to phase in the funding allocation changes. <p style="text-align: right;">➤ Find more here</p>
<p>Climate Friendly Communities</p>	<p>Decisions we make for our communities need to give effect to our climate goals.</p>	<p>Council will need to work with local communities and make decisions about the implementation of programmes including the Urban Ngahere (Forest) Strategy, tree management practices, pest control, facility upgrades and new builds, and the proposed Regional Parks Management Plan.</p> <p style="text-align: right;">➤ Find more here</p>



Governance



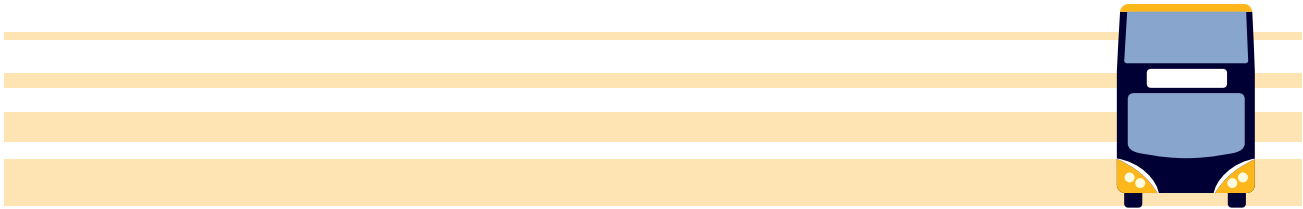
ISSUE	DESCRIPTION	COUNCIL ROLE
<p>Māori Electoral Seats</p>	<p>Auckland Council will consult with mana whenua, and mataawaka about creating Māori seats for the 2025 local election.</p>	<p>Following consultation, the council will need to decide whether or not to implement its current position to go ahead with Māori seats on the Governing Body in line with existing legislation.</p> <p style="text-align: right;">➤ Find more here</p>
<p>Progressing Māori Outcomes</p>	<p>The council will work in partnership across all levels of government and with Māori to improve and access new ways of delivering better outcomes.</p>	<p>The council will closely monitor progress of key activities that receive Māori outcomes funding as well as the wide portfolio of everyday activities across the council group.</p> <p style="text-align: right;">➤ Find more here</p>
<p>Future for Local Government</p>	<p>Central government is undertaking a fundamental review of the purpose, function and operation of local government.</p>	<p>The council will need to contribute to this work, consider the findings of this review, and then work with central government to implement any changes that emerge.</p> <p style="text-align: right;">➤ Find more here</p>



Major projects

Here’s a snapshot of the major projects we are working on over the next three years to maintain and advance the amenities that enhance Auckland’s quality of life.

Transport



We help Aucklanders move around the city with well-planned transport networks, good quality local roads and convenient, frequent public transport that more people use. We deliver a comprehensive programme of safety improvements to reduce harm across the transport network.



Auckland’s rapid transit network with its investment in rail and the Northern Busway carries over **26 million** passengers a year (pre-COVID)



Auckland has **7,137 kilometres of footpaths** and over 350 kilometres of cycle lanes



Trains are a great way to travel around Auckland with **41 stations** across four lines: Southern, Eastern, Western and Onehunga



In partnership with others we upgrade and maintain more than **7,500 kilometres** of road

WHAT

WHY

City Rail Link (CRL)

The CRL is a 3.45 kilometres twin-tunnel underground rail link up to 42 metres below the Auckland city centre.

It will transform the downtown Britomart Transport Centre into a two-way through-station that better connects the city’s rail network.

Te Whau Pathway

A 15 kilometre shared path for pedestrians and cyclists It will connect Manukau Harbour at Green Bay Beach to the Waitemata Harbour at Te Atatū Peninsula following the edge of the Whau River, linking 33 parks, reserves, esplanades, sports parks and roads along the river and Portage Road.

It will provide a safe walking and cycling route for commuters and recreation.

North West Bus Improvements

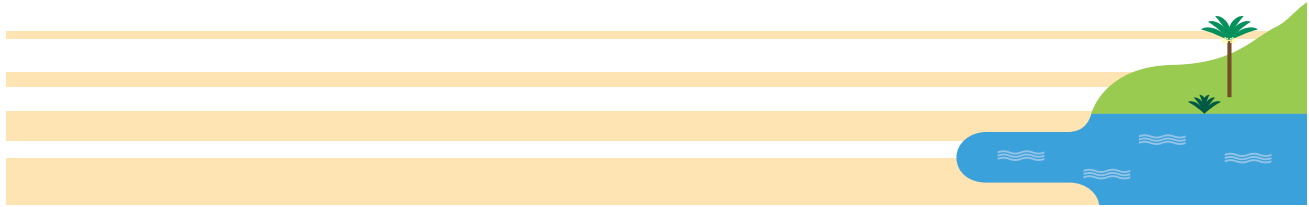
The project includes building new bus stops at Te Atatū and Lincoln Road interchanges as well as enhance the overall bus services in the area.

This project will deliver resilient and reliable bus journeys with improved connections locally and into the city centre.

Urban Cycleways Programme	A more connected cycling network with a variety of routes largely separated from traffic and pedestrians, linking inner suburbs with the central city.	Deliver safer cycling facilities for commuters in the city.
Making Auckland's Transport System Safe	A programme of safety improvements for our transport network.	To improve the health, safety and wellbeing of Aucklanders while travelling.
Eastern Busway	The Eastern Busway will connect Botany, Pakuranga and the surrounding suburbs to the rail network in Panmure. The busway will be supported by new stations, cycling and walking connections, urban design enhancements, revitalised town centres and initiatives to improve traffic flow.	To enable a quicker travel time between Botany and Britomart and improve traffic flow.
Lincoln Road Upgrade	Upgrade Lincoln Road as a major arterial connection for west Auckland and a major component in the regional major roads network.	Give Lincoln Road the ability to accommodate predicted traffic growth and provide for the development of a neighbourhood bus interchange proposed near the motorway.
Rosedale and Constellation Bus Stations	Waka Kotahi and Auckland Transport are working together to develop plans for a new busway station in Rosedale, to be constructed alongside the new Northern Busway extension, as well as an upgrade of the Constellation Bus Station.	To improve transport options in the area.
Connected Communities	Improvement of major routes/corridors in central Auckland. The corridors of focus for the next two years are: Great North Road and New North Road corridors with Manukau Road, Mt Eden and Ellerslie-Panmure corridors in investigation and business case stages.	To deliver more travel options, safer streets, improved town centres and better bus services.
Lake Road Improvements	Repurpose transit lanes, introduce walking and cycling facilities and use technology solutions to improve available trip information.	To improve travel choices and reliability of travel along Lake Road and Esmonde Road between Takapuna and Devonport.
Glenvar Road and East Coast Road Improvements	Improvements to parts of Glenvar Road, a short section of Ashley Ave and East Coast Road including footpath and intersection upgrades, transit/bus lanes and cycle facility amendments.	To allow for more efficient traffic flow, improved pedestrian accessibility and better safety.
Public Transport and Travel Demand Management	Various projects designed to improve transport options such as better and more frequent public transport, traffic flow options, parking management and high occupancy vehicle priority. Also incentives to encourage public transport usage.	Designed to increase usage and therefore increase the benefits from public transport investment.

Three Waters

Our water functions include supplying safe drinking water, treating wastewater to a high standard so that it can be safely discharged into the environment. We also manage stormwater to minimise flooding and protect waterways and provide infrastructure that keeps pace with the growth of Auckland.



We have **27** sources of water including **12** dams



Auckland has **7,999** kilometres of wastewater pipes / **18** treatment plants / **518** wastewater pump stations / **167,264** manholes



The Auckland water supply network includes more than **9,000** kilometres of pipes

	WHAT	WHY
Enhancing the Supply of Drinking Water from the Waikato River	Increasing the production of drinking water following the granting of a consent to take an additional 150 million litres per day of water from the Waikato River.	To further enhance the resilience of our water supply system and support growth.
South-West Wastewater Servicing	Wastewater servicing for communities in the Kingseat, Clarks Beach, Glenbrook Beach and Waiuku areas. This project aims to reduce the existing three discharge points down to one, while enhancing the level of wastewater treatment.	To enhancing the level of water treatment. Looking ahead, the project will also support growth in the short and long term, maintain flexibility to reuse wastewater and ensure sustainable overall costs of servicing.
North-Eastern Wastewater Servicing	Wastewater servicing for the communities in the Warkworth and Snells Beach areas. This project will reduce the two existing discharge points to a single point.	To improving the quality of the water discharged to the environment, using the latest treatment technologies. Looking ahead, the project will also support growth in the short and long term and ensure sustainable overall costs of servicing.
Central Interceptor	The Central Interceptor tunnel is 4.5 metres in diameter and will run for 14.7 kilometres from Grey Lynn under central Auckland and the Manukau Harbour to Māngere. The tunnel will lie between 15 and 110 metres below the surface. Along with two smaller link sewer tunnels we are building, the main tunnel will collect wastewater from the existing network and take it to the Māngere Wastewater Treatment Plant.	To provide both water quality and growth capacity outcomes.

Northern Interceptor	The Northern Interceptor will redirect wastewater from many of the northern suburbs (whose wastewater currently flows to the Māngere Wastewater Treatment Plant) to the Rosedale Wastewater Treatment Plant. This will free up the Māngere treatment plant to cater for future growth.	To provide both water quality and growth capacity outcomes.
Western Isthmus Water Quality Improvement	A programme to significantly reduce wastewater overflows into the Waitematā Harbour and reduce stormwater entering the wastewater network.	To provide water quality outcomes, reduce risks to public health, removing the permanent health warning status of both Meola Reef and Cox's Beach and reducing intermittent beach closures in the area over the next 10 years.
Clinker Place Stormwater Pipeline	Installation of a new stormwater pipe for the development of the Clinker Place Special Housing Area in New Lynn. The 520 metre pipeline will run from the Clinker Place development site, underneath Ambrico Place to a new outfall in Manawa Wetland Reserve.	To provide stormwater infrastructure for the area and improve the current stormwater system.
Ports of Auckland Stormwater Outfall Upgrade	Construction of a new stormwater pipe under Quay Street and through the port to the Waitematā Harbour.	To provide additional network capacity and enable the existing culvert, which is in poor condition, to be rehabilitated, and returned to service. The new pipe will future proof the asset and surrounding infrastructure from flooding risk.
Corbans Reserve Stormwater Upgrade	Stormwater upgrade project.	To eliminate methane and leachate infiltration from the closed landfill into the public stormwater network. The project will also alleviate flooding risk and provide for the future growth of the upstream catchment, as well as improve water quality in the Opanuku Stream.
Huia 1 and Nihotupu 1 Watermain Replacement	Replacement of the Huia 1 and Nihotupu 1 watermain pipelines.	To improve the resilience and capacity of the water network.
Southern Interceptor Augmentation	Augmentation of the Southern Interceptor between Hingaia and Manurewa.	To improve the resilience and capacity of the water network.
North Shore Trunk Sewer and Pump Station Upgrades	Pump station and sewer upgrades.	Improvements to resolve overflows at several pump stations and sewers on the North Shore.

Parks and community

We support strong and diverse Auckland communities by providing a wide range of arts, sports, recreation, library, and community services.



Auckland Council has **42 pools** and leisure centres



Auckland has over **4,000** parks covering **52,000** hectares / **28** regional parks / **236** sports parks / **53** cemeteries



More than **16 million** library items are checked out per year

WHAT

WHY

Tuff Crater Path

Tuff Crater Path is a trail situated around the rim of Tuff Crater; a volcanic crater that last erupted about 200,000 years ago located in Northcote. There are initiatives to renew the track and signage at Tuff Crater Path including boardwalk replacement, new gravel and bank stabilisation.

To improve access for recreation and community enjoyment.

Scott Point Sustainable Sports Park Development

Development of a sustainable sports park in Hobsonville with greenways, community hub, courts and open space infrastructure. The project will deliver two new football fields, a baseball diamond, carpark, toilets and changing facilities and new roads at Joshua Carder Drive and Craigs Way.

To support the comprehensive and integrated development of Scott Point and for recreation and community enjoyment.

Riverhead War Memorial Park Playspace Carpark Renewal

Increasing the park amenities, including expanding and upgrading the existing playground, new walkways, toilet facilities and a renewal of the carpark.

To improve the play provision for Riverhead for recreation and community enjoyment.

West Wave Aquatic Centre

Comprehensive renewal of the West Wave Aquatic Centre in Henderson.

To improve the experience of the facility for recreation and community enjoyment.

Phyllis Reserve

Stage 2 of the carpark renewal and development of a toilet block at Phyllis Reserve in Mount Albert.

To improve the amenities at the park.

Colin Maiden Park

Development of open space and sports, including lighting on five fields, upgrading three fields and developing two sand carpet fields.

To improve the amenities and expand the facilities for recreation and community enjoyment.

Hingaia Park Development

Increasing green space.

For recreation and community enjoyment.

Major Sportfield Upgrades

At Mountford Park, Papatoetoe Recreation Grounds and Māngere Centre Park from the Sport and Recreation Facility Investment Fund.

To improve the amenities for recreation and community enjoyment.

City Centre and Local Development

We help deliver a vibrant city centre and local town centres. We do this to support businesses and a thriving economy, strong and inclusive communities, and showcase the culture and identity of Auckland.



20 per cent of Auckland is urban area that is home to over 90 per cent of its residents



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

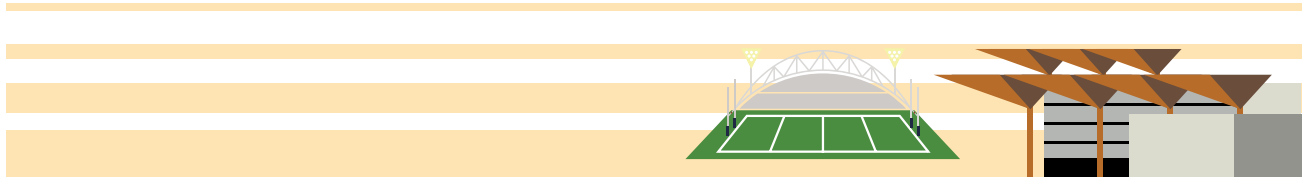


Eke Panuku partners with the development sector, iwi and central government to facilitate redevelopment of 19 selected areas across Auckland

	WHAT	WHY
Community Centre Replacement in Avondale	Development of a new integrated community centre and library in Avondale.	To create a vibrant hub for Avondale which integrates community, library and light recreation uses in a flexible, multipurpose development.
Eke Panuku Transform	Comprehensive programme for the redevelopment of town centres and construction of public spaces all over central Auckland.	To deliver urban regeneration for Tāmaki Makaurā to meet the needs of the city’s long term growth.
City Centre Library	Comprehensive roof renewal and building refit of City Centre Library.	To protect collections and people in the building and make the building more attractive to visitors.
City Centre Programme	Development of midtown, including Wellesley Street, Myers Park, and development around Aotea Station.	To improve the vibrancy, accessibility and attractiveness of the city centre. The recent revitalisation of downtown Auckland, Wynyard Quarter, and Karangahape Road made substantial progress towards the realisation of the City Centre Masterplan vision and this is the next step.
Wai Horotiu Queen Street Project	The revitalisation of the Wai Horotiu Queen Street Valley. This includes wider footpaths, native planting and upgraded street furniture.	To create a more people focussed place in alignment with the vision of the City Centre Masterplan.
Te Hā Noa – Victoria Street Linear Park	Transformation of Victoria Street through urban enhancements and green space improvements. Victoria Street will become a safer street for walking and cycling and provide a green link between Wai Kōkōta Freeman’s Bay / Victoria Park and Rangīpūke Albert Park.	To create a thriving place for movement, rest and recreation as part of the City Centre Masterplan.

Economic and Cultural Development

Arts, natural environment, sports and live performance events enrich the lives of Aucklanders and visitors. We promote Auckland as a place to work, invest, study and visit. We support the creation of quality jobs for all Aucklanders.



Auckland Unlimited is New Zealand’s largest producer of cultural, entertainment, sporting and wildlife experiences and the largest regional economic development agency in the country



Since opening in 1922, Auckland Zoo has welcomed over 28 million visitors



Tāmaki Makaurau is the powerhouse of the New Zealand economy, accounting for 40 per cent of the nation’s tax revenue, and over 900,000 workers

WHAT

WHY

Auckland Zoo

General renewals and delivery of a new ‘South East Asia Jungle Track’ which will feature a lowlands habitat for tigers and otters and a swamp forest habitat for crocodiles, reptiles and other fish.

To provide the community with a better visitor experience, while also improving education and conservation outcomes.

Auckland Art Gallery Heritage Restoration

Comprehensive roof renewal and building refit of Auckland Art Gallery.

To protect collections and people in the building and make the building more attractive to visitors.

Major Events

Supporting major events including our committed obligations for the FIFA Women’s World Cup Australia-New Zealand 2023.

To attract visitors from beyond our borders, help us tell the story of our region and our people, strengthen our identity as an exciting place to live and work, and add to the quality of life of people who live, work and study here.

Environmental Management and Regulation

We nurture, look after and monitor Auckland’s natural environment, and protect it from a variety of natural and human threats. We collect and dispose of Auckland’s rubbish and recycling. We keep Aucklanders and whānau safe through our consenting, licensing, and compliance functions.



The Waste Management and Minimisation Plan supports reducing waste, reusing and recycling more to achieve a **zero waste goal by 2040**



Since July 2018 a Natural Environment Targeted Rate (NETR) has been included in residential property rates across Auckland. It is expected to **raise \$311 million over 10 years**



We have environmental programmes to **increase biodiversity, control pests and restore our waterways. We enlist the help of local groups and schools**



28 reptile species reside in the Auckland Region, (9 marine, 11 skinks, 7 geckos and tuatara) and all are endemic, meaning they’re found nowhere else in the world

WHAT

WHY

Northern Seawall, Orewa Beach

Construction of a new seawall to prevent further erosion of the remaining esplanade reserve at the northern end of Orewa Beach between Marine View and Kohu Street. The works will include upgrading the existing walkway to provide a formalised multi-use accessway to and along the coast.

Provides greater protection of lives and livelihoods and helps ensure a vibrant Auckland for current and future generations.

Shoreline Adaptation Plans

Shoreline Adaptation Plans are being developed across Auckland to provide an environmentally and financially sustainable adaptation strategy for council-owned land and assets. The plans will consider the long-term impacts of coastal hazards and climate change (including sea-level rise) and are being developed in the spirit of partnership with mana whenua, supported by extensive community engagement.

Provides greater protection of lives and livelihoods and helps ensure a vibrant Auckland for current and future generations.

Rawene Reserve Remediation

The ongoing remediation of Rawene Reserve (a closed landfill) following a large landslide in late 2017 which covered public and private properties with debris and destroyed a public car park. The remediation involves recapping and re-engineering the closed landfill, restoring the park, and re-building the carpark.

To manage risk while creating new public amenity and potential improved connections to Chelsea Heritage Park.

Natural Environment Programme - Kauri Dieback

Delivering infrastructure and interventions to decrease the risk of spread and reduce the impact of kauri dieback disease, including upgrading kilometres of tracks in regional and local parks to kauri safe standards.

Greater protection helps ensure a vibrant Auckland for current and future generations.

Resource Recovery Network

Establishing 23 resource recovery sites by 2031, 21 community recycling centres and two resource recovery parks.

To divert material from landfill. This re-using of items and re-purposing of materials also benefits the local community through affordable items and job creation.

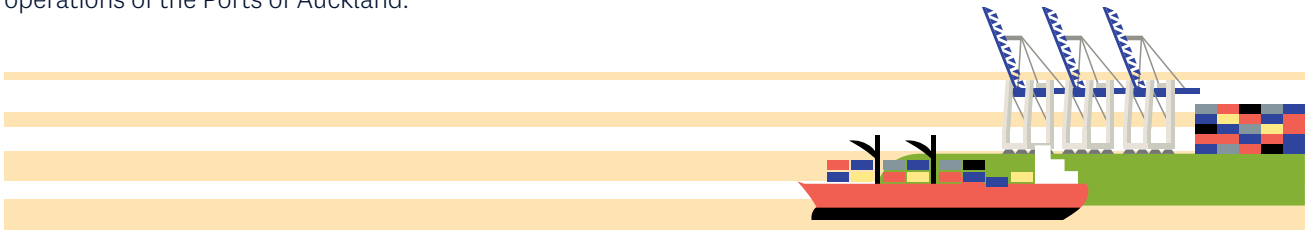
Food Scraps Service

Roll-out of a rates-funded, weekly kerbside collection of food scraps to all households in urban areas, including construction of a large-scale anaerobic digestion facility in Reporoa to process the food scraps and the purchase of food scraps bins for Auckland households.

Waste recommendations and decisions are guided by the goal of zero waste. Expanding the food scraps service in 2023 will be a big step in the right direction, as up to half the weight of a rubbish bin is food scraps.

Council Support

We support Auckland Council to deliver services and elected representatives to make decisions. We provide emergency management for the city and grants for large regional amenities. Council support includes the operations of the Ports of Auckland.



Overall satisfaction of elected members with the quality of staff advice and support was 84 per cent in 2021.



Auckland Emergency Management provides a coordinated and integrated approach to the way significant risks and hazards are managed in the Auckland region across the Four Rs: Reduction, Readiness, Response and Recovery.

WHAT

WHY

Auckland Ports Automation

Automate straddle carriers to load and unload trucks and operate the container yard.

To harness technology to increase capacity and enable the port to meet the future needs of a growing population.

WorkSmart Workspaces

Moving from ten legacy buildings to four consolidated, healthy offices. Also creating casual workstations in over 30 different community spaces.

To increase workplace flexibility and collaboration and enhance customer and community spaces, while delivering significant financial savings.

Our finances

Performance against financial strategy

Auckland Council’s current financial strategy as set out in our Recovery Budget seeks to balance the need for investment in our city with ensuring the costs of that investment are acceptable.

The results of this balancing are our key financial parameters including rates and debt settings and the levels of investment in infrastructure and services.

This section outlines how the council is tracking against this financial strategy.

Rates and borrowings

Auckland Council’s Governing Body set a rates increase policy limit of 3.5 per cent per annum (including general rates and targeted rates that are applied across the entire Auckland region).

This was exceeded with a one-off 5 per cent general rates increase for 2020/2021 to help respond to the impact of COVID-19 and associated economic impacts on the council’s finances as forecast at the time. It is proposed to be exceeded again in 2022/2023 through a targeted rate to enable urgent action on climate change.

Given the ongoing pressure on council’s finances described in key issue three above, this 3.5 per cent setting may be a key issue that needs to be considered during the next council term.

Auckland Council has set a borrowing limit of 290 per cent of revenue. This limit was recently increased from 270 per cent. It defines the maximum amount we can safely borrow to support investment in Auckland without placing an unfair burden on future ratepayers and putting our strong credit ratings at risk. A downgrade in our credit ratings would lead to higher interest costs and potentially a reduced ability to access funds for investment when needed.

While we can temporarily borrow up to 290 per cent, to ensure there is sufficient debt headroom to deal with unexpected future events, the current strategy is to keep the projected debt to revenue ratio well below this limit.

Key funding and financing parameters		ANNUAL REPORT		FORECAST
		2019/2020	2020/2021	2021/2022
Rates income (\$billion)	Limit	1.79	1.88	n/a
	Actual	1.75	1.85	n/a
Rates increases	Limit	3.5%	3.5%	3.5%
	Actual	2.5%	3.5%	5.0%
Borrowing (group debt to revenue)	Limit	270%	270%	290%
	Actual	264%	258%	268%

Note: The requirement to set limits on rates income was removed from legislation in 2019 and therefore no limit was set in the 10-year Budget 2021-2031.

Another key financial parameter is the council’s planned move towards a fully balanced operating budget by 2028. This means ensuring that our annual income is sufficient to cover all our annual operational costs, including depreciation (a non-cash charge that represents how much of the value of our assets has been used up in a particular year and which is required to allow for future replacement). Once this position is achieved, it will represent a more financially sustainable approach to managing the council’s finances.

Return on investments

Auckland Council holds substantial equity investments in Ports of Auckland Limited and Auckland International Airport Limited. We also hold several other smaller investments including a trusts and reserves portfolio (where money given to the council for a dedicated future purpose is invested temporarily) and a minor shareholding in the Local Government Funding Agency (LGFA). Auckland Council has very limited ability to influence the financial performance of these investments.

Return on investments		ANNUAL REPORT		FORECAST
		2019/2020	2020/2021	2021/2022
Return on equity investments in commercial activities	Target	2.95%	4.8%	5.90%
	Actual	-71.33%	-83.60%	13.51%
Return on trusts and reserves	Target	0.83%	0.25%	0.75%
	Actual	2.35%	0.86%	1.40%
Return on council's investment in NZLGFA	Target	3.51%	3.43%	3.70%
	Actual	3.51%	3.43%	3.70%

Note: The measure for return on equity investments is based on dividend growth and therefore the results for the past three years are driven by the suspension of dividends because of COVID-19 disruption.

Investment in infrastructure and services

The council included capital investment of around \$32 billion for the next ten years and operating expenditure averaging \$5.6 billion per annum in its Recovery Budget.

While this represents a sizeable investment, it does not achieve everything that our communities would like to achieve. Some of the key trade-offs that needed to be made included:

- focusing on the highest priority transport investments
- focusing on infrastructure to support growth and urban development in the highest priority locations
- delaying some non-critical asset replacement work
- spreading community investments over time
- a phased approach to infrastructure improvements to address water quality
- few discretionary new initiatives.



Capital Budget

Auckland's
10-Year Plan includes
increased investment
of \$32 billion in
capital projects

Council believes that it can carry out the investment set out in its Recovery Budget, but there are some key assumptions with a high level of uncertainty that will be monitored as part of ongoing budget updates.

More recent work on the council's financial outlook has identified that these areas of uncertainty are now beginning to create some financial challenges. This includes addressing more prolonged impacts of COVID-19 on the council's income while managing a structural shift in our cost base driven by rising inflation, interest rates and supply chain constraints. Without changes to key financial settings for things like rates, borrowings and financial investments, significant further trade-offs will need to be made in terms of reduced or delayed investment in infrastructure and services.

Summary financial statements

The following pages summarise some key financial information for the Auckland Council group.

This includes the key financial numbers for the council group over the last three years and the projections for the next three years as per the council’s Recovery Budget (or 10-year Budget 2021-2031). As noted in the Recovery Budget, these future financial projections were subject to high levels of uncertainty.

As discussed in this report, some trends are emerging that will create additional financial challenges for the council. At the time of writing this report, council is working through these issues for the Annual Budget 2022/2023. Over the next electoral term, the council will need to work through future budgets based on the economic reality it faces at the time. The first of these will be the Annual Budget 2023/2024, the process for which will need to commence by late November 2022 (a month after the local election).

The following table sets out some of the key factors that will likely influence the budget numbers relative to the projections in the Recovery Budget:

Key factor	Impact
Targeted rates	Will increase if the proposed Climate Action Targeted Rate is agreed
Subsidies and grants for operating purposes	May reduce due to transport subsidy funding constraints faced by government transport agency Waka Kotahi which is tasked with promoting safe and functional transport by land
Fees and charges	Some fee revenue may increase to recover higher costs
Interest and dividends from investments	Dividends from Auckland International Airport Limited may stay lower for longer if there is ongoing disruption from COVID-19 or travel patterns change post-pandemic
Local authorities fuel tax, fines, infringement fees and other receipts	Regional Fuel Tax income may reduce if ‘work from home trends’ result in fewer private vehicle trips
Payment to staff and suppliers	Will increase due to higher inflationary pressures
Finance costs	Will increase over time due to higher interest rates
Capital expenditure	Will reduce in the short to medium term as supply chain constraints impact on the completion of capital projects. This may be partially or fully offset by increased costs due to the supply chain issues, higher inflationary pressures and other costs associated with COVID-19 disruption
Subsidies and grants for capital expenditure	May reduce due to future transport subsidy funding constraints faced by Waka Kotahi
Increase (decrease) in debt	Will likely move in line with changes in capital spending on projects
Value of financial assets	Will change based on the market value of the financial investments
Value of property, plant and equipment	Valuations will increase due to higher replacement costs due to supply chain constraints and higher inflationary pressures
Value of investment property	Will change based on movements in the property values
Value of investment in associates and joint ventures	Will change as our investment in the City Rail Link project progresses

Funding Impact Statement

\$ millions	Annual Report		Forecast	Draft Budget	10-year Budget 2021-2031		
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Sources of operating funding:							
General rates, UAGCs, rates penalties	1,653	1,743	1,869	1,975	2,083	2,197	2,319
Targeted rates	230	239	254	308	302	282	286
Subsidies and grants for operating purposes	383	457	431	488	382	389	405
Fees and charges	1,270	1,215	1,301	1,608	1,781	1,900	2,038
Interest and dividends from investments	47	11	7	5	51	61	66
Local authorities fuel tax, fines, infringement fees and other receipts	536	666	649	517	526	556	558
Total operating funding	4,119	4,331	4,510	4,902	5,125	5,385	5,672
Applications of operating funding:							
Payment to staff and suppliers	2,915	2,867	3,220	3,283	3,340	3,513	3,624
Finance costs	434	420	467	490	510	524	540
Other operating funding applications	-	1	-	0	0	0	0
Total applications of operating funding	3,349	3,288	3,686	3,773	3,851	4,036	4,164
Surplus (deficit) of operating funding	770	1,043	824	1,129	1,274	1,349	1,508
Sources of capital funding:							
Subsidies and grants for capital expenditure	438	380	403	571	649	622	634
Development and financial contributions	156	226	218	265	269	275	280
Increase (decrease) in debt	1,165	579	783	984	558	487	465
Gross proceeds from sale of assets	108	170	82	106	174	136	103
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-
Total sources of capital funding	1,867	1,355	1,477	1,927	1,649	1,520	1,482
Application of capital funding:							
Capital expenditure:							
- to meet additional demand	665	675	575	723	725	832	908
- to improve the level of service	1,028	784	677	978	1,007	911	910
- to replace existing assets	609	596	765	845	1,002	1,112	1,324
Increase (decrease) in reserves	50	56	105	132	14	35	9
Increase (decrease) in investments	285	287	180	379	176	(20)	(161)
Total applications of capital funding	2,637	2,398	2,301	3,056	2,923	2,868	2,991
Surplus (deficit) of capital funding	(770)	(1,043)	(824)	(1,129)	(1,274)	(1,349)	(1,508)
Funding balance	0	0	0	0	0	0	0

Summary Balance Sheet

\$ millions As at 30 June	Annual Report		Forecast	Draft Budget	10-year Budget 2021-2031		
	2020	2021	2022	2023	2024	2025	2026
Assets:							
Financial assets	3,524	3,508	3,158	3,180	3,206	3,205	3,241
Property, plant and equipment	50,421	54,941	56,310	57,205	60,515	63,357	66,982
Intangible assets	684	651	748	779	824	862	912
Investment property	603	704	704	603	603	603	603
Investment in associates and joint ventures	565	926	1,401	1,878	2,107	2,173	2,065
Other assets	194	68	159	247	212	181	165
Total assets	55,991	60,798	62,480	63,891	67,467	70,381	73,967
Liabilities:							
Council debt	10,214	10,687	11,608	12,783	13,340	13,828	14,292
Other liabilities	5,928	5,338	5,373	5,457	5,938	6,119	6,350
Total liabilities	16,142	16,025	16,981	18,240	19,278	19,947	20,643
Ratepayer equity	39,849	44,773	45,499	45,651	48,188	50,435	53,324

Basis of preparation

- Financials for 2019/2020 and 2020/2021 are taken from the audited financial statements included in the Auckland Council Group annual reports.
- Financial statements for the 2021/2022 were not available at the time of preparing this report as we were only part way through that period. Officers have therefore prepared forecast figures based on the half-year results to 31 December 2021.
- Financial information for the next financial year (2021/2022) are taken from the adopted consultation materials for the Annual Budget 2021/2022.
- Financial information for the three years following election is taken from the Recovery Budget.

Note: Central government has decided to proceed with its Three Waters Reform programme to change the governance and management of water activity across New Zealand. This includes water supply, wastewater management and disposal, and stormwater management. This will result in significant changes to the council group's revenues, assets, liabilities and the services we provide. However, there is not yet enough certainty about the specific impacts to incorporate into our forward budget projections.

Further reading



➤ **The 10-year Budget 2021-2031**



➤ **Local Board Plans**



➤ **Auckland Plan 2050**

➤ **The Auckland Plan**

The Auckland Plan is a 30-year plan to guide Auckland's future and deliver on specific topics, including housing, transport, employment, protecting the environment, Māori wellbeing, opportunities for all Aucklanders.

➤ **Auckland Unitary Plan**

Auckland Unitary Plan guides the use of Auckland's natural and physical resources, including land development.

➤ **The 10-year budget (long-term plan)**

The **10-year budget** puts the Auckland Plan in motion and sets out our projects and budget for the next decade.

➤ **Annual report**

The **annual report** provides an overview of what we did over the past year.

➤ **The annual budget (annual plan)**

Every year, we must adopt an **annual budget** for the following financial year. It has to also identify variations from any budgets that have been allocated in the 10-year budget (long-term plan).

➤ **Local board plans**

Local boards make decisions on local issues, activities and services, and provide input into regional strategies, policies, plans and decisions.

Local board plans are three-year plans which draw from the priorities of their community.

Local board agreements record the delivery and funding of local activities and intended levels of service for that area, for the year.



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