

HE PŪRONGO I MUA I NGĀ PŌTI

PRE-ELECTION REPORT

He kōrero mā ngā kaipōti me ngā kaitono pōti

Information for voters and potential candidates

Local Elections
2019

Auckland
Council
Te Kaunihera o Tāmaki Makaurau



NGĀ IHIRANGI CONTENTS



| | |
|--|----|
| Message from the Chief Executive | 3 |
| How do we keep Auckland moving? | 4 |
| Housing – How do we keep pace with demand? | 6 |
| How do we support thriving, inclusive and resilient communities? | 8 |
| How do we enhance Māori identity and wellbeing? | 11 |
| How should we invest in facilities to support our communities? | 12 |
| How do we protect our natural environment? | 14 |
| How do we respond to climate change? | 16 |
| How do we pay for it? | 18 |
| Major projects | 20 |
| Financial Overview..... | 22 |

HE KARERE NĀ TE TUMU WHAKARAE MESSAGE FROM THE CHIEF EXECUTIVE

Auckland is home to around 1.7 million people and our numbers are growing at a significant rate. By 2028, it is expected around two million people will call Auckland home.



While the increase in size and density will have some positive economic effects, stimulate innovation and boost our diversity, the unprecedented pace of our region's population growth also presents us with a number of challenges. This means, following the October local elections, our newly elected mayor, councillors and local board members will have to make some tough decisions about the prioritisation of our funding and resources.

Transport is an issue that we know Aucklanders care about strongly. We've already made huge strides in improving our transport network and it's important we continue to focus on this area. In July 2018 we introduced the Regional Fuel Tax to support further improvements to our roads, public transport, walking and cycleways. We've also invested in delivering the City Rail Link, which doubles our rail capacity and deals with the growth in the number of people travelling around Auckland on a daily basis.

With a global economic environment of rising construction costs, we're always checking in on these major projects to ensure we're still getting value for money.

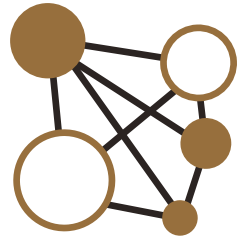
And it's not just about the city centre – transport infrastructure is also a vital part of unlocking our town centres, and ensuring our communities have good transport links. We need to support vibrant communities with a more diverse housing stock, ensuring more Aucklanders can benefit from the social and economic prosperity our growth brings.

To become a truly world class city our growth must be more inclusive. Prosperity and opportunity must be shared. Our Tiriti o Waitangi Partner – Māori – must thrive. The diverse populations of Tāmaki Makarau must thrive too.

The introduction of the natural environment and water quality targeted rates are helping to address the issues with our natural environment. Through these rates we're financing the improvement in the quality of our waterways, tackling the spread of Kauri dieback and assisting in our bid to make Auckland pest free by 2050. Climate change also poses a huge threat to our environment, and ultimately the way of life for all Aucklanders. The declaration of Auckland's climate change emergency has further brought into focus the urgent need to address climate change at a local level. Climate change adaption will be a significant feature of the 10-year budget 2021-2031.

Our work requires investment, and while not all costs fall exclusively to Auckland Council, maintaining our current services, procuring and developing new services, driving efficiencies, managing our debt, generating income, while keeping rate increases to an acceptable level, is a significant challenge. We all want to live in an Auckland that can be enjoyed by us, our children and our grandchildren.

Stephen Town
Chief Executive



ME AHA TĀTOU E NEKE WHAKAMUA TONU AI A TĀMAKI MAKĀURAU? HOW DO WE KEEP AUCKLAND MOVING?

We accelerate the changes in our transport network to make our city safer and easier to move around.



Auckland is a city dominated by cars, but things are changing. Over the last year, Aucklanders made more than 100 million public transport journeys and 3.67 million bike trips.

Despite this, death and serious injury on our roads is too common, and traffic congestion is an ongoing problem.

In response, we've already pledged to invest over \$12 billion in transport infrastructure over 10 years, made possible in part by the Regional Fuel Tax that was introduced on 1 July 2018.

This will build on current activity. Park and ride facilities are now available at several bus and ferry terminals with more expected. The new transport interchange under construction at Puhinui Station will connect rail and buses to Auckland Airport, and the roll out of double decker buses will continue.

The construction of the City Rail Link is underway and will more than double the capacity of our rail network and significantly reduce journey times. Road improvements throughout the region are also ongoing.

Future choices may need to be made beyond this investment. These could include how greater use of public transport is encouraged, how roads can be adapted for bus and cycle lanes, whether congestion charging or road tolls should be introduced and how smarter use of technology could improve traffic flow.

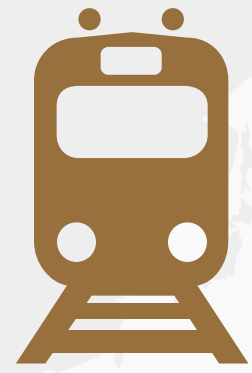
TRANSPORT BY NUMBERS



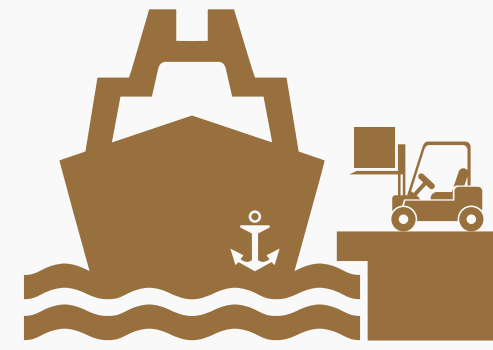
7452km
of roads



7137km
of footpaths



41
rail stations



21
wharves



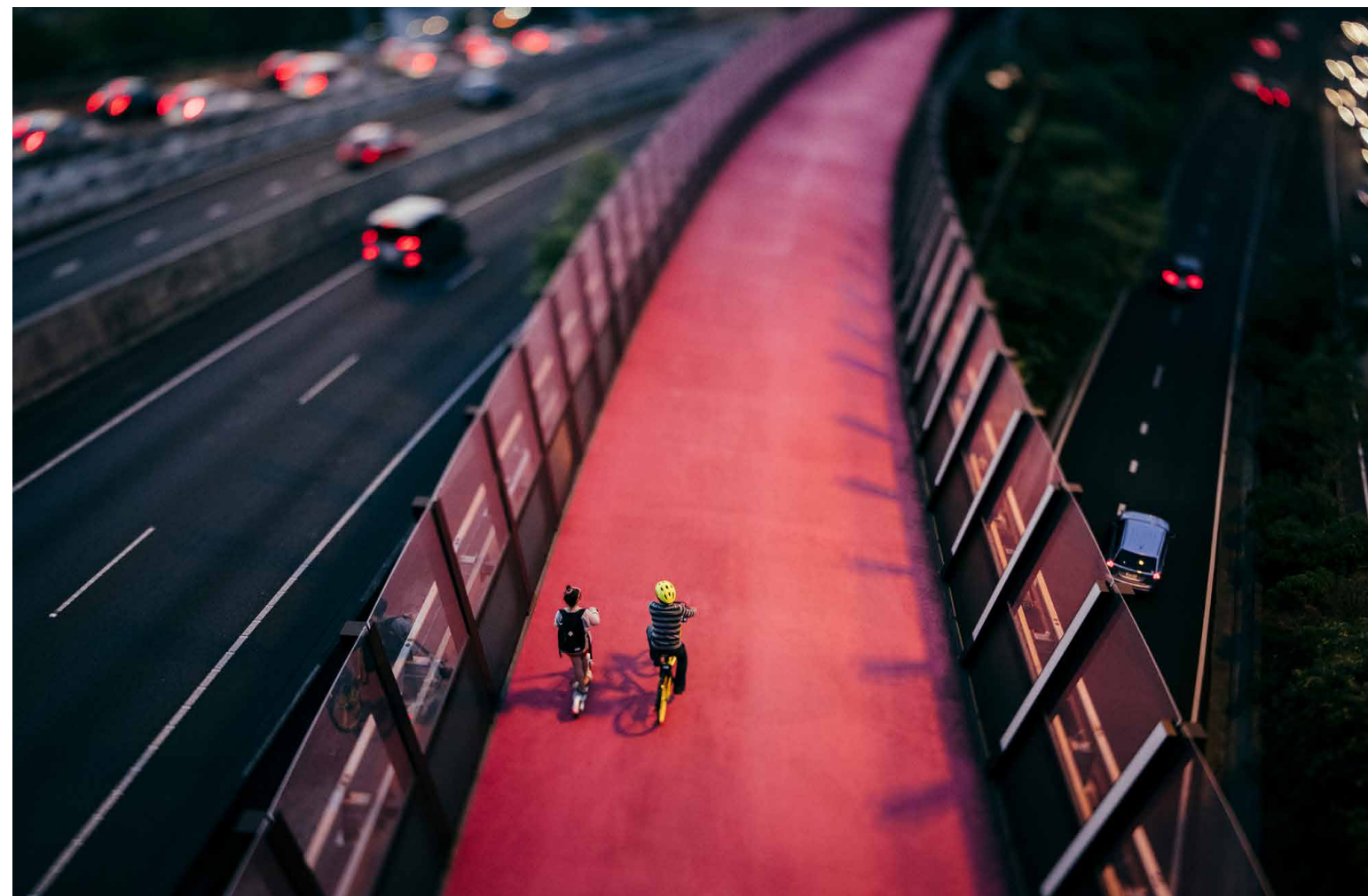
15
bus and busway
stations



10
multi-storey
car park
buildings



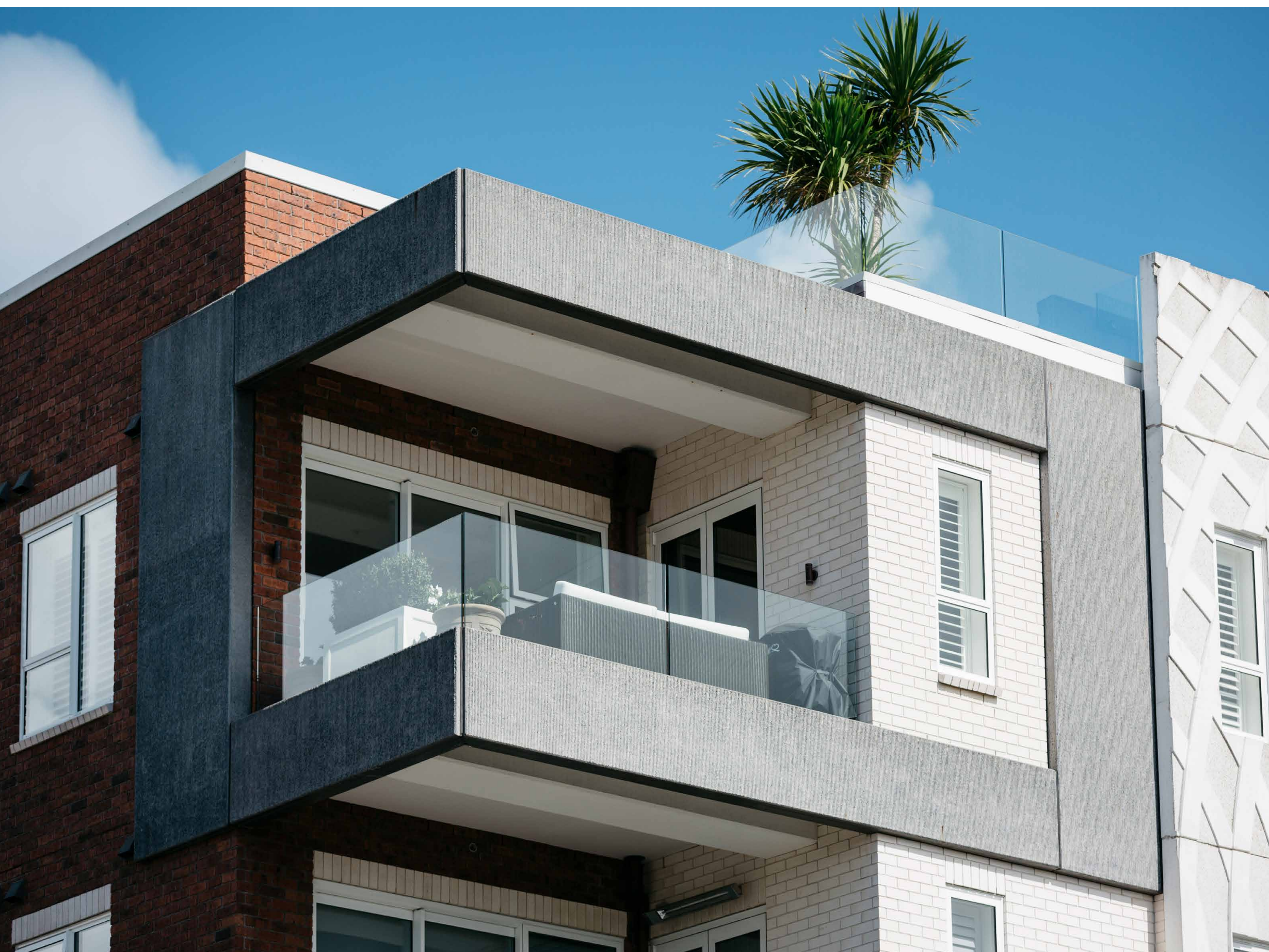
818
pay by plate
units





NGĀ TAKE Ā-WHARE - ME AHA E ŌRITE AI Ā TĀTOU MAHI KI TĀ TĒRĀ E HIAHIATIA ANA? HOUSING – HOW DO WE KEEP PACE WITH DEMAND?

We enable healthy houses to be built, supporting the development of existing town centres.



Auckland's rapid population increase places pressure on existing housing, and housing supply has not kept pace with demand. The estimated shortfall is 45,000 dwellings. We do not build houses ourselves but play our part through planning, consenting and the delivery of supporting infrastructure.

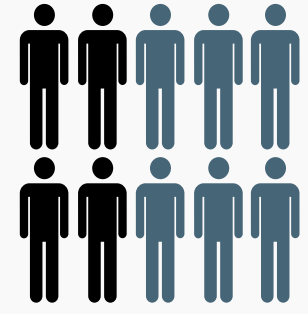
Through the Unitary Plan, an additional one million homes have been enabled in existing residential areas, and a further 15,000 hectares of future urban land has been earmarked to support another 137,000 homes.

Intensification of existing urban areas has been identified as the most efficient approach as this optimises existing infrastructure. And, by increasing housing around transport corridors and town centres, Aucklanders will have more transport options and employment opportunities, which also has environmental, economic and social benefits.

Our biggest challenge is providing the infrastructure, such as water, wastewater, stormwater and transport, in a way that offers value for money for current and future ratepayers. New financing and funding tools are needed to give council more flexibility to meet these growth demands.

Collaborating with the Crown to find new ways to pay for the infrastructure needed for new homes in Auckland, advocating for national legislative improvements to deliver more quality homes more quickly and continuing to improve our regulatory and compliance process to speed up the delivery of consents, could be options to explore.

HOUSING BY NUMBERS



4 out of every 10
Kiwis will live in
Auckland by 2048



313,000
dwellings needed
in the next
30 years

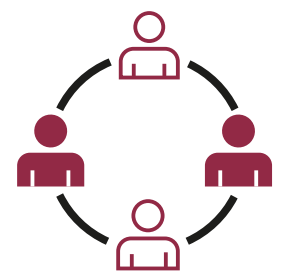


2.4
million residents
by 2048



13,874
new dwellings
were consented
in the last year





ME PĒHEA TĀTOU E TAUTOKO AI I TE HAPORI TAURIKURA, MANAHAU ME TE MANAWAROA? HOW DO WE SUPPORT THRIVING, INCLUSIVE AND RESILIENT COMMUNITIES?

We want to ensure that all Aucklanders are valued, can participate, connect and feel they belong.



Auckland is experiencing increasing diversity and inequality. This presents challenges and opportunities for the way we work with communities.

We want to ensure that all communities and groups who call Auckland home feel a sense of belonging and are given the chance to develop their own, and in turn, our region's potential.

We support organisations to deliver arts, cultural activities and events that encourage interaction between different communities and help build local identity and pride. We work with community groups to provide local facilities and services. And, we reach out to our diverse, and often minority groups, to encourage participation in our decision-making process through membership of panels and advisory boards.

We enable and embrace, but should we do more?

Many Aucklanders are prosperous and have good living standards, yet we still have significant levels of socio-economic deprivation, often concentrated in geographic areas. Income, employment, health and education outcomes are different in various parts of Auckland, and there are distinct patterns across broad ethnic and age groups. We need to ensure that future services, at both regional and local level, respond to the evolving needs of our communities.



AUCKLAND

Auckland is a dynamic and attractive place to live. Its people are diverse in age, lifestyle, culture and community.

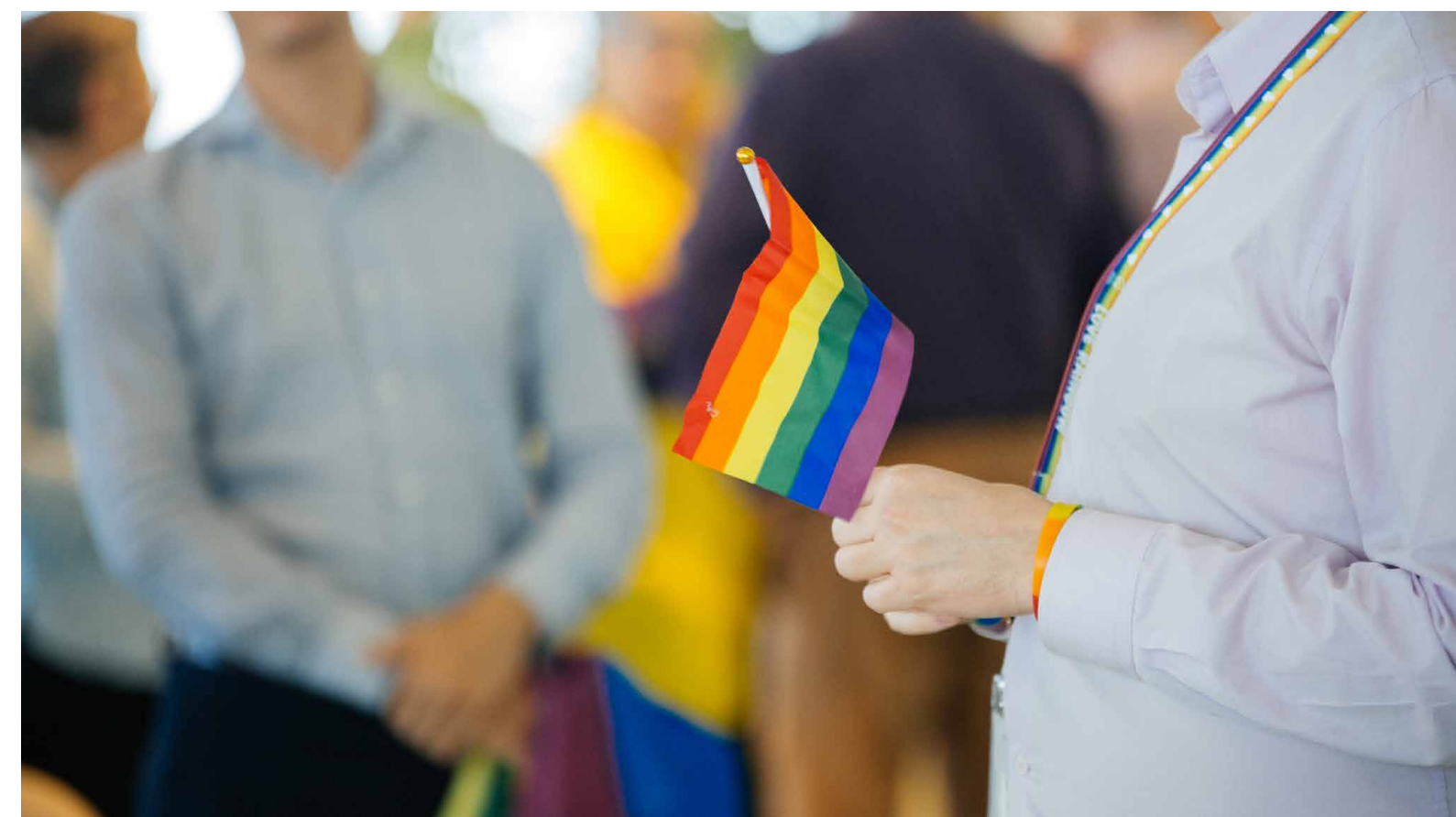
- Māori
- Pasifika
- Ethnic Communities
- Children and Youth
- Older Aucklanders
- Disabled
- LGBTI
- Urban residents
- Rural residents
- Faith based
- Diversity in languages
- New and established migrants

Auckland Council has a role in fostering a strong, inclusive and equitable society.

We do this by providing opportunities for all people to meet, interact and build relationships through our community services and facilities, parks and open space, and arts and cultural activities.



Built along the Te Auaunga Awa (Oakley Creek walkway), this new playground in Mt Roskill brings together a collection of ancient Māori play artefacts into a single space to create a traditional Māori playground.



DIVERSITY IS OUR STRENGTH

Our diversity delivers many benefits to the city



Promotes a culturally rich, vibrant, exciting city



Attracts talent, tourists and entrepreneurs



Increases global awareness and tolerance



Helps us compete on an international stage

Auckland has

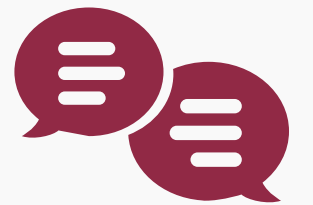
180 ethnicities

and **175** languages

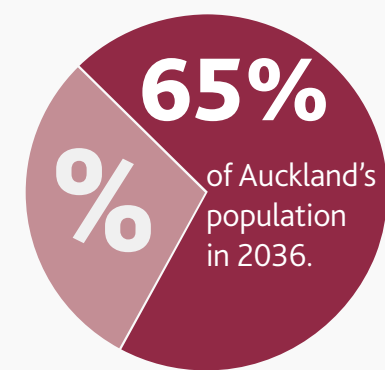


Tamariki Māori

More than **50%** speak some Te Reo in the home.



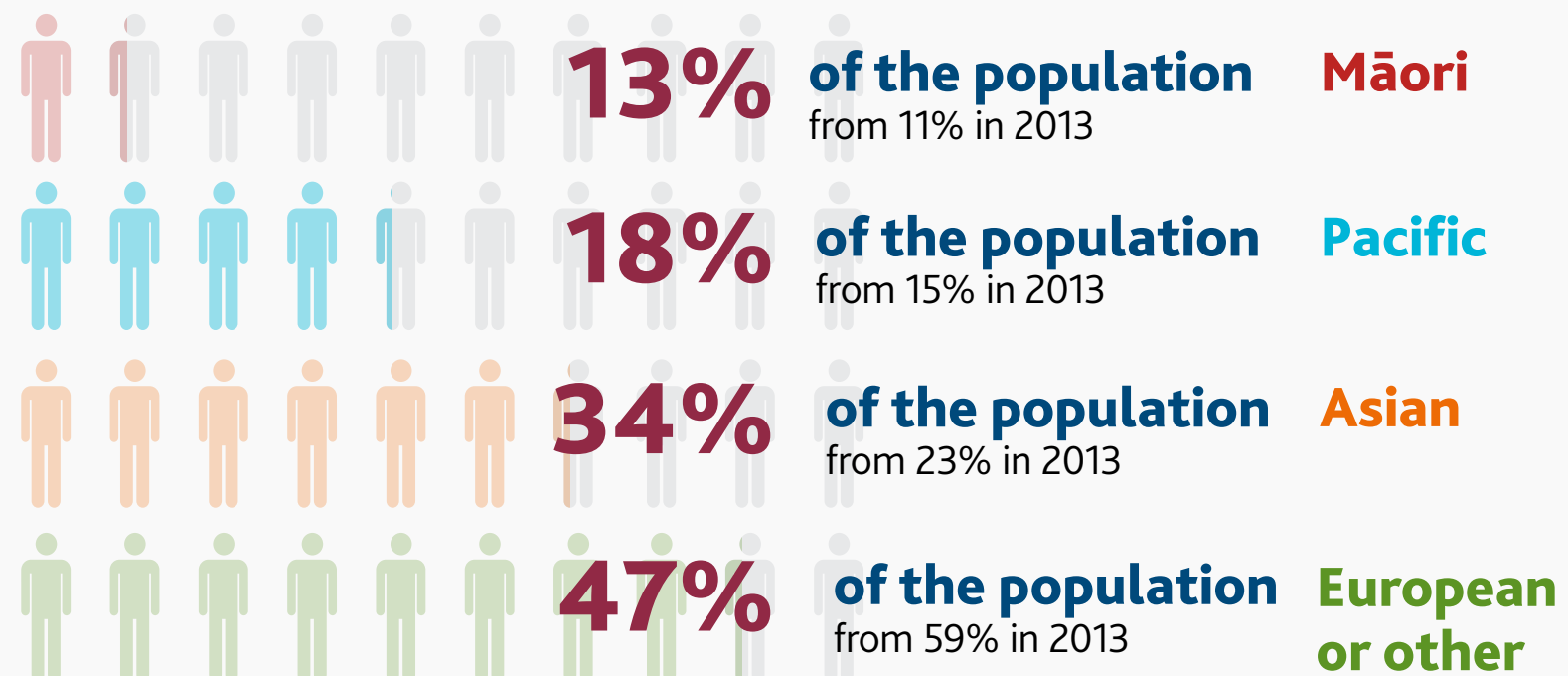
Whānau with young tamariki have identified that access to Te Reo and tikanga Māori is important to them.



AUCKLAND IN 2036

Māori, Asian and Pacific ethnic populations are growing at a higher than average rate, which means that their share of the total population will increase in most areas.

This proportion was **49%** in 2013



Changes in age distribution

Children and young people represent **1/3** of Auckland's population



11.5% of Auckland's population are residents 65+



Both numbers are expected to continue growing

Inequitable outcomes between Māori and non-Māori

Māori are more likely to experience disparities in:



injuries and disease



housing and residential mobility

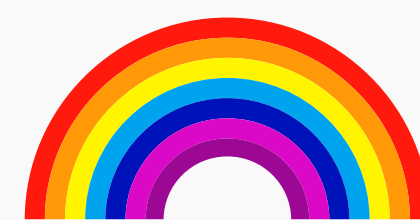


severe child poverty



education outcomes

LGBTI



Auckland region has the largest Rainbow population in New Zealand.

Nearly **45%** of gay men and

nearly **33%** of female same sex couples in New Zealand live in Auckland

Disability

One in five Aucklanders was identified as disabled in the 2013 Disability survey.



People aged 65+ were more likely to experience some form of disability. Māori and Pacific people had higher than average disability rates.



ME PĒHEA TĀTOU E HIKI AI I TE TUAKIRI ME TE ORANGA O TE IWĪ MĀORI?

HOW DO WE ENHANCE MĀORI IDENTITY AND WELLBEING?

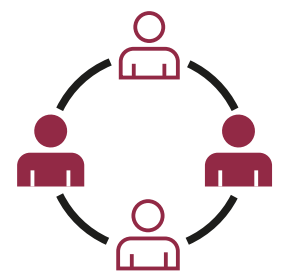
Maori identity is our unique point of difference in Tāmaki Makaurau. We want strong and vibrant Māori communities that thrive, socially, culturally, economically and environmentally.



Auckland Council is strongly committed to recognising Te Tiriti o Waitangi. Our region's cultural roots provide a strong foundation for our intercultural society by providing opportunities for all Aucklanders to understand and engage in Māori culture and language, local Māori history, perspective and values. Our region is home to the country's largest Māori population, and mana whenua retain cultural traditions and heritage that make Auckland unique.

We focus on building relationships with mana whenua and mataawaka to help build strong Māori communities. Auckland Council's co-governance model means working in partnership. We are a partner in several co-governance arrangements with iwi and have an important relationship with the Independent Māori Statutory Board.

From frameworks developed to improve council services to Māori and public artworks that celebrate stories and history across Tāmaki Makaurau, opportunities are many. We now need to work together to successfully deliver on agreed priorities that will contribute to, and promote, Māori identity and wellbeing.



ME PĒHEA TĀ TĀTOU HAUMI KI NGĀ WHAKAURUNGA HEI TAUTOKO I Ō TĀTOU HAPORI? HOW SHOULD WE INVEST IN FACILITIES TO SUPPORT OUR COMMUNITIES?

We need to respond to the changing needs of Aucklanders, ensuring our facilities are safe and well maintained.

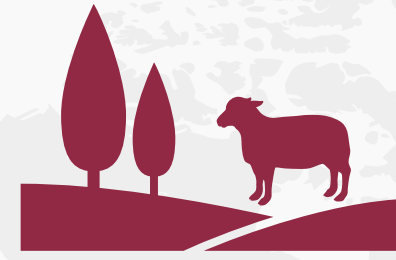


We know the importance of providing a place for communities to meet, have access to books and internet, as well as encouraging general health and fitness at our leisure facilities. Our first challenge is to evolve our services to ensure they are relevant to our diverse and changing communities. Secondly, we need to balance ongoing development and maintenance costs alongside 'big-ticket' issues such as weathertightness and seismic strength.

Funding of \$961 million has been allocated from now until 2028 for refurbishing our current facilities and we will prioritise this spending to those buildings and communities that need it most. However, simply to maintain all existing assets to an acceptable standard would require an additional \$750 million. Future planning for our spaces and places requires innovative thinking around ownership, design, partnership and operation.

We will continue to encourage communities across the region to participate in the decisions we need to make in their area as we resolve what to fund and where. The challenge will be making trade-offs between rebuilding our old facilities and investing in new facilities that better meet our communities' needs now and into the future.

COMMUNITY FACILITIES



32
regional parks



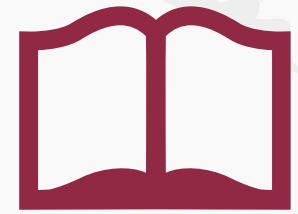
3575
local parks



190
sports parks



54
cemeteries



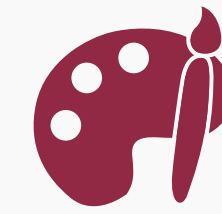
55
libraries



191
community halls
/centres



42
recreational
/aquatic facilities



40
art facilities



The newly-opened multipurpose facility, Te Manawa, is the first of its kind in Auckland – both a community hub and library built for the city of the future and generations to come.





ME PĒHEA TĀTOU E TIAKI AI I TŌ TĀTOU TAI AO TAKETAKE?

HOW DO WE PROTECT OUR NATURAL ENVIRONMENT?

We invest in programmes and practices that safeguard our environment.



Looking after the environment is a key component of planning for our future. As a council, our role is to nurture, look after and monitor our environment and we are working hard to protect our region from a variety of threats – both natural and manmade.

The introduction of the Natural Environment Targeted Rate in July 2018 will enable investment of \$311 million (over 10 years) across a variety of areas. This includes programmes that protect parks, islands, marine and freshwater areas and measures to combat Kauri dieback disease. Meanwhile, our Pest Free Auckland initiative, has increased possum patrols, biosecurity measures and control of pests and weeds within Auckland Council parks.

The introduction of the Water Quality Targeted Rate has also enabled additional investment of \$452 million over 10 years to improve water quality by rehabilitating streams and reducing wastewater and septic tank run-off.

There's more that could be done; the challenge is to decide what should be done and how. Emerging technologies provide opportunities for change and more partnerships with central government and volunteer groups can make a big impact. Growing our public transport network and encouraging people out of their cars will have a positive effect on air quality and shrink our carbon footprint.

OUR ENVIRONMENT



6000km
of stormwater
pipes



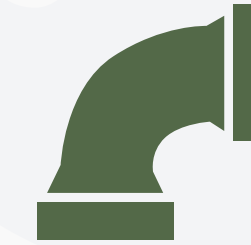
541
ponds
and wetlands



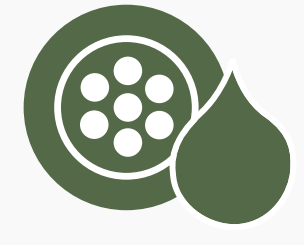
150,000
manholes



12
dams



9096km
of water pipes



515
wastewater
pump stations



13
bores and
springs



3
river
sources



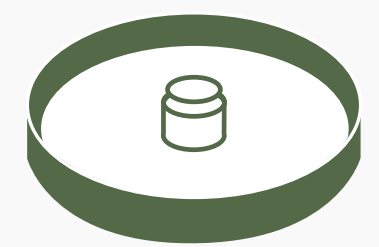
15
water treatment
plants



91
reservoirs



7999km
of wastewater
pipes



18
wastewater
treatment plants





ME AHA TĀTOU E URUPARE AI KI TE REREKĒTANGA O TE ĀHUARANGI? HOW DO WE RESPOND TO CLIMATE CHANGE?

Auckland Council has joined a growing community of cities around the world who have formally and publicly recognised the urgency for action on climate change by declaring a climate emergency.



The scientific consensus and evidence of climate change is widespread, and research and reports have shifted primarily toward better understanding of the pace and patterns of change and impacts. Recent research commissioned by the council to better understand regional climate impacts for the Auckland region shows Auckland's mean annual temperature is rising, rainfall patterns are changing, and our coastlines are being increasingly impacted by ongoing sea level rise.

In response, Auckland's ambitious targets and leadership on tackling climate change have earned recognition at a global level. And, on 11 June 2019, council approved public consultation of a draft climate framework for Auckland – Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Framework.

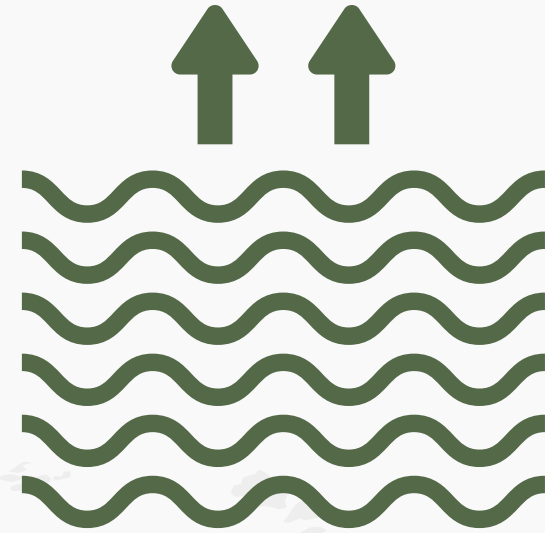
The draft framework outlines key actions to increase Auckland's resilience to climate change and reach our emissions target. What does this mean? It means every decision we make is done with the aim of creating a more resilient, zero carbon, healthy Auckland.

The task for Auckland Council will be to lead many of the actions needed and assume advocacy, partnership, support, delivery or facilitation roles in others. This will be a key part of the 10-year budget 2021-2031.

THE CLIMATE CHANGE THREAT



Increasing temperatures
over 90 extra hot days
by 2110



Sea level rise
One metre
by 2100



Changing rainfall patterns



Increase in extreme weather
(storm intensity,
flooding, droughts)





ME PĒHEA TE UTU ATU? HOW DO WE PAY FOR IT?

Supporting our growth requires investment in infrastructure while supporting current services and maintaining and renewing current assets.



In our 10-year Budget 2018-2028 we pledged \$26 billion capital investment for new and existing projects. We fund expenditure from different sources, including general rates, but with a current cap on average increases of 3.5 per cent each year, we must generate funding from other sources.

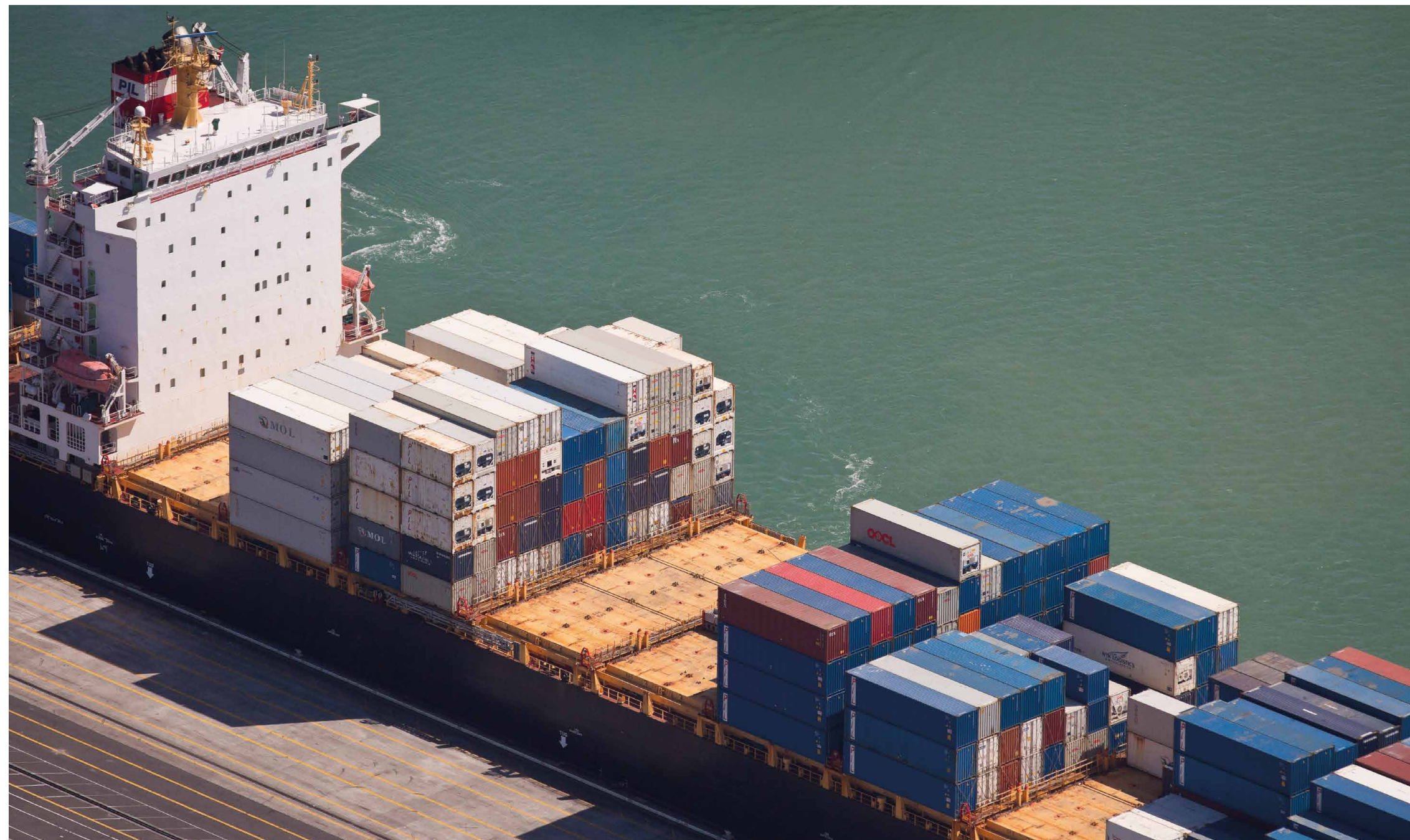
The planned sale of non-strategic and surplus assets is forecast to raise \$800 million. Our Corporate Property Strategy will also make the best use of the money tied up in our office building portfolio and avoid a budget shortfall of an estimated \$117 million in servicing and maintenance costs. Value for Money benefits are projected to be \$500 million over the next 10 years and our efficiency savings target of \$63 million by 2021 is currently on track.

Even with the practices outlined above, the impact of our record investment will see debt increase to more than \$13 billion by June 2028. However, this would still fall within council's own self-imposed, and prudent debt ceiling, which enables council to maintain an AA credit rating.

So what else could be done?

Traditional funding mechanisms will not satisfy the levels of funding we need and additional demands such as the increased investment for the City Rail Link have increased pressure on our finances. Looking to the future, we have the opportunity to work in partnership with central government and the private sector to find significant new infrastructure financing and funding streams. Additionally, we could look at further asset sales, increasing service fees or public transport fares and rates.

These options will need to be considered by the newly elected council in 2020, as it prepares the 10-year budget 2021-2031, for public consultation in early 2021.



NGĀ KAUPAPA MATUA MAJOR PROJECTS

Over the next term our elected members will need to make key decisions to support the delivery of the capital investment programme included in the 10-year Budget 2018-2028.

The major projects being invested in during the three years 2020/2021, 2021/2022 and 2022/2023 include:

INVESTING IN OUR WATER NETWORKS

Central Interceptor

The \$1.2 billion project will reduce wastewater overflows, reduce environmental risks, increase network flexibility and provide increased capacity to support our growth.



Western isthmus water quality programme

This collaborative project leverages the investment in the Central Interceptor to enable significant improvements in the stormwater network, reduce wastewater overflows into our waterways and improve our streams and beaches. The Water Quality Targeted Rate has allowed us to accelerate this work.

CCO INVESTMENTS

Transform and Unlock programme

Panuku is leading the redevelopment and regeneration of town centres, creation of public spaces and facilitation of housing development.

Ports of Auckland capital investment programme

Ports of Auckland is in the midst of a major investment programme to increase capacity, efficiency and returns. This includes container terminal automation, construction of a car handling facility and capital investment at its Waikato Freight Hub.

Auckland Zoo

We are continuing to develop Auckland Zoo as a world class zoo and conservation facility. We're addressing the aging infrastructure and long-term under-investment to ensure the zoo meets modern standards of animal welfare, visitor amenity, wildlife exhibition and health and safety obligations.



NGĀ KAUPAPA MATUA MAJOR PROJECTS

TRANSPORT INVESTMENT

By far the largest area of investment in our plans is in improvements to our transport networks. Major projects in this period include:

City Rail Link

Our top priority transport project is the construction of twin rail tunnels connecting Britomart with Mt Eden station. This project will more than double the capacity of our rail network and significantly reduce journey times. Auckland Council will contribute half of the \$4.4 billion cost of the project.



Eastern Busway

Delivery of a busway from Panmure to Pakuranga and through to Botany. This project will improve transport options by making public transport, walking and cycling realistic options between the area and the rest of Auckland.

Rosedale and Constellation bus stations

New and improved busway stations to improve transport options in these busy areas.

Road safety programmes

Auckland Council is investing significantly in projects to combat the substantial increases in deaths and serious injuries on our road network. The investment covers both rural and urban safety programmes as well as initiatives such as speed management and increased red light cameras.

Active transport programmes

Auckland Council encourages walking and cycling. Key initiatives are underway such as walking and cycling connection to the Glen Innes to Tamaki Drive Shared Path and extending the walking and cycling network across Barrowcliffe bridge. We are also delivering events, trainings, campaigns and activities that promote cycling and cycle safety.

COMMUNITY ASSETS

Open space land acquisition programme

We continue to acquire land across the region to provide a variety of different types of parks for Aucklanders to enjoy.

City centre development programme

Over the next 10 years, Auckland Council has a vision to transform the waterfront into an attractive, people friendly environment. The transformation will support the 36th America's Cup, Asia-Pacific Economic Forum (APEC), and Te Matatini in 2021.



TE TIROHANGA TAKE PŪTEA WHĀNUI FINANCIAL OVERVIEW

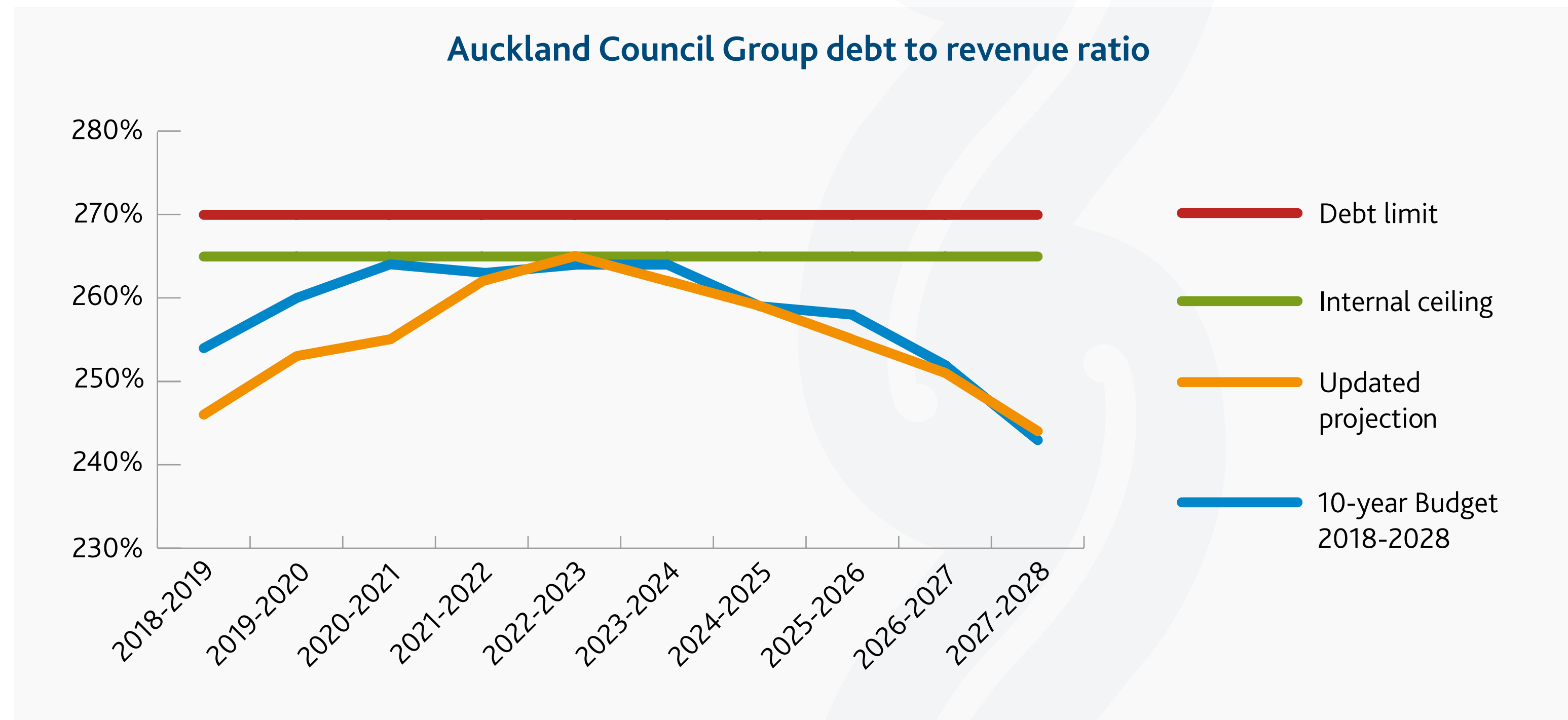
Auckland Council's financial strategy

Our financial strategy sets out our approach to balancing the need for investment in our city with ensuring the costs of that investment are acceptable.

Limits on rates increases are consulted on through the 10-year Budget to ensure that rates costs are acceptable to the community.

Limits on the level of borrowing ensure costs remain acceptable both in the short term through providing access to lower interest rates and in the long term by not burdening future generations with high interest and principal repayments.

The chart below shows the projected debt to revenue ratio included in the 10-year Budget and when updated to account for subsequent decisions.



TE TIROHANGA TAKE PŪTEA WHĀNUI

FINANCIAL OVERVIEW

Performance against Financial Strategy

| Rates | | Annual Report | | Forecast |
|---------------------------|--------|---------------|-----------|-----------|
| | | 2016/2017 | 2017/2018 | 2018/2019 |
| Rates income (\$ billion) | Limit | 1.51 | 1.58 | 1.69 |
| | Actual | 1.49 | 1.54 | 1.68 |
| Rates increases | Limit | 3.50% | 3.50% | 3.50% |
| | Actual | 2.57% | 2.31% | 2.85% |

| Borrowing | Limit | Annual Report | | Forecast |
|---|-------|---------------|-----------|-----------|
| | | 2016/2017 | 2017/2018 | 2018/2019 |
| Net debt as a percentage of total revenue | 275% | 199% | 206% | – |
| Net interest as a percentage of total revenue | 15% | 10% | 10% | – |
| Net interest as a percentage of annual rates income | 25% | 18% | 18% | – |
| Group debt to revenue | 270% | – | – | 246% |

Note: Limit on borrowing was reduced to a single measure in the financial strategy included in the 10-year Budget 2018-2028.

| Return on Investments | | Annual Report | | Forecast |
|---|--------|---------------|-----------|-----------|
| | | 2016/2017 | 2017/2018 | 2018/2019 |
| Return on equity investments in commercial activities | Target | 7% | 7% | 3.0%** |
| | Actual | 10% | 24% | 10.4% |
| Return on Diversified Assets Portfolio* | Target | 7.0% | – | – |
| | Actual | 8.6% | – | – |
| Return on Trusts and reserves | Target | 2.26% | 1.75% | 1.50% |
| | Actual | 3.86% | 3.25% | 3.10% |
| Return on council's investment in NZLGFA | Target | 4.50% | 4.50% | – |
| | Actual | 5.56% | 5.14% | – |

* Diversified Assets Portfolio was sold down in September 2017 and all measures and targets were reviewed for the financial strategy included in the 10-year budget 2018-2028.

** From 2018/2019 this target relates to annual growth in dividends.

TE TIROHANGA TAKE PŪTEA WHĀNUI

FINANCIAL OVERVIEW

Operating and capital expenditure

The Annual Budget 2019/2020 included updated projections for both capital and operating expenditure for the 10-year Budget period to reflect the impact of decisions made in the preparation of the budget including:

- The increased funding commitment for the CRL project
- Updated timing projections for capital projects
- Updated interest rates

| Capital investment | | | | |
|--------------------------|-----------|-----------|-----------|-----------|
| \$ million | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 |
| 10-year Budget 2018-2028 | 2,510 | 2,515 | 2,597 | 2,587 |
| Updated projection | 2,762 | 2,691 | 2,912 | 2,669 |

| Operating expenditure | | | | |
|--------------------------|-----------|-----------|-----------|-----------|
| \$ million | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 |
| 10-year Budget 2018-2028 | 4,172 | 4,347 | 4,521 | 4,688 |
| Updated projection | 4,236 | 4,363 | 4,545 | 4,724 |

TE TIROHANGA TAKE PŪTEA WHĀNUI FINANCIAL OVERVIEW

Funding Impact Statement

| (\$ millions) | Annual Report | | Forecast | Annual Budget | 10-year Budget 2018-2028 | | |
|---|---------------|--------------|--------------|---------------|--------------------------|--------------|--------------|
| | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 |
| Sources of operating funding: | | | | | | | |
| General rates, UAGCs, rates penalties | 1,463 | 1,514 | 1,579 | 1,654 | 1,752 | 1,849 | 1,950 |
| Targeted rates | 185 | 200 | 212 | 230 | 220 | 227 | 232 |
| Subsidies and grants for operating purposes | 272 | 286 | 299 | 321 | 306 | 314 | 321 |
| Fees and charges | 1,193 | 1,261 | 1,366 | 1,411 | 1,530 | 1,594 | 1,657 |
| Interest and dividends from investments | 17 | 94 | 75 | 71 | 71 | 71 | 72 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 331 | 308 | 446 | 445 | 440 | 456 | 471 |
| Total operating funding | 3,461 | 3,663 | 3,948 | 4,130 | 4,318 | 4,510 | 4,704 |
| Applications of operating funding: | | | | | | | |
| Payment to staff and suppliers | 2,375 | 2,444 | 2,577 | 2,822 | 2,744 | 2,817 | 2,911 |
| Finance costs | 424 | 456 | 466 | 453 | 562 | 594 | 611 |
| Other operating funding applications | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 2,799 | 2,900 | 3,043 | 3,274 | 3,307 | 3,412 | 3,522 |
| | | | | | | | |
| Surplus (deficit) of operating funding | 662 | 763 | 905 | 856 | 1,011 | 1,098 | 1,181 |

TE TIROHANGA TAKE PŪTEA WHĀNUI FINANCIAL OVERVIEW

Funding Impact Statement continued...

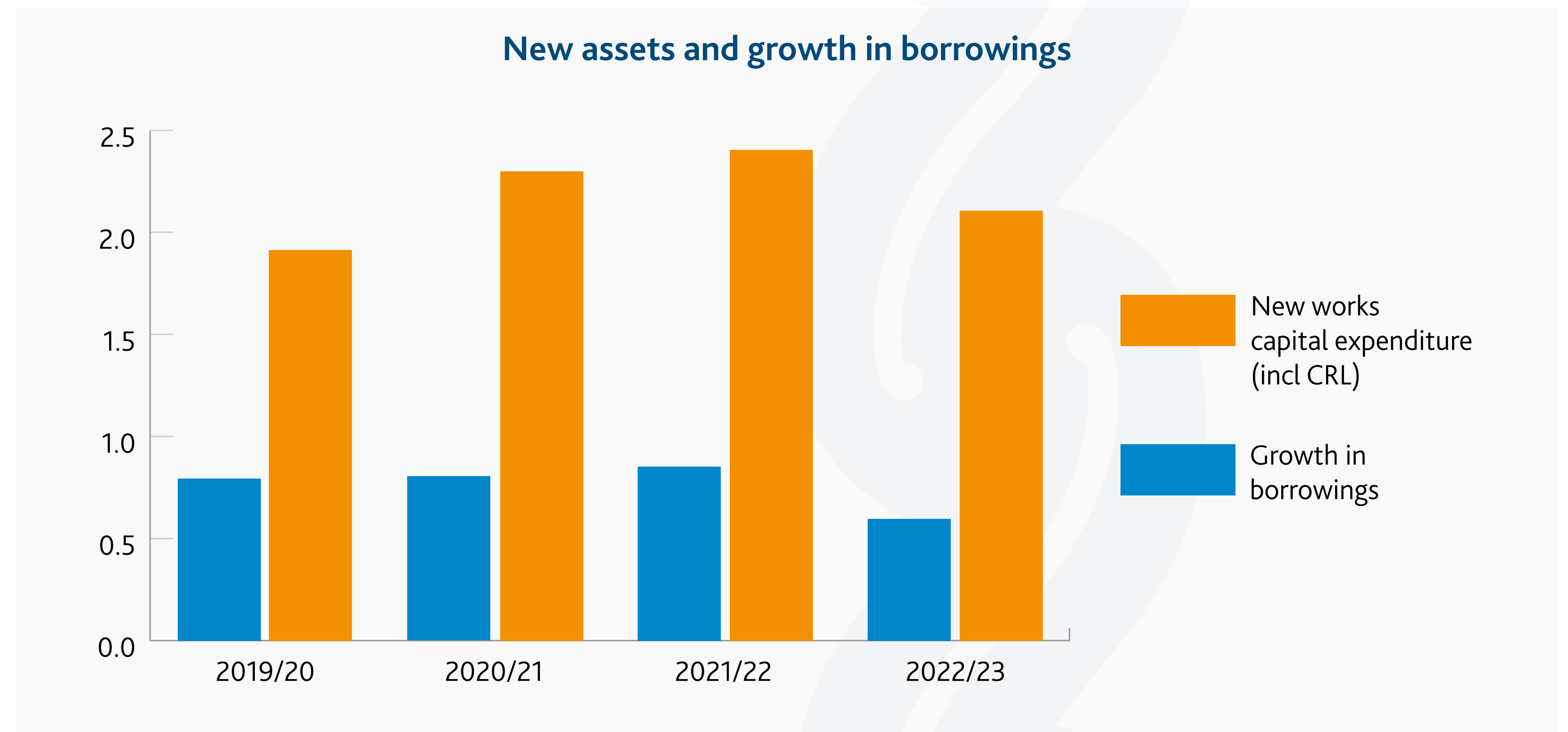
| (\$ millions) | Annual Report | | Forecast | Annual Budget | 10-year Budget 2018-2028 | | |
|--|---------------|--------------|--------------|---------------|--------------------------|----------------|----------------|
| | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 |
| Sources of capital funding: | | | | | | | |
| Subsidies and grants for capital expenditure | 187 | 211 | 256 | 517 | 475 | 471 | 431 |
| Development and financial contributions | 164 | 180 | 203 | 258 | 307 | 298 | 301 |
| Increase (decrease) in debt | 629 | 308 | 308 | 792 | 712 | 485 | 543 |
| Gross proceeds from sale of assets | 77 | 231 | 62 | 255 | 71 | 174 | 65 |
| Lump sum contributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 1,057 | 930 | 829 | 1,821 | 1,565 | 1,428 | 1,340 |
| Application of capital funding: | | | | | | | |
| Capital expenditure: | | | | | | | |
| - to meet additional demand | 504 | 625 | 657 | 887 | 775 | 806 | 679 |
| - to improve the level of service | 633 | 426 | 736 | 824 | 739 | 719 | 845 |
| - to replace existing assets | 523 | 619 | 612 | 760 | 601 | 623 | 689 |
| Increase (decrease) in reserves | 53 | 34 | 109 | 160 | 79 | 39 | 17 |
| Increase (decrease) in investments | 6 | (11) | (379) | 46 | 383 | 338 | 292 |
| Total applications of capital funding | 1,719 | 1,693 | 1,734 | 2,678 | 2,577 | 2,526 | 2,521 |
| Surplus (deficit) of capital funding | (662) | (763) | (905) | (856) | (1,011) | (1,098) | (1,181) |
| Funding balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

TE TIROHANGA TAKE PŪTEA WHĀNUI FINANCIAL OVERVIEW

Growing council's asset base

We continue to grow our infrastructure asset base as we seek to provide for a growing city, catch up on previous underinvestment and provide improved services to Aucklanders. To ensure alignment with our financial strategy this investment has increasingly been funded from non-debt sources, leading to faster asset growth than growth in borrowing.

The chart below shows our updated projections of growth in borrowings and non-renewals capital investment.



TE TIROHANGA TAKE PŪTEA WHĀNUI

FINANCIAL OVERVIEW

Summary Balance Sheet

| (\$ millions) | Annual Report | | Forecast | Annual Budget | 10-year Budget 2018-2028 | | |
|--|---------------|---------------|---------------|---------------|--------------------------|---------------|---------------|
| As at 30 June | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Assets: | | | | | | | |
| Financial assets | 1,278 | 1,568 | 1,109 | 1,159 | 1,071 | 1,093 | 1,110 |
| Property, plant and equipment | 43,361 | 46,730 | 48,128 | 50,644 | 53,865 | 55,220 | 57,708 |
| Intangible assets | 511 | 563 | 615 | 525 | 499 | 485 | 466 |
| Investment property | 735 | 761 | 792 | 761 | 735 | 735 | 735 |
| Investment in associates and joint ventures* | 1,096 | 1,751 | 1,816 | 2,032 | 2,268 | 2,614 | 2,925 |
| Other assets | 378 | 89 | 68 | 194 | 224 | 115 | 95 |
| Total assets | 47,359 | 51,462 | 52,528 | 55,316 | 58,662 | 60,262 | 63,039 |
| Liabilities: | | | | | | | |
| Council debt | 8,300 | 8,832 | 8,956 | 9,720 | 10,656 | 11,142 | 11,685 |
| Other liabilities | 3,283 | 3,828 | 4,379 | 3,955 | 3,777 | 3,816 | 3,905 |
| Total liabilities | 11,583 | 12,660 | 13,335 | 13,675 | 14,433 | 14,958 | 15,590 |
| | | | | | | | |
| Ratepayer equity | 35,776 | 38,802 | 39,193 | 41,642 | 44,229 | 45,304 | 47,449 |

* This represents Auckland Council's investments in City Rail Link Limited and Auckland International Airport Limited.

Basis of preparation

- Financials for 2016/2017 and 2017/2018 are taken from the audited accounts included in the Auckland Council Group annual reports.
- Final accounts for the 2018/2019 were not available at the time of preparing this report. Officers have therefore prepared forecast figures based on the quarter three results to 31 March 2019.
- Figures for the current financial year (2019/2020) are taken from the recently adopted Annual Budget.
- Financial information for the three years following election is taken from the 10-year Budget 2018-2028.

