

Memo

22 August 2024

To: Frans Bossert, Manager Development Programmes

From: Michelle Liu, Programme Manager, Infrastructure Funding & Devt Strategy

Subject: DIFF Cost Report Addendum Report

This memo outlines the recent updates and considerations related to the Auckland Council Drury Development Contributions (DC) policy, particularly focusing on the implications of NZUP funding decisions and renewals methodology update. This memo provides the necessary context to understand these updates with attached Drury Infrastructure Funding and Financing (DIFF) – Cost Allowances Report Addendum (27 March 2024).

NZUP Funding Implications

In late 2023, the Crown approved a \$331 million funding allocation as part of the NZUP to support the delivery of Drury projects within the South Auckland Package business case. Following this, Auckland Council commissioned Beca to assess the impact of this funding on DIFF projects. The findings were included in the Drury Infrastructure Funding and Financing (DIFF) – Cost Allowances Report Addendum (27 March 2024).

In May 2024, the NZUP package was recategorized, which impacted the funding prioritisation of these projects. Waihoehoe Road remained under the Roads of National Significance (RoNs), while SH22 was no-longer prioritised for funding.

An assessment was then made about the validity of the assumptions in the Addendum report. This concluded that::

- **Projects with Valid Assumptions from Addendum:** 1a, 3, 1b, 2a, 2b, 9a, 9b, 23a, 23b, 23c, 23d, 36a, 36b.
- **Projects Reverting to Previous DC Policy due to loss of SH22 Funding:** 41a, 41b, 44, 52, 53. (with project **41a** specifically impacting the Drury DC policy)

Renewals Calculation Methodology Update

The 2024 annual review of the Drury DC policy introduced an updated methodology for renewals calculations, as detailed in the 'Greenfields Generic Cost Allowances and Rates' report (27 June 2024). This methodology has been applied to refine the renewals estimates for the Drury area.

Conclusion

This memo aims to clarify the recent updates that have occurred after the DIFF Cost Report Addendum was completed. While most of the assumptions in the DIFF Addendum Report remain valid, Project 41a should revert to the previous DC policy pending confirmation of its RoNs funding status.