

Pump Station Replacement (Fred Thomas Drive, 2017)

Was this a renewal or maintenance funding or depreciation funded?

(Answer to query provided by Watercare)

The Fred Thomas Pump Station was a new large pump station with increased wet weather storage and improved levels of service. As a new asset it was funded through Watercare borrowing which is serviced by user charges (water and wastewater bills) and infrastructure growth charges (charges paid by those connecting to and increasing demand on the infrastructure). By funding in this way the cost of the asset is paid off over long periods of time creating intergenerational equity.

Please note that Council rates do not fund this type of infrastructure development – funding is directly from Watercare.

Here is some additional information that may be helpful.

Responding to growth in Auckland

We are planning well in advance to accommodate an additional 800,000 people over the next 35 years. Our Asset Management Plan outlines how we will spend \$11.2 billion upgrading and expanding our infrastructure over the next 20 years. Today, our networks have the capacity to accommodate 45,000 new homes. Between 2018 and 2028, we will invest \$5.8 billion upgrading and expanding our infrastructure. This will provide capacity for 195,000 new homes on top of the existing 45,000. Between 2028 and 2038, we will invest a further \$5.4 billion which will provide capacity for 84,000 new homes.

Funding growth

Our capital works programme is fully funded through:

- **Services charges:** A portion of water and wastewater charges are used to upgrade and fund new assets as well as servicing borrowing costs for building and upgrading infrastructure.
- **Infrastructure growth charges:** Developers and those creating demand for new water and wastewater services make a significant contribution towards the cost of these services via infrastructure growth charges. These charges help to ensure existing customers are not burdened with the cost of new growth.
- **Borrowing:** Watercare borrows funds to help build new infrastructure. The cost of long-life assets are spread over time.