

Long Term Plan 2012-22

Mayor's proposal

Date 27 October 2011

CREATING THE
WORLD'S MOST
LIVEABLE CITY



Auckland
Council
Te Kaunihera o Tāmaki Makaurau

INTRODUCTION

- First LTP for Auckland Council and under the new legislation
- Informed by direction setting, discussion at workshops, stakeholder engagement
- Officers prepared advisory papers (part of LTP package)
- Proposal is a package - includes 10 year budget and full range of policy positions



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INTRODUCTION

- Status quo not an option
- Need to make some transformational shifts
- Auckland Plan guiding document
- Balance between making the shifts and affordability
- Mayor's legislative mandate to lead by proposing LTP



INTRODUCTION

- Constraints with time and data
- Not able to use zero based approach
- Starting point – legacy LTCCPs updated by:
 - Annual Plan 2011-12
 - New activity structure
 - Assumptions on growth, inflation, interest rates etc
 - Incorporated savings target - Project Genesis and realignment
- Further work on realigning organisations' programmes with Auckland Plan

LTP BUDGET

- Revised baseline shows rate increases between 2.4% and 4.8% over the 10 years
- Set an indicative rate increase of 3.5% year 1 and 4.5% to 5% ongoing
- Expect to scrutinise with each Annual Plan
- Identified key new projects to create momentum for Auckland Plan
- Some difficulties with AT budget




LTP BUDGET

- Governing Body determines regional projects and activities
- Local Boards determine local projects and activities – from Local Board Plans
- Status quo approach to funding
- Increased operational and capital funding pools (\$42 million and \$118 million over 10 years)
- Prioritise within funding envelope

LOCAL BOARD BUDGETS





5

TRANSFORMATIONAL SHIFTS

1



**DRAMATICALLY ACCELERATE THE PROSPECTS OF
AUCKLAND'S CHILDREN AND YOUNG PEOPLE**

- Education first focus – not prime delivery agency
- Support by:
 - Continued investment in libraries (Local Boards)
 - Additional funding for the Auckland wide education trust(\$1.2 million -10 years)
 - Tertiary education cluster (\$300,000)
- In addition:
 - Southern Initiative (\$1.8 million – 10 years)
 - Youth in sport programme (\$1 million – 10 years)

CHILDREN AND YOUNG PEOPLE

2

**STRONGLY COMMIT TO ENVIRONMENTAL
ACTION AND GREEN GROWTH**

- Range of existing programmes from legacy Councils
- Watercare investments in wastewater treatment
- Key contributor – shift to public transport
- Major initiative – Waste Management Plan
- Volcanic cones restoration subject to discussions with government
- Other new projects:
 - Hauraki Gulf Marine Park – spatial planning (\$400,000)
 - Regional schools tree planting (within existing budgets)

ENVIRONMENTAL ACTION

3



**MOVE TO OUTSTANDING PUBLIC TRANSPORT
WITHIN ONE NETWORK**

City Rail Link

- City Rail link – essential:
 - To service the growth in population
 - To protect the city centre urban environment
 - To meet our environmental objectives
- Property acquisition from 2012
- Construction from 2016
- Cost of \$2.4 billion

OUTSTANDING PUBLIC TRANSPORT

City Rail Link

- To be funded by:
 - Government 50%
 - Development contributions 2.5%
 - Alternative transport funding 30.9%
 - General rates 16.6%
- Discussion paper for community debate

OUTSTANDING PUBLIC TRANSPORT

Other transport priorities

- Increased PT subsidies - \$73.5 million – 10 years (priority in Southern Initiative area)
- Investment in PT infrastructure – rail stations, ferry terminals and bus lanes
- AMETI and other major roading projects
- School travel and safety plans (additional \$23 million total)
- Extension of tram to Britomart (\$9.5 million total)
- Designation of Airport route (\$47 million)
- Walking and cycling infrastructure
- Investigation/designation of second harbour crossing

OUTSTANDING PUBLIC TRANSPORT

4



**RADICALLY IMPROVE THE
QUALITY OF URBAN LIVING**

- **Baseline budget – many existing projects**
 - NORSGA
 - Town centre upgrades
 - Wilsher retirement village and other housing for the elderly upgrades
 - Public art
- **City centre masterplan (\$130 million – 10 years)**
- **Waterfront masterplan (approx \$30 million extra)**
- **Heritage and culture projects (\$70 million – last 4 years)**
- **Tamaki transformation project (\$3.5 million)**

QUALITY OF URBAN LIVING

5



**SUBSTANTIALLY RAISE LIVING STANDARDS FOR ALL
AUCKLANDERS AND FOCUS ON THOSE MOST IN NEED**

Growing the economy

- Major events strategy (\$59 million – 10 years)
- Visitor economy (\$61 million – 10 years)
- Cruise ship terminal (additional \$9million)
- Health hub (\$2million)
- Super yacht re-fit infrastructure (\$15million)
- Tamaki innovation precinct (\$30 million)

RAISE LIVING STANDARDS

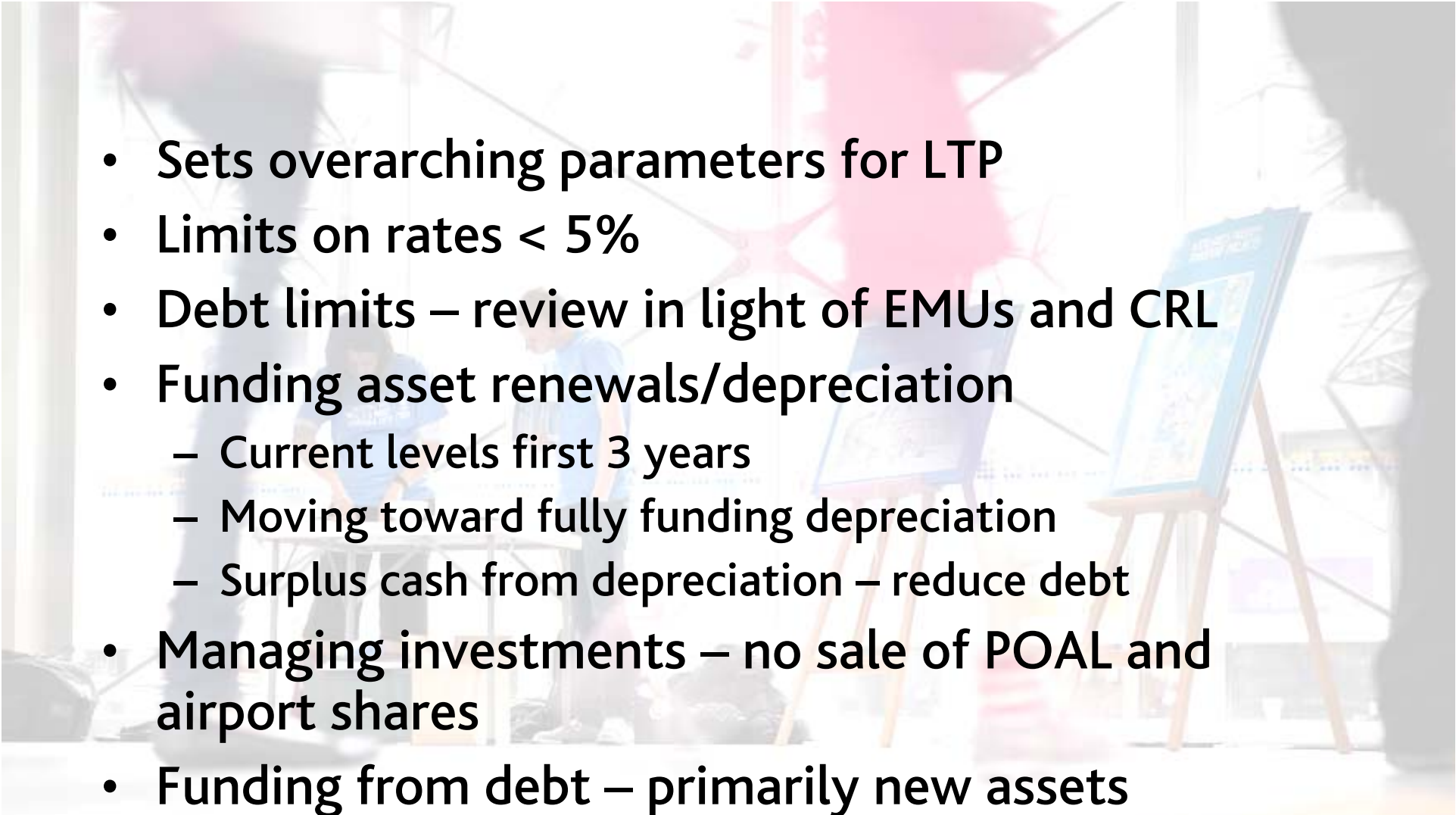
Other projects in this area

- Maori wellbeing/iwi relationship projects (\$15 million over 10 years)
- Plan for the homeless (\$500,000 over 10 years)
- Southern initiative (already covered)


RAISE LIVING STANDARDS



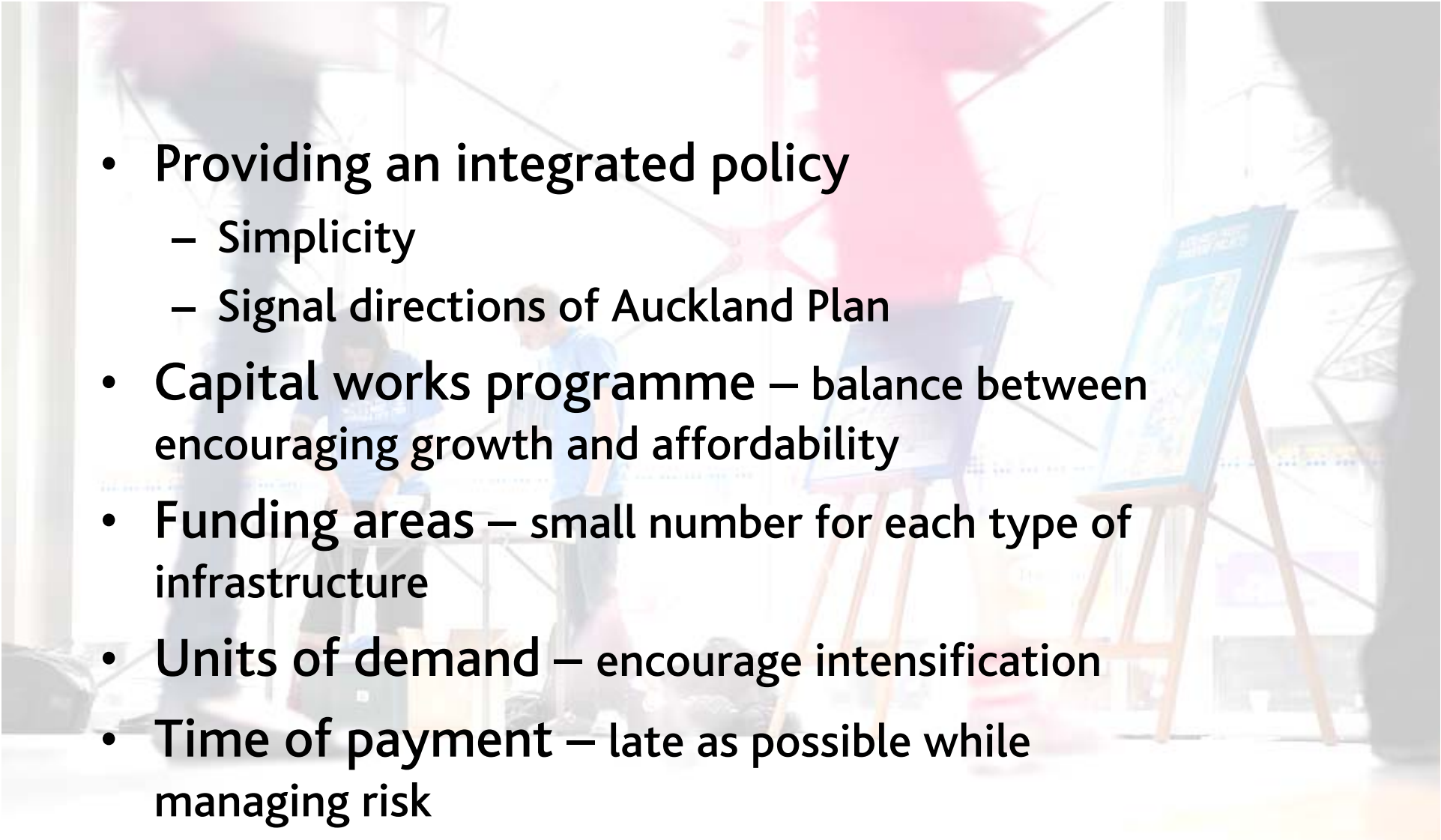
FINANCIAL and FUNDING POLICIES

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- Sets overarching parameters for LTP
 - Limits on rates < 5%
 - Debt limits – review in light of EMUs and CRL
 - Funding asset renewals/depreciation
 - Current levels first 3 years
 - Moving toward fully funding depreciation
 - Surplus cash from depreciation – reduce debt
 - Managing investments – no sale of POAL and airport shares
 - Funding from debt – primarily new assets

FINANCIAL STRATEGY

- 
- The background of the slide is a faded photograph of a meeting room. Several people are visible, some standing and some sitting at a table. There are several flipcharts on easels around the room, displaying various diagrams and charts. The overall scene suggests a professional or academic setting.
- Sets out principles and tools for the funding of activities
 - Over 3000 fees – most applying inflation
 - Key activities for review:
 - Animal management = recovery at approx 80% user fees
 - Environmental health = recovery at 100%
 - Resource consents = recovery at approx 90%
 - Building control = recovery at 75-80%
 - Solid waste = targeted rates and user pays
 - Swimming pools = four options for consultation

REVENUE AND FINANCING POLICY

- 
- **Providing an integrated policy**
 - Simplicity
 - Signal directions of Auckland Plan
 - **Capital works programme – balance between encouraging growth and affordability**
 - **Funding areas – small number for each type of infrastructure**
 - **Units of demand – encourage intensification**
 - **Time of payment – late as possible while managing risk**


DEVELOPMENT CONTRIBUTIONS



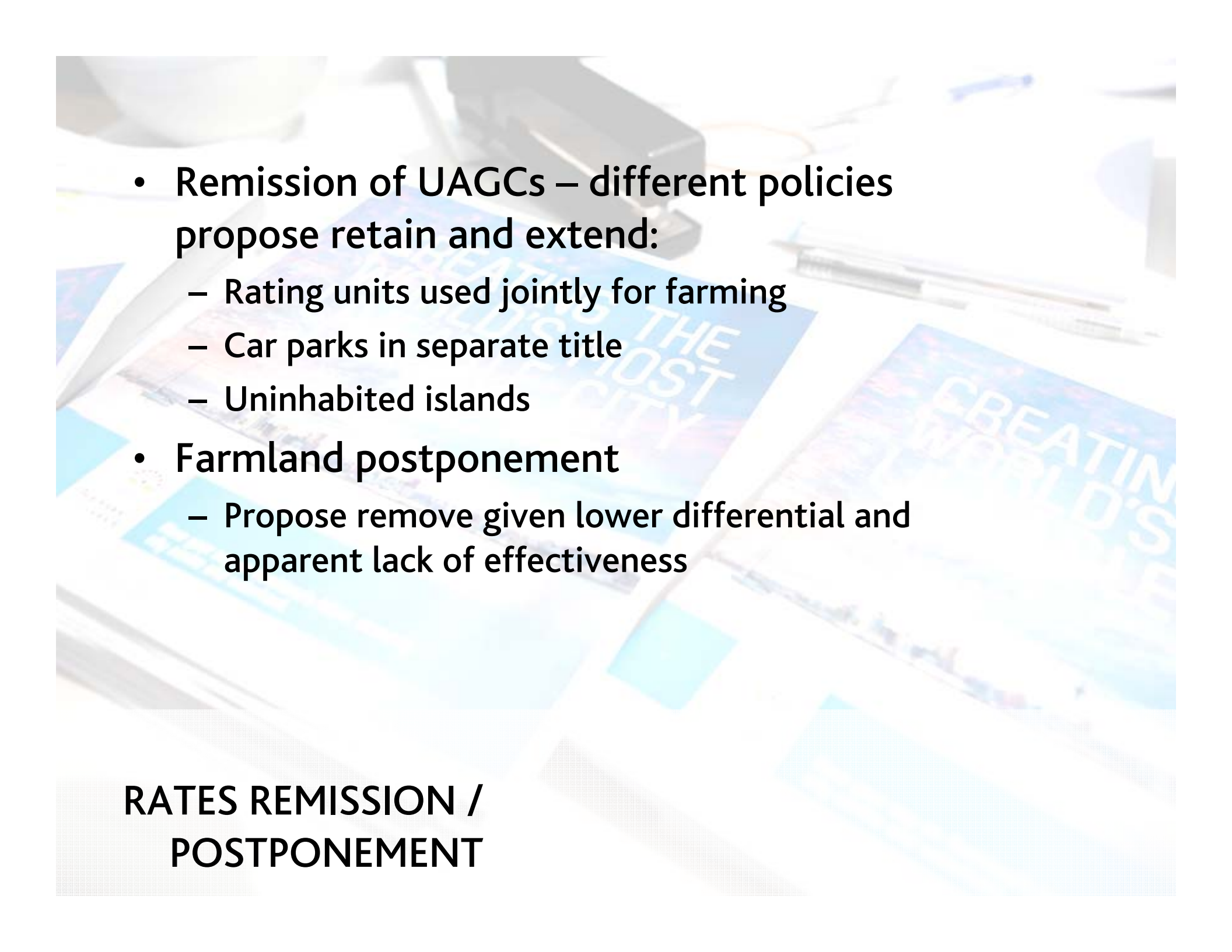
RATING POLICY

- Major change from integration and regionalisation
- UAGC - \$350 balance between change and affordability for lower value properties
- Differentials:
 - Business 2.63 - current proportion of revenue - but gradually decreasing over the 10 years
 - Rural business 2.37
 - Rural residential 0.9
 - Farm and lifestyle 0.8
 - Sea only access 0.25

**RATES
MECHANISMS**

- 
- Council consulting and deciding on behalf of Watercare
 - Four options presented by Watercare:
 - Fixed charge
 - Volumetric charging
 - Fixed plus volumetric
 - Fixed plus flat plus volumetric
 - subsequently business differential introduced
 - Option proposed – fixed + volumetric + differential


WASTEWATER FUNDING

- 
- **Remission of UAGCs – different policies propose retain and extend:**
 - Rating units used jointly for farming
 - Car parks in separate title
 - Uninhabited islands
 - **Farmland postponement**
 - Propose remove given lower differential and apparent lack of effectiveness

**RATES REMISSION /
POSTPONEMENT**

- **Four options presented**
 - No transition – major impact
 - Legislative provisions – unworkable
 - Phased policy approach – complex and difficult to implement
 - Remissions – most flexible but cost to all other ratepayers
- **Proposing use of remissions with parameters:**
 - Over 20% and \$400 residential, \$650 rural, \$2900 business
 - Cost of remission \$48.9 million (over 3% rates increase)
 - Majority of remission in business sector (\$37 million)
 - Automatic residential/ rural, targeted for business

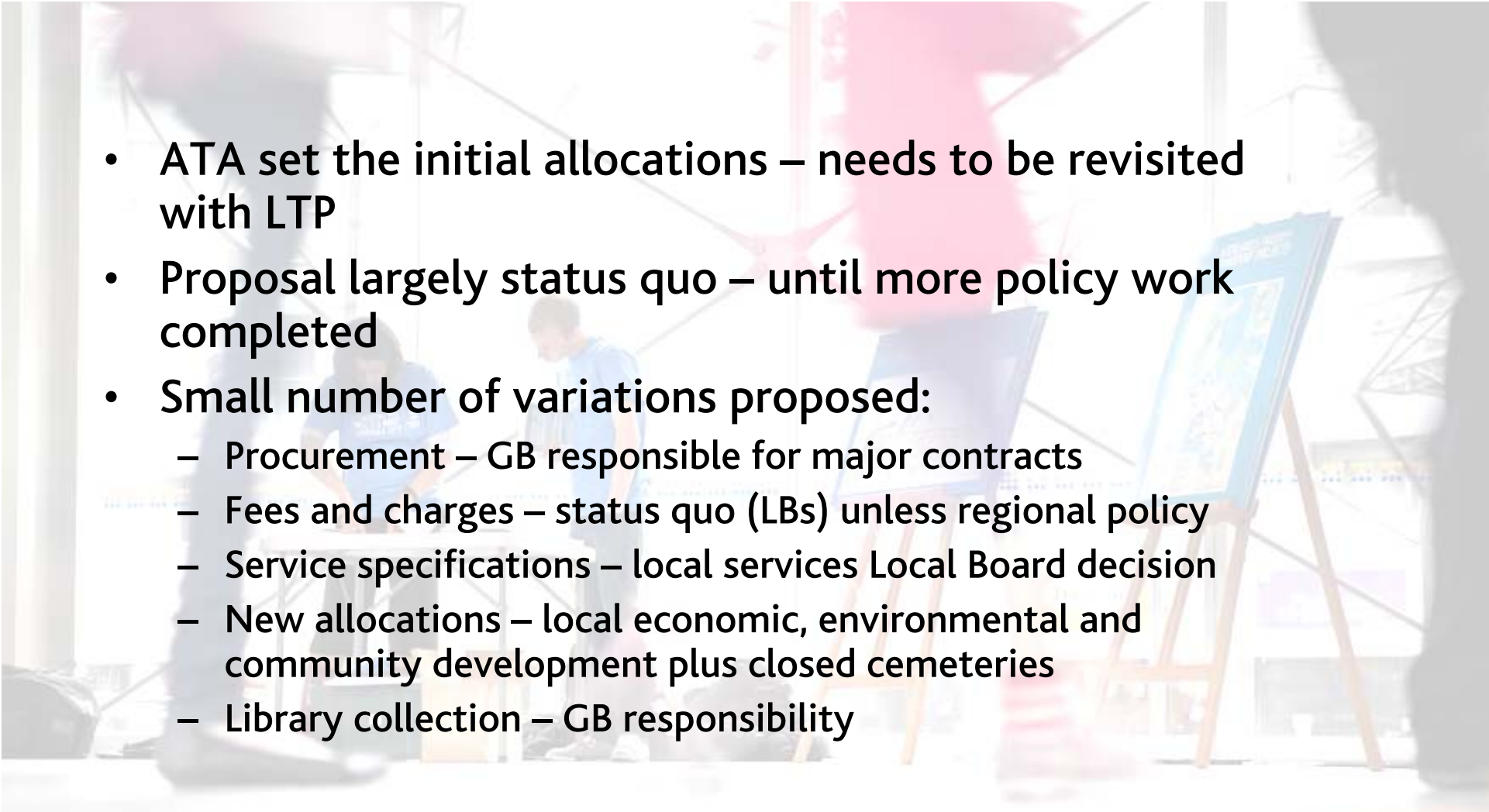
RATES TRANSITION

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- Targeted rates for:
 - Waste management in interim
 - BIDS
 - CBD upgrade
 - Retrofit your home
 - Miscellaneous area specific
 - Discount for early payment 1.5% (current)
 - Instalment dates – slight change
 - Rates rebate – increase eligibility and simplify

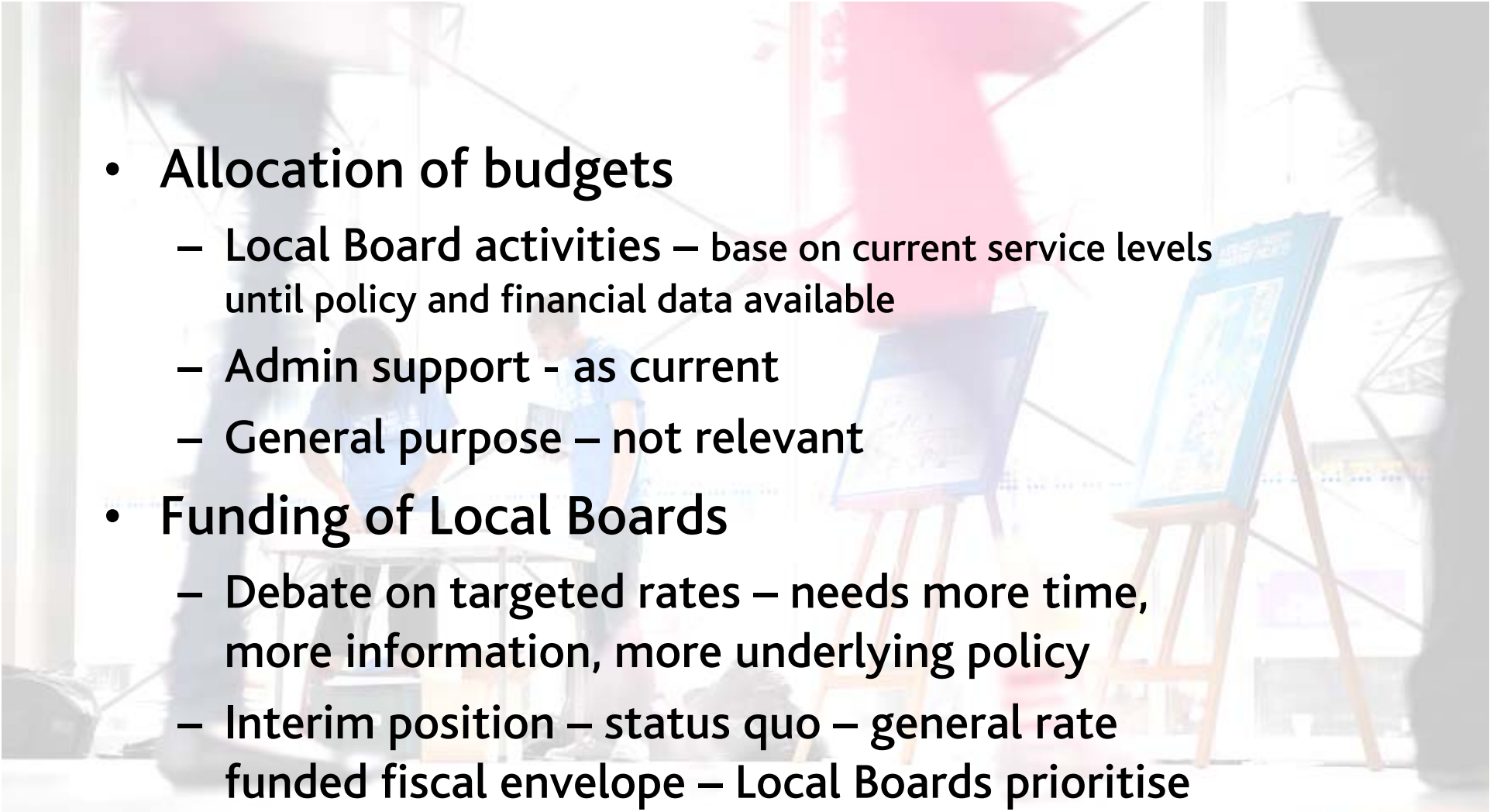
**MISCELLANEOUS
RATING ISSUES**



LOCAL BOARD POLICIES

- 
- **ATA set the initial allocations – needs to be revisited with LTP**
 - **Proposal largely status quo – until more policy work completed**
 - **Small number of variations proposed:**
 - Procurement – GB responsible for major contracts
 - Fees and charges – status quo (LBs) unless regional policy
 - Service specifications – local services Local Board decision
 - New allocations – local economic, environmental and community development plus closed cemeteries
 - Library collection – GB responsibility

LOCAL BOARD DECISION MAKING

- 
- **Allocation of budgets**
 - Local Board activities – base on current service levels until policy and financial data available
 - Admin support - as current
 - General purpose – not relevant
 - **Funding of Local Boards**
 - Debate on targeted rates – needs more time, more information, more underlying policy
 - Interim position – status quo – general rate funded fiscal envelope – Local Boards prioritise

LOCAL BOARD FUNDING POLICY

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CONCLUSION AND NEXT STEPS

- Preparing this first LTP has been a challenge
- Organisational alignment to Auckland Plan – ongoing work
- Affordability concerns – small number of catalyst projects – economy, PT, city centre and southern initiative
- Workshop them formally consider proposal
- Hear back from LBs and IMSB

**CONCLUSION/
NEXT STEPS**

