Te Tahua Taungahuru Te Mahere Taungahuru 2018-2028

The 10-year Budget

Long-term Plan 2018-2028

Volume 1:
Overview

Auckland Council
Te Kaunihera o Tāmaki Makaurau

He Mihi

Tērā tō waka te hoea ake e koe i te moana o te Waitematā kia ū mai rā ki te ākau i Ōkahu.
Ki reira, ka mihi ake ai ki ngā maunga here kōrero,
ki ngā pari whakarongo tai,
ki ngā awa tuku kiri o ōna manawhenua, ōna mana ā-iwi taketake mai, tauiwi atu.
E koro mā, e kui mā i te wāhi ngaro, ko Tāmaki Makaurau tā koutou i whakarere iho ai, ki ngā reanga whakaheke,
ki ngā uri whakatupu – ki tō iti, ki tō rahi.
Tāmaki – makau a te rau, murau a te tini, wenerau a te mano. Kāhore tō rite i te ao.
Tō ahureinga titi rawa ki ngā pūmanawa o mātou kua whakakāinga ki roto i a koe.
Kua noho mai koe hei toka herenga i ō mātou manako katoa.
Kua ūhia nei mātou e koe ki te korowai o tō atawhai, ki te āhuru o tō awhi, ki te kuku rawa o tō manawa.
He mea tūturu tonu whakairihia, hei tāhuhu mō te rangi e tū iho nei, hei whāriki mō te papa e takoto ake nei.
Kia kōpakina mātou e koe ki raro i te whakamarumaru o āu manaakitanga.
E te marae whakatutū puehu o te mano whāioio, e rokohanga nei i ngā muna, te huna tonu i ō whāruarua
i ngā hua e taea te hauhake i ō māra kai, i ngā rawa e āhei te kekerihia i ō pūkoro. Te mihia nei koe e mātou.
Tāmaki Makaurau, ko koe me tō kotahi i te ao nei, nōku te māringanui kia mōhio ki a koe, kia miria e te kakara o
te hau pūangi e kawe nei i ō rongo.
Ka whītiki nei au i taku hope ki ngā pepehā o onamata, ki ōku tūmanako mō āpōpō me ōku whakaritenga kua
tutuki mō te rā nei.
Tāmaki Makaurau, tukuna tō wairua kia rere.

Let your canoe carry you across the waters of the Waitematā until you make landfall at Ōkahu.
There, to greet the mountains, repository of all that has been said of this place,
there to greet the cliffs that have heard the ebb and flow of the tides of time, and the rivers that cleansed the forebears
of all who came,
those born of this land and the newcomers among us all.
To all who have passed into realms unseen, Auckland is the legacy you leave to those who follow,
your descendants – the least, yet, greatest part of you all.
Auckland – beloved of hundreds, famed among the multitude, envy of thousands. You are unique in the world.
Your beauty is infused in the hearts and minds of those of us who call you home.
You remain the rock upon which our dreams are built.
You have cloaked us in your care, taken us into the safety of your embrace, to the very soul of your existence.
It is only right that you are held in high esteem, the solid ground on which all can stand. You bestow your benevolence
on us all.
The hive of industry you have become motivates many to delve the undiscovered secrets of your realm,
the fruits that can still be harvested from your food stores and the resources that lie fallow in your fields.
We thank you.
Auckland you stand alone in the world, it is my privilege to know you,
to be brushed by the gentle breeze that carries the fragrance of all that is you.
And so I gird myself with the promises of yesteryear, my hopes for tomorrow and my plans for today.

How this 10-year Budget 2018-2028 is arranged

Finding your way around the three volumes

Volume 1: An overview of our 10-year Budget

Part 1: Provides an introduction to our 10-year Budget including decisions made on the key issues which were consulted on. Our plan for the next 10 years includes a brief overview of the plans, strategies and budget that has been adopted by the Governing Body.

Part 2: Contains our prospective financial statements for 2018-2028 and other key financial information.

Part 3: Report from the Auditor General.

Part 4: Provides Supplementary information on how to contact the council, its structure and people. Glossary of terms and key word index.

Volume 2: Our detailed budgets, strategies and policies

Part 1: Our key strategies – including a Summary of The Auckland Plan 2050, discussion on Māori Identity and Wellbeing and Auckland's 30-year Infrastructure strategy and Financial strategy.

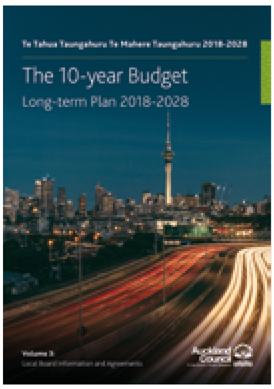
Part 2: Our Activities – key information on what services Auckland Council delivers, performance measures and budget.

Part 3: Our policies – Revenue and Financing policy, Funding impact statement (including the rating mechanism), Financial reporting and prudence benchmarks, Local board funding policy, Allocation of decision making responsibility for non-regulatory activities, Summary of Significance and Engagement policy and CCO Accountability policy.

Part 4: Summary of the Tūpuna Maunga Authority Operational Plan 2018/2019.

Part 5: Our Council-controlled organisations.

Part 6: Supplementary information – Glossary of terms and Key word index.



Volume 3: Local Board information and agreements

Part 1: Provides information on local boards, the development of local board plans and agreements and a summary of planned local board expenditure for 2018-2028.

Part 2: Contains specific information for each of the 21 local boards, including a local board agreement (outlining local activity initiatives and budgets for 2018/2019), and an introductory section that provides context for the agreement.

Part 3: Supplementary information – Glossary of terms and Key word index.

Rārangi kōrero
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Message from the Mayor

Auckland Council's 2018-2028 10-year Budget delivers $26.2 billion of investment into Auckland's infrastructure. The largest ever in the history of our city.

In striking this budget, we begin a decade of transformational change for Auckland that tackles the critical issues of transport congestion, housing affordability and protecting our environment.

These issues are the result of unprecedented population growth and historic underinvestment in Auckland's infrastructure. To protect our quality of life and to make Auckland a world class city, Council is acting decisively to invest to make Auckland a more exciting, efficient and inclusive place to live, work and play.

The Government and Council are together addressing congestion with a combined package of $28 billion of investment to transform our region's transport network. It will increase the provision of public transport, improve our road network and make it safer, expand cycle and walkways and tackle Auckland's growing congestion. Aucklanders will contribute our fair share in this expenditure through a regional fuel tax (RFT) at 10 cents per litre plus GST.

Building transport infrastructure is critical to supporting the delivery of more houses, unlocking greenfields developments and allowing for intensive housing development around transport hubs.

Many of Auckland's beaches, harbours, streams and aquifers have poor water quality. We had planned to fix the issues causing this problem over the next 30 years – now we're going to do it in 10 years. Some of this work will be funded by water and wastewater charges, and the rest ($452 million) by a water quality targeted rate.

A new natural environment targeted rate will enable us to spend $311 million to tackle the spread of Kauri dieback disease and the predators that are killing our native birds and trees. This work is critical to safeguard our natural heritage for our children and grandchildren.

As a coastal region we must adapt to climate change. An additional $90 million investment in our coastal assets and a further $40 million to address infrastructure repair work will enable us to better anticipate and respond to climate-related events.

Within the constraints of our resources, we also need to promote the innovation, diversity, inclusiveness, and cultural and recreational facilities that make Auckland a great city.

Funding of $120 million is available for the development of sports and recreation facilities. We are also increasing funding to Auckland's Art Gallery and supporting Aucklanders in our poorer communities to gain skills and access job opportunities through the expansion of the Southern Initiative into West Auckland.

This 10-year Budget will help deliver a world class Auckland while keeping rates low and reasonable. It also heralds a new level of transparency and accountability with targeted rates and the Regional Fuel Tax allowing Aucklanders to know exactly where their money is being spent. Ongoing Value for Money reviews are identifying cost savings and service improvements.

Auckland is a vibrant and dynamic region, and the coming decade will be exciting for our city. We are embarking on an investment programme at a level which has not been seen before in New Zealand. It is investment that will make our city a better place to live, that will allow us to grow while protecting our way of life and environment.

Phil Goff

Phil Goff

Message from the Chief Executive

Against a backdrop of significant population growth, this budget strikes a balance between investment in critical infrastructure, keeping rate rises low and reasonable, and funding the council services Aucklanders rely on.

The regional fuel tax will support the improvements in transport that Tāmaki Makaurau needs. This means our people will be helping to deliver more public transport, better roads, cycleways and walkways, and better options for Aucklanders to get around.

The water targeted rate will support us to get the right systems in place to stop overflows and keep our waters clean. This is a big and complex job, but our people are up for the challenge so that Aucklanders can enjoy our beaches.

We also have a strong team who care about and are working hard to protect our native birds and trees, including kauri. The targeted natural environment rate will put the work programmes in place that we need to tackle the impacts of Kauri dieback, the management of pests and look after our natural heritage.

At the same time, we'll be continuing our efforts to ensure that we deliver our council services as efficiently and effectively as possible.

Last year we began a series of Value for Money reviews, looking at cost effectiveness and efficiency across the council whānau. So far we have completed reviews for four services. Departments from the council and council-controlled organisations are busy working together to put the recommended actions in place, ensuring that we are offering good value for ratepayers and residents.

We will continue to drive efficiency by becoming a more digital council. We're now halfway to our target of making 70 per cent of our most common transactions available online by 2019. Customers can go online to pay for rates, register dogs, apply for licenses and consents, and make bookings at our many regional parks. We have more services in the pipeline to digitise and make things smarter for our customers.

Our corporate property strategy has benefits of $117 million. This money will help us fund better locations for the public to interact with the council. Better workplaces, coupled with our efforts to improve culture and engagement in the council, will drive better working conditions for staff and boost productivity. Ultimately this will help us attract and keep the talented, passionate people we need to be a great council for Tāmaki Makaurau.

We are committed to building a high performing organisation that will deliver the 10-year Budget and essential council services to all Aucklanders and visitors alike.

Stephen Town

Part 1: Our Plan
1.1 Auckland's Challenges

The recently revised Auckland Plan identified three key challenges facing Auckland. This 10-year Budget has focused on key aspects of each of these challenges and how the council can respond to them.

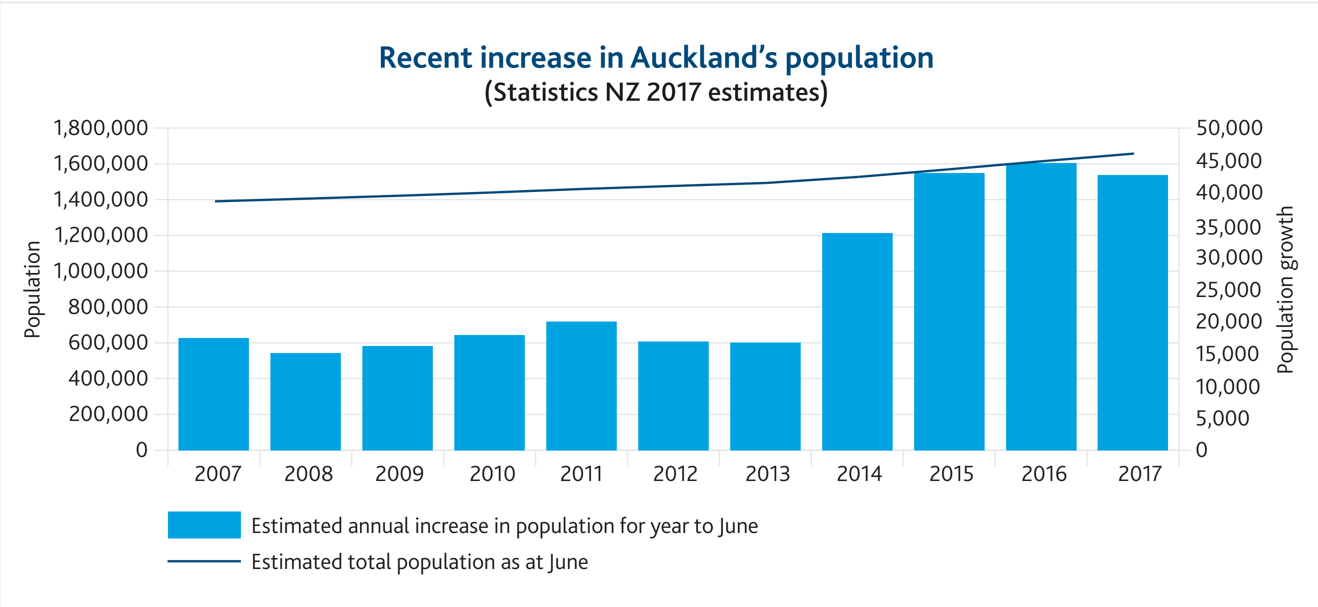
Key Challenge 1: Population growth and its implications

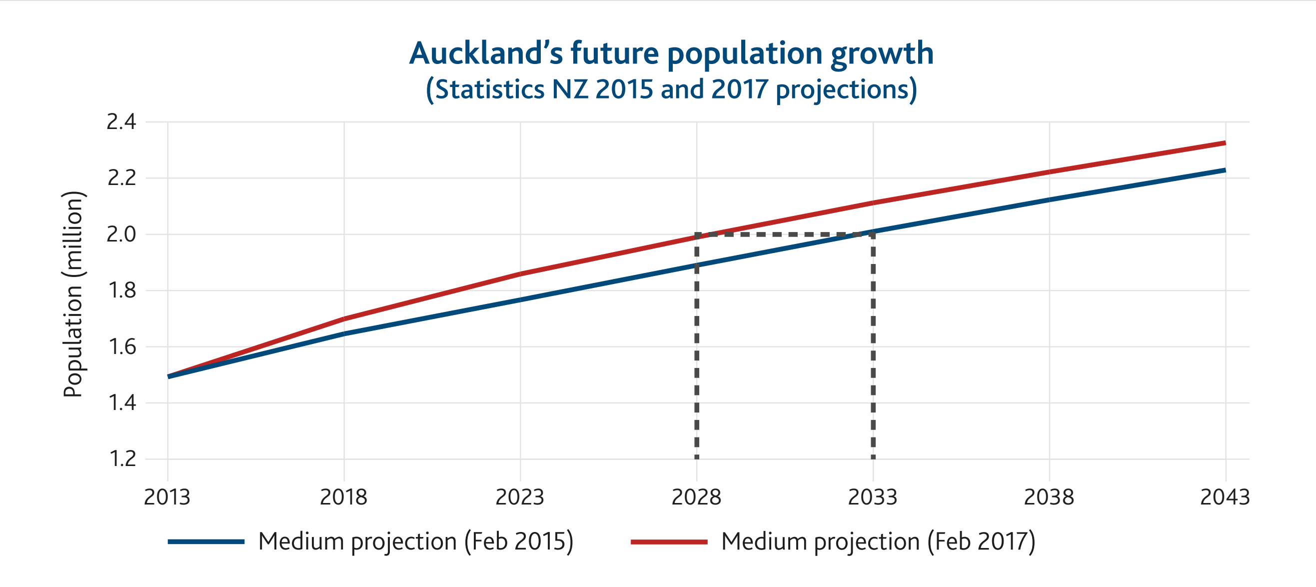
Our growth

Underpinning the challenges facing Auckland is the pace of growth that we have been experiencing for the last few years and expect to continue facing over the foreseeable future. Our growth has consistently exceeded forecasts and we expect to be a region of around two million people by 2028. That means the number of people in Auckland will grow by an amount equivalent to the size of the population of Tauranga every three years.

Growth presents us with many opportunities but also presents challenges with demand for new housing, increasing congestion on our roads and pressure on the natural environment.

In addition, there has been past underinvestment in key infrastructure such as transport, stormwater and some community facilities. The pressures of growth just exacerbate some of these existing problems.





Transport

The combination of rapid growth and a history of underinvestment in transport infrastructure, particularly public transport, means that Auckland's transport system does not meet our needs. Congestion costs the region $1 billion to $2 billion a year and other major transport challenges include:

- poor travel options, especially in lower income areas
- a near doubling of deaths and serious injuries on roads since 2012
- the need to reduce the transport system's environmental impact
- enabling and supporting a rapid acceleration in the rate of housing construction
- the need for streets to play a growing role in creating vibrant and inclusive places.

Addressing these transport issues has been a major focus since the councils of Auckland were amalgamated in 2010. Progress has been made in some areas, for example public transport use has grown by around 50 per cent since Auckland Council was formed. However, congestion continues to grow, with up to 800 cars arriving on our roads every week.

These issues reduce our economic productivity and lower the quality of life for those with long and unreliable commutes. Without major new investment, the transport network will struggle to provide sufficient capacity and travel choice to address current issues, let alone keep pace with the 300,000 extra people projected to live in Auckland over the next decade.

The level of investment required is beyond our ability to address on our own, and within traditional funding mechanisms. We need to work with central government to align our transport investments and to find new ways of funding transport infrastructure.

Community cohesion

The rate and speed of Auckland's population growth is putting pressure on our communities. It is not just the rate of growth but the increasing diversity of our population which requires planning and response. There is an increased demand for community infrastructure but also differing types of provision because of an ageing population and the different ethnicities that now call Auckland home. Responding to this changing picture means ensuring our community facilities are fit for purpose going forward and providing a range of community-building initiatives at a local level.

Housing

A major concern to Aucklanders is housing supply. The building of new houses has not kept pace with the growing population resulting in a shortage of housing and escalating prices. Housing availability and affordability are difficult problems to solve. The council does not build houses. Our role is to:

- enable development through our planning functions; such as the Unitary Plan
- provide infrastructure such as (transport, water, community facilities) to support new housing areas and intensification of existing areas
- work with central government, iwi and the private sector to support their building programmes
- regenerate town centres to make them more attractive for development of new housing and businesses.

Infrastructure is a key enabler of housing development, but it is also expensive. While some of the cost can be recovered from developers, often this is long after we have built the infrastructure, and in the meantime, we borrow to cover that cost. We are nearing the limits of what we can sustainably borrow, but the demand to make land available for new housing continues to grow.

Key Challenge 2: Sharing prosperity with all Aucklanders

Many Aucklanders are prosperous and have high living standards, yet there are significant levels of socio-economic deprivation, often in distinct 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. In part this is due to unequal access to education and employment opportunities. Along with high and often unaffordable housing costs this is resulting in fewer Aucklanders being able to fully prosper. As Auckland continues to grow, we need to play our part in ensuring that all Aucklanders can benefit from the social and economic prosperity that growth brings and can participate in and enjoy community and civic life.

Māori are over represented in the areas of socio-economic deprivation. Current data tells us that while socio-economic indicators for Māori are improving, Māori are not benefitting from Auckland's success in comparison to most other Aucklanders. In housing, Māori have higher rates of household crowding, low home ownership rates, and less stability due to high rents.

More than 50 per cent of Māori in Auckland are under the age of 25 and Māori are estimated to continue, over the next thirty years, to have a relatively young population. This means tamariki and rangatahi remain a priority focus. Income levels of Auckland's Māori are directly related to employment in lower paying jobs.

Key Challenge 3: Reducing environmental degradation

Environment

The latest State of the Environment (2015) report shows that while Auckland's air quality has improved significantly, marine and freshwater sites have been polluted by sediments and contaminants arising from development, building and industrial activities.

Our ageing sewerage and stormwater systems overflow after heavy rainfall, depositing contaminants into our natural waterways. Many of our beaches are unsafe for swimming after these storm events, with some being permanently closed.

In addition, approximately two-thirds of Auckland's local native species are under threat of extinction. Without substantial increases in investment in this area we estimate:

- the risk of Kauri dieback spreading is over 80 per cent
- only 30 per cent of significant ecological sites in council parks will have adequate pest control
- only 20 per cent of rural Auckland will have adequate possum control
- there is a high risk of marine pests establishing with risks to ecosystems and costs to aquatic industries.

Auckland's population growth places increasing pressure on the environment. The development of 15,000 hectares of future urban land identified in the Unitary Plan could cause further problems if not managed carefully. Increasing intensification in the existing urban area could exceed the capacity of our current infrastructure unless we invest in keeping up with the growth.

Climate change

Climate change is a global problem that we are experiencing increasingly at a local level. The most recent climate change projections for Auckland indicate warming temperatures, less annual rainfall in the north but more in the south and stronger winds. More frequent, and severe, weather events are expected. Some of our infrastructure may no longer be adequate to deal with more rainfall, or a warmer climate. Sea-level rise will increase risks for assets on the coast from inundation and erosion.

We are already seeing increasing problems with coastal assets, such as sea walls, being severely damaged during storms and roads such as Tāmaki Drive are experiencing inundation on a more regular basis.

Dealing with these issues takes careful planning and a much better understanding of our existing assets – which should be renewed, which should be replaced with more appropriate solutions and which may no longer be needed. It will also require more investment than we have currently been making to maintain these assets.

The Financial Challenge for Auckland Council

All of the challenges outlined above require additional investment to address them. Not all of these costs fall on the council but many of them do. Delivering this new investment while maintaining services such as parks, libraries and waste collection presents a significant financial challenge; balancing the need for investment with:

- acceptable costs to the community
- prudent management of debt and sustainable financial management.

We are forecasting about $26 billion of capital investment over the next 10 years and operating costs of around $4 billion to $5.6 billion each year.

We fund our expenditure from different sources depending on the nature of the cost. Our best known source of funding is general rates, charged to homes and businesses. However, more than half of our operating revenue comes from other sources such as water charges, public transport fares, consenting fees, central government subsidies and contributions from developers. We also borrow, when appropriate, for much of our investment in infrastructure roads, footpaths, pipes, and libraries. These are long life assets and by using borrowings, we spread the cost over the generations that use them.

The sustainable management of debt presents a major challenge. Council's approach to manage this challenge is to maintain an AA credit rating from Standard and Poor's (or similar rating from an independent rating agency). To ensure that debt levels continue to remain prudent and sustainable, the council has set a prudential limit of group debt being less than 270 per cent of group revenue. Breaching this ratio is likely to increase our interest costs.

We believe there is no public appetite for major rate increases and if we want to make progress with some of these big challenges that face us we need to find other ways of raising funds.

Part 1: Our Plan
1.2 The next 10 years

Over the years since the formation of Auckland Council we have been having conversations with Aucklanders about what they want for their city, both in the long term and in the next few years. These conversations have informed the recent revision of the Auckland Plan and the development of our 10-year Budget (LTP).

In this 10-year Budget we are prioritising our new investment to meet the most pressing needs of Auckland and looking at new ways to fund that investment.

Transport investment and the Regional Fuel Tax

As highlighted earlier in this document, transport is one of the top concerns of Aucklanders. The increasing congestion on our roads reduces our economic productivity (estimates range between $1 billion to $2 billion) and lowers the quality of life for those with long and unreliable commutes. Road safety also continues to deteriorate with a 65 per cent increase in road deaths and serious injuries in Auckland since 2013.

Earlier this year the council and the government jointly released the revised Auckland Transport Alignment Project (ATAP) which sets out key outcomes, focus areas and a package of projects and programmes to achieve those outcomes. This means that both the government's transport investment and the council's are aligned to achieve the best outcomes for Auckland.

In order to fund our additional contribution, we have decided to use a Regional Fuel Tax of 10 cents per litre (plus GST). The government has passed legislation enabling councils to do this. The Regional Fuel Tax will come into effect from 1 July 2018. It will raise revenue of $1.5 billion over 10 years. This will enable us to deliver a transport programme of $12 billion over the 10 years which will include $4.3 billion of transport projects supported by the Regional Fuel Tax ($1.5 billion plus subsidies from the New Zealand Transport Agency and developer contributions). When added to the rest of government funded projects in ATAP Auckland will have $28 billion of investment in transport over the next 10 years.

The key projects that are supported by the Regional Fuel Tax and will be delivered by Auckland Transport over the next 10 years are:

Project $ million		Additional capital investment		Additional operating cost	
		Total	RFT contribution	Total	RFT contribution
1	Bus priority improvements	266	100	72	35
2	City Centre bus infrastructure	163	62		
3	Improving Airport Access	68	26		
4	Eastern Busway (formerly AMETI)	743	193	17	8
5	Park and Rides	63	24		
6	Electric trains and stabling	396	150	129	63
7	Downtown ferry redevelopment	73	28		
8	Road Safety	552	210	30	15
9	Active transport	342	112		
10	Penlink	200	66		
11	Mill Road corridor	508	102		
12	Road corridor improvements	302	87		
13	Network Capacity and Performance improvements	296	99		
14	Growth related transport infrastructure	300	126		
Total		**4,272**	**1,385**	**248**	**121**

This programme will enable a significant step in transforming Auckland's transport system by achieving:

- improved road safety through supporting a substantial reduction in deaths and serious injuries
- increased availability and use of public transport, which enables more efficient use of existing infrastructure, provides travel options free from congestion and supports improved economic, environmental and social outcomes from less pollution, and from people and business traffic spending less time in congestion
- more active transport options (walking and cycling) with resultant health benefits and a positive impact on congestion
- improving access to employment areas which will enable improved economic and social outcomes
- enabling growth and housing development to address the current shortfall in housing stock.

Water infrastructure

Watercare Services Limited, a Council Controlled Organisation (CCO), is responsible for providing and maintaining the drinking water (water supply) network and the sewerage system (wastewater network). Watercare is funded from user charges for water and wastewater. Stormwater, the network that deals with rainwater from urban areas, such as roads is managed from within the council and is funded by rates and borrowings.

The water and wastewater networks are mostly in good shape and are being developed to cope with the growth of Auckland. However, much of the stormwater network is ageing and does not have sufficient capacity for the growth that is happening. In some areas there are still combined stormwater and wastewater networks. It is these issues that cause major problems in heavy rainfall with sewage and other contaminants polluting our natural waterways.

We did have a programme to fix these issues over the next 30 years but this will now be accelerated and addressed over the next 10 years. This programme will deliver:

Project	Outcomes
Stormwater upgrades and wastewater/ stormwater separation in the Western Isthmus	• reduces overflows into the Waitematā and Manukau harbours • beaches from Meola Reef to the Viaduct will be swimmable • reduction in intermittent beach closures • rehabilitation of Western Isthmus streams • reduces demand on the waste water network from stormwater, allowing greater housing intensification in the Western Isthmus catchments
Infrastructure for stormwater contaminant removal across the region	• reduction of sediment into the Kaipara Harbour • reduction in stormwater contaminants across the region
Rehabilitation of urban and rural streams	• improves the ecological health of the streams and reduces flow of contaminants into harbours • enables urban development in areas such as Oamaru creek in East Tamaki • stabilises areas of high stream erosion, reducing sedimentation in the harbours and protecting property and infrastructure
Introduction of a proactive regional septic tank monitoring programme	• develop a regional database of onsite systems, their design parameters and maintenance records • first step in identifying the individual properties contributing to the degradation of beaches and waterways, such as at Piha, Bethells Beach, and Little Oneroa on Waiheke

Some of this work will be funded from Watercare's water and wastewater charges. These were already projected to increase by 2.5 per cent per year for water supply and 3.3 per cent per year for wastewater. This increase will be sufficient to cover Watercare's contribution to the programme.

To pay for the balance ($452 million) we have decided to implement a targeted rate, based on property value. This will cost the average residential ratepayer $66 per year, and the average business ratepayer $308 per year.

Housing and development

The council's key role in housing is as an enabler. The Unitary Plan, which was adopted in 2016, sets out where development can occur. We also have a role in enabling development by providing infrastructure in a timely way. Much of this expenditure is eventually recovered from developers through developer contributions. However, it does require upfront financing, and the council's ability to borrow sustainably is now limited.

To address this we have a number of actions underway:

- the Regional Fuel Tax enables $300 million over 10 years as "seed funding" for transport projects in new development areas
- we are working with Crown Infrastructure Partners to find ways of funding some of the major infrastructure investments required to support growth
- investigation of targeted rates, for specific developments, to fund the infrastructure for that development.

We also have a programme, through Panuku Development Auckland (a CCO), to "Transform" or "Unlock" a number of centres around Auckland. Working with the private sector in these locations will enable new housing and business opportunities. This work will be funded through the development and sale of property within each development area.

The city centre will have its development programme accelerated to create a more family, pedestrian and environmentally friendly location, with timing focused on the America's Cup and APEC, due to be held in 2021.

The Downtown programme delivers a connected and accessible waterfront, prepares for growth of cruise and ferry services and supports activation of Queens Wharf. The total forecast cost of this programme is $430 million.

Our contribution to the America's Cup is also included in the 10-year Budget. This is $57 million of capital expenditure and $41 million of operating expenditure (excluding government contributions).

Other infrastructure

Coastal assets and climate change

The effects of climate change are increasingly being felt in storm damage to coastal assets and more frequent landslips across the region. We are implementing a programme to review all of our coastal assets and develop an asset management plan which will enable us to prioritise funding for the renewal of these assets. $1 million is provided in the first two years of the budget to prepare the plan and $10 million per year for the first three years to renew these assets. $79 million is provided for years four to 10 subject to the completion of the asset management plan.

We are also providing an additional $2 million per year for capital works to non-coastal assets and a $20 million response fund for reactive storm damage works.

Parks, recreation and community assets

A key part of our role, and one that is valued at a local level, is the provision of sport, recreational and community facilities. In addition to the existing programme to renew, upgrade and build new facilities we are providing funding in this budget to partner with community groups on increasing provision of indoor and outdoor sports facilities. This contestable fund of $120 million will enable us to leverage external funding to build these facilities to meet the needs of our growing population and their changing preferences. We will also be continuing to develop our network of swimming pools, recreation and leisure centres ($152 million).

As part of this 10-year Budget, each of our 21 Local Boards has identified a project that they believe to be the most important for their local community. Some of these projects are transport related and are therefore funded through the transport budget. Others are funded through existing regional budgets, but the remainder ($170 million) are projects focused on local communities. These projects include major park developments, indoor court facilities, town centre/precinct developments, beach erosion works and sustainability initiatives.

Protecting our environment

Many of the infrastructure projects already described will help improve our environment. A significant proportion of the transport investment is in public transport. Getting people out of their private car and onto a bus, ferry or train reduces vehicle emissions which has a positive benefit to air quality and our carbon footprint. Similarly, the more people on public transport the less congestion there is which means less travel time and less vehicle emissions.

The investment in the water quality project (described above) has direct environmental benefit for fresh water and marine ecosystems.

In addition, we are implementing an increased programme of environmental initiatives to address the spread of pests, weeds and diseases that are threatening many of our native species.

Activity	Programmes	Split of additional funding
Pest control	Management of pest plants and animals, including on parks, regional programmes, spread to islands, freshwater	40% ($124.4m)
Islands (Kawau, Waiheke, Aotea)	Pest eradication – Waiheke and Kawau multi-species	6% ($18.7m)
Kauri	Research, community engagement, hygiene stations	22% ($68.4m)
Kauri	Capex track upgrades, installation of vehicle wash downs	14% ($43.5m)
Marine biosecurity	Marine Biosecurity pathway management and response	1% ($3.1m)
Grant funding	Regional Ecological and Natural Heritage fund to support community action	4% ($12.4m)
Pest Free Auckland	Community engagement programme to support trapping, data management, grants, monitoring and reporting	9% ($28m)
Pest Free Auckland	CAPEX – Traps, data systems, telemetry	1% ($3.1m)
Marine ecology	Habitats – survey and evaluation	1% ($3.1m)
Marine ecology	Seabirds – implement monitoring and restoration	1% ($3.1m)

These projects will make a significant difference in a number of key areas. We expect to be able to reduce the risk of Kauri dieback disease spreading, from 80 per cent to 15 to 25 per cent. The number of significant ecological sites within council parks that have adequate control of pests and weeds will more than double, rural possum control will also be significantly increased.

To pay for this programme we are introducing a targeted rate which will enable $311 million investment over the 10 years. This rate will be set based on property value but for the average residential ratepayer will cost $47 per year and for the average business ratepayer $219 per year.

Another key initiative that has been underway for some time but takes another step forward in this 10-year Budget is the Waste Management and Minimisation Plan. We already offer kerbside recycling and inorganic collections across the Auckland region, which reduce the amount of waste going to landfill.

The next step in this programme is the introduction of food scrap collections across the urban area. This service is expected to divert approximately 50,000 tonnes per year from landfill which equates to approximately 21 per cent of kerbside waste. Alongside the rollout of this programme, user pays will be implemented for the remaining parts of Auckland that do not currently operate this way (the former Auckland and Manukau areas).

Other projects and programmes

The 10-year Budget has made provision for a range of other new, or increased, projects or programmes which support the community, many of them by working with community based partners. Some examples are:

- additional funding for co-governance entities – Tūpuna Maunga Authority ($16.8 million capital and $6.7 million operating), Ngāti Whātua Ōrākei Reserves Board ($7.7 million capital and $6.6 million operating), Te Poari o Kaipātiki ki Kaipara ($8.7 million capital and $2.8 million operating)
- additional funding ($4.3 million) of the contestable grant funds for arts and culture programmes, community development and safety programmes, and regional events. This brings the total amount of these funds to $20 million over the 10 years
- additional capital funding for Surf Lifesaving Northern Region for the development or renewal of facilities at Karioatahi, North Piha and Orewa ($3.7 million)
- a capital grant to the Auckland Marine Rescue Centre Trust for urgent repair and renewal of their building ($2 million)
- operating grants to – the Auckland City Mission ($475,000), Māngere Mountain Education Trust ($204,000), Hibiscus Youth Council Centre ($100,000).

Another partnership project follows the success of the place based programme in the south of Auckland (the Southern Initiative). This programme is being extended to the western part of Auckland with funding of $500,000 per year. This programme works with central government departments and community groups to address some of the social and economic challenges that these communities face.

Some additional funding has also gone into regional facilities such as Auckland Zoo (for renewals and animal acquisition) and the Art Gallery (for operating costs).

Māori

The council runs a programme, across the council group, which focuses on achieving improved outcomes for Māori – Te Toa Takitini. The Independent Māori Statutory Board has identified areas, for this 10-year Budget, where additional funding should be applied. These areas focus on improving visibility and support for Māori identity, relationship agreements with the 19 iwi of Tāmaki Makaurau, support for Māori economic development and infrastructure development for sites of cultural significance. This will bring the total budget for Te Toa Takitini to $150 million over the 10 years.

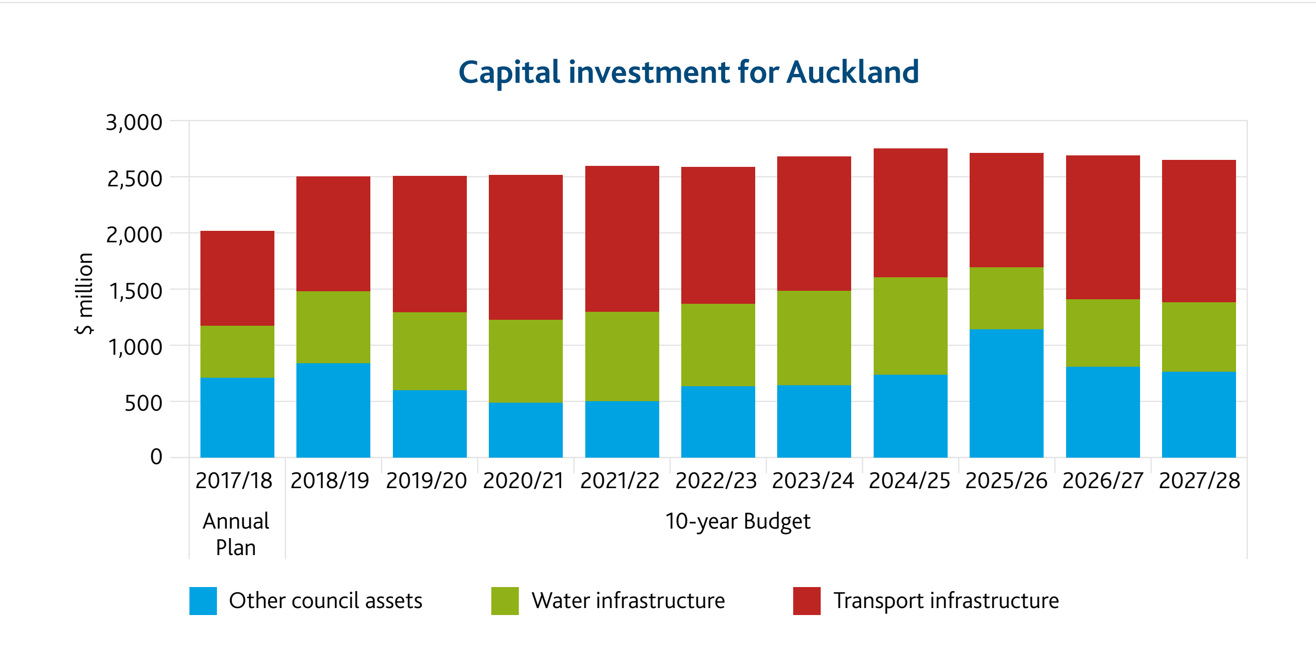
Financial impacts

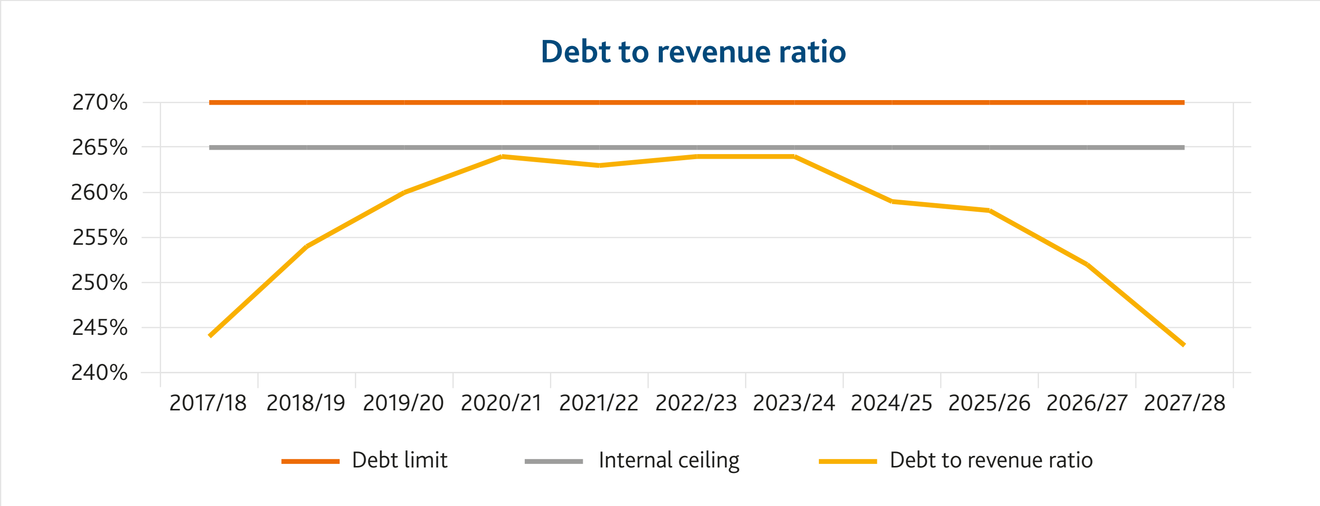
Capital Programme

The additional investment described in the sections above, when added to the existing projects and programmes in the base budget results in a capital investment of about $26 billion (including our funding of CRL Ltd and investment made by Crown Infrastructure Partners) over the next 10 years.

The capital programme includes $12 billion of transport infrastructure investment and $7.1 billion of water infrastructure. See the chart below:

This level of spend would result in council debt growing by $4.8 billion over the next 10 years, from $8.3 billion in June 2018 to $13.1 billion by June 2028. This level of debt still enables us to remain within our prudential borrowing ratios, particularly in respect of our target to keep borrowings at a level not exceeding 265 per cent of our revenue. To maintain our credit rating with Standard and Poors the limit is 270 per cent.




Debt to revenue ratio
270%
265%
260%
255%
250%
245%
240%
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
Debt limit
Internal ceiling
Debt to revenue ratio

Operating costs

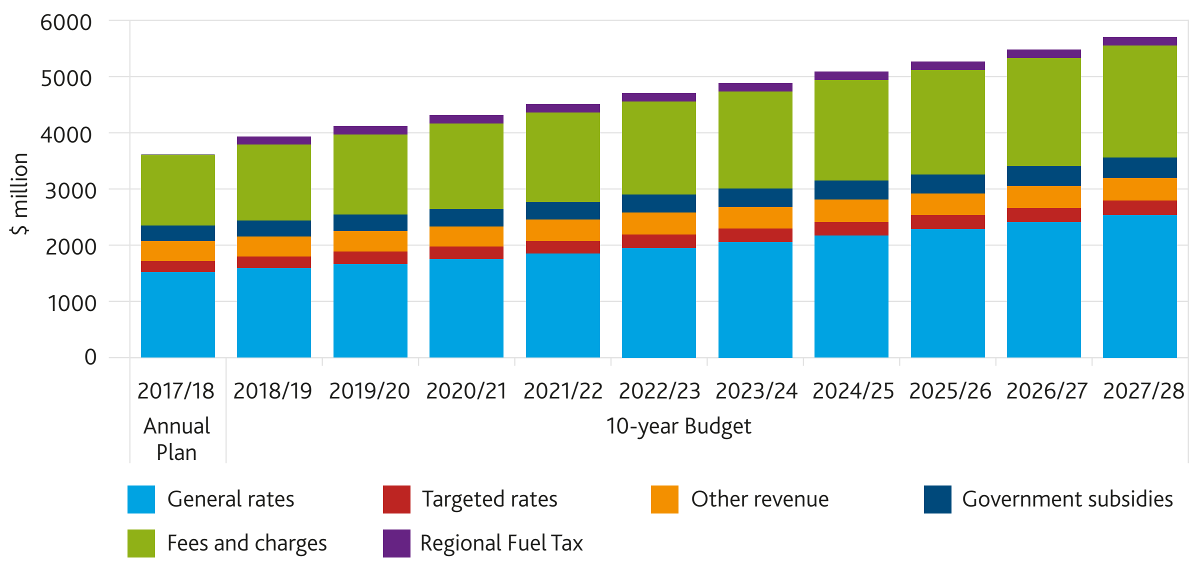
Operating costs cover provision of day to day services such as waste collection, mowing parks, maintaining our roads, footpaths, water and stormwater pipes, environmental protection, running our libraries, swimming pools and other community facilities. They also include interest and depreciation which are driven by our capital programme. In this 10-year Budget operating costs will move from $4 billion in 2018/19 to $5.6 billion in 2027/28. These costs are funded from a variety of sources including general rates, targeted rates (for specific projects and programmes), user charges and government subsidies.

Average general rate increases have been set at 2.5 per cent per year for the first two years of the 10-year Budget. The average general rate increases for the remaining years are 3.5 per cent per year.

New targeted rates have been introduced (as described earlier in this section) to fund the accelerated water quality programme and the additional investment in protecting our environment[1].

The Regional Fuel Tax is a new funding source and is specifically dedicated to new transport projects and is matched by a lift in funding from the New Zealand Transport Agency (represented by government subsidies in the chart).

Council's sources of operating funding



Maximising value

To manage the pressure on our costs we focus on delivering our services in the most efficient manner, to ensure we get the best value from every dollar we collect. Ongoing efficiency initiatives include improved business processes, better use of technology and better procurement and tendering processes. Through this we will aim to control the growth in our core operating expenditure.

Additionally, in this 10-year Budget we have decided to disestablish the CCO, Auckland Council Investments Limited, absorbing their functions into the council and making a saving of approximately $800,000 per year.

We also continue to review our non-strategic assets with a view to releasing funding for re-investment through sale of those assets.

Our total budget and activities

The following chart sets out the total budget for the next 10 years by each of our key activity areas and also shows how each area is funded.

[1] The average overall impact of general rate changes, these targeted rates and the expiration of the Interim Transport Levy for residential ratepayers in 2018/2019 is also 2.5 per cent. Further information on average rates increases is included in Part 1.4 Financial Strategy in Volume 2 of this document.


MIND THE GAP

10-year Budget at a glance

Key areas of spend	Capital spend 2018-28	Operating spend 2018-28	How operating costs are funded	Rates value per $100
Transport	$12.0b	$17.3b	Other, including fees and charges 53% Rates 47%	$33
Water, wastewater and stormwater	$7.1b	$8.5b	Other, including fees and charges 80% Rates 20%	$8
Parks and community	$3.7b	$8.0b	Other, including fees and charges 11% Rates 89%	$30
Centres development	$1.3b	$1.7b	Other, including fees and charges 42% Rates 58%	$5
Economic and cultural development	$0.4b	$2.3b	Other, including fees and charges 37% Rates 63%	$7
Environmental management and regulation	$0.1b	$4.8b	Other, including fees and charges 52% Rates 48%	$11
Other	$1.6b	$5.3b	Other, including fees and charges 73% Rates 27%	$6
Total	$26.2b	$47.9b		

What will be delivered	Key performance indicators
• Building and maintaining all local and main arterial roads • Provision of public transport services – trains, bus and ferries • Building and maintaining footpaths, cyclepaths, bridges, carparks culverts etc • Road safety, education and enforcement • Major infrastructure projects, including City Rail Link and Eastern Busway • Implementation of the Regional Fuel Tax will enable an additional $4.3 billion of transport projects focused on increased public transport provision, improved road safety, expanded walking and cycling facilities, road corridor improvements and supporting growth areas	• Over 10-years increase public transport boardings by 53 million trips to 149 million trips annually, maintain punctuality at 95% and customer satisfaction at 85% • Improve the productivity of key arterial roads in the morning peak by 14% by 2028 • Ensure at least 80% of our urban roads meet maintenance standards in terms of ride quality • Grow the number of cycling trips on Auckland Transport's designated routes from 3.6 million to 5.7 million by 2028
• Improving the quality of water in streams and harbours. • Building and maintaining the network of pipes, dams, treatment plants, pumps required to maintain a high standard of drinking water and the safe discharge of wastewater and stormwater • The delivery of major projects such as the 13-kilometre Central Interceptor wastewater project and wastewater/stormwater separation in the Western Isthmus • Infrastructure for stormwater contaminant removal across the region	• Maintain 100% compliance with Drinking-water Standards for New Zealand • Ensure less than 10 wastewater system overflows per 1000 connections in dry weather conditions • Ensure no more than 1 in 1000 properties connected to our stormwater system is flooded per year • Increase the proportion of time beaches are suitable for contact recreation during swimming season from 77% to 87% by 2028
• Maintaining the network of libraries, community facilities, swimming pools and recreation centres • Arts and cultural facilities, activities and community events • Local community projects including major park developments, indoor court facilities, town centre/precinct developments, beach erosion works and sustainability initiatives. • More investment in areas such as the development of sports and recreation facilities and coastal assets • Supporting Tūpuna Maunga o Tāmaki Makaurau Authority to protect and restore the maunga	• Ensure the overall satisfaction with our local and regional parks and sportfields is above 70% and they continue to have a high level of use • Maintain the percentage of customers satisfied with libraries at 85% • Improve the number of participants at arts and community facilities to 6.1 million • Attendance of 62,500 per annum at council-led community events
• New housing and business opportunities through the "Transform" and "Unlock" of a number of centres around Auckland • The city centre development programme, including accelerating the downtown works to align with major events in the city • Infrastructure to support the 36th America's Cup	• Creating a vibrant Waterfront that attracts over 80% of Aucklanders to the Waterfront each year by 2028 • Ensure 80% of the City Centre Targeted Rate programme is delivered on time and within budget
• Managing major attractions, venues and sports stadiums • Major renewals across key facilities such as the Auckland Zoo and Aotea Centre • $20 million additional funding to support the Auckland Art Gallery • Growing the value of Auckland's visitor economy • Supporting the creation of more high value jobs, businesses and investment	• Grow visitors to Regional Facilities Auckland's venues from 3.5 million to 4 million visitors by 2028 • Increase major events and business events contribution from $49 million to $70 million towards the regional GDP by 2028
• Protecting biodiversity with an additional $311 million to tackle the spread of Kauri dieback disease and the predators that are killing our native birds and trees • Waste collection, including recycling and reducing waste to landfill • Undertaking regulatory activities such as resource and building consents, dog control, food licensing and swimming pool inspections	• 85% of kauri areas on council land that have active management in place for kauri dieback disease • Increase the percentage of threatened plants and animals under active management from 38% to 68% by 2028 • Increase the number of resource recovery facilities to 12 by 2028 • Decrease the domestic kerbside refuse from 150kg to 110kg per person per year by 2028 • Process 100% of building and non-notified resource consents within 20 statutory working days
• Mayor, councillor and local board support and meeting processes • Corporate functions such as finance, legal, communications and human resources • Auckland Emergency Management which proactively manages civil defence, hazards and crisis management • Ownership of Ports of Auckland • Grants to Auckland War Memorial Museum, MoTAT and the Auckland Regional Facilities and Amenities	• Maintaining our annual growth in core operating expenditure under 3.5% over the 10-years • Value for Money reviews, looking at cost effectiveness and efficiency across the council • Ensuring over 65% of Aucklanders are prepared for an emergency and 75% of Aucklanders have a good understanding of the emergencies that could occur • At least 40% of eligible voters take part in local elections

2.0 Our finances

2.1 Financial overview

Introduction

This section provides a high-level overview of our key financial information and explains how we fund our activities. This should be read in conjunction with the Prospective financial statements in Part 2.2 of this volume, the financial information for individual groups of activities in volume 2 (Part 2) and the Revenue and Financing policy in volume 2 (Part 3.1) of this plan.

Key financial parameters for 2018-2028

($ million)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Total capital expenditure	2,178	2,168	2,115	2,149	2,213	2,572	2,696	2,677	2,631	2,650	24,049
Total operating expenditure	4,015	4,170	4,347	4,522	4,687	4,852	5,033	5,213	5,404	5,610	47,853
Rates revenue	1,797	1,878	1,965	2,068	2,174	2,285	2,401	2,524	2,652	2,786	
Average general rates increase	2.5%	2.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Total assets	51,333	54,190	58,662	60,262	63,039	67,278	68,887	71,737	75,788	77,214	
Total borrowing	9,241	9,945	10,657	11,142	11,685	12,135	12,440	12,847	13,044	13,097	
Total equity	38,474	40,641	44,229	45,304	47,449	50,887	52,091	54,490	58,084	59,386	
Debt to revenue ratio	254%	260%	264%	263%	264%	264%	259%	258%	252%	243%	

Capital investment and debt levels

Capital expenditure is for purchasing, building, replacing or developing the city's assets (for example roads, libraries, parks and sports fields). The assets of the Auckland Council group are expected to grow from $51.3 billion to $77.2 billion over the period of this plan.

Over the next ten years we plan to invest $15.9 billion in new and improved assets for Auckland. Combined with $8.1 billion to restore and replace existing assets, our total capital expenditure programme for 2018-2028 is $24 billion. In addition City Rail Link Limited and Crown Infrastructure Partners are expected to incur a further $2 billion dollars of capital expenditure over this period. Therefore the total capital investment for Auckland over the next 10 years is $26 billion.

The following table shows how we plan to fund our capital expenditure and other capital outflows over the course of the 10-year Budget 2018-2028.

Capital expenditure and other outflows 2018/2019 – 2027/2028	$ billion
Growth	7.2
Service level improvement	8.7
Renewals	8.1
Weathertightness claims	0.3
Other	1.3
Total	**25.6**

Funding sources 2018/2019 – 2024/2028	$ billion
Capital subsidies	5.1
Development contributions	2.9
Asset sales	0.8
Operating cash surplus	12.4
Borrowings	4.4
Total	**25.6**

Operating expenditure and revenue sources

Operating expenditure covers the council's day-to-day operations and services, from collecting rubbish to maintaining parks and issuing building consents. It includes costs related to the capital expenditure programme such as interest, maintenance and depreciation.

It is forecast that the Auckland Council group will spend $48 billion in operating expenditure to support service delivery over the next 10 years, of which $4 billion is budgeted for 2018/2019.

The $48 billion of operating revenue sources includes a surplus of $12.4 billion to fund capital expenditure.

Operating expenditure 2018/2019 – 2027/2028	$ billion
Staff	10.1
Depreciation and amortisation	12.2
Interest	6.1
Other	19.6
Total	**48.0**

Revenue sources 2018/2019 – 2027/2028	$ billion
Rates	22.6
Fees and user charges	16.8
Subsidies and grants	3.2
Other	5.4
Total	**48.0**

2.2 Prospective financial statements

Prospective statement of comprehensive revenue and expenditure

Auckland Council group consolidated

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Revenue											
Rates	1,710,004	1,796,730	1,877,746	1,965,237	2,067,667	2,174,155	2,285,295	2,401,016	2,523,783	2,652,208	2,786,186
Fees and user charges	1,255,681	1,347,987	1,424,281	1,529,558	1,593,906	1,656,939	1,725,020	1,788,540	1,854,390	1,926,710	2,001,497
Grants and subsidies	676,788	698,840	784,015	781,007	784,766	752,055	881,436	897,167	854,224	929,676	987,602
Development and financial contributions	214,359	204,492	288,657	306,698	297,514	301,301	301,301	301,301	301,301	295,771	293,223
Other revenue	277,405	417,624	426,073	430,473	443,823	446,083	450,246	453,856	457,313	459,399	472,281
Vested assets	201,594	284,486	269,609	375,122	364,322	319,355	395,611	352,962	327,878	318,834	330,923
Finance revenue	8,171	12,698	12,998	12,967	12,862	12,689	12,625	12,609	12,680	12,694	12,699
Total revenue	**4,344,002**	**4,762,857**	**5,083,379**	**5,401,062**	**5,564,860**	**5,662,577**	**6,051,534**	**6,207,451**	**6,331,569**	**6,595,292**	**6,884,411**
Expenditure											
Employee benefits	864,197	905,289	927,418	950,505	971,516	994,003	1,019,292	1,041,672	1,065,150	1,088,568	1,113,120
Depreciation and amortisation	924,899	953,461	999,043	1,037,578	1,107,180	1,164,969	1,214,285	1,297,129	1,371,134	1,452,113	1,554,259
Grants, contributions and sponsorship	134,426	141,323	133,325	133,743	139,933	140,306	141,427	142,565	143,605	144,666	145,703
Other operating expenses	1,418,551	1,540,448	1,594,332	1,659,706	1,705,914	1,776,416	1,845,582	1,909,206	1,972,628	2,042,700	2,111,956
Finance costs	464,802	473,461	517,484	565,169	596,004	612,335	630,917	643,250	660,413	675,750	685,607
Total expenditure	**3,806,875**	**4,013,982**	**4,171,602**	**4,346,701**	**4,520,547**	**4,688,029**	**4,851,503**	**5,033,822**	**5,212,930**	**5,403,797**	**5,610,645**
Operating surplus	**537,127**	**748,875**	**911,777**	**1,054,361**	**1,044,313**	**974,548**	**1,200,031**	**1,173,629**	**1,118,639**	**1,191,495**	**1,273,766**
Share of surplus in associates and joint ventures	61,449	67,415	67,968	69,700	72,287	69,718	68,663	70,629	72,848	75,093	77,444
Surplus before income tax	**598,576**	**816,290**	**979,745**	**1,124,061**	**1,116,600**	**1,044,266**	**1,268,694**	**1,244,258**	**1,191,487**	**1,266,588**	**1,351,210**

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Income tax expense	30,825	34,643	38,680	40,264	41,522	44,181	46,708	40,207	42,036	45,585	49,185
Surplus after income tax	**567,751**	**781,647**	**941,065**	**1,083,797**	**1,075,078**	**1,000,085**	**1,221,986**	**1,204,051**	**1,149,451**	**1,221,003**	**1,302,025**
Surplus after income tax is attributable to:											
Ratepayers of Auckland Council	567,751	781,647	941,065	1,083,797	1,075,078	1,000,085	1,221,986	1,204,051	1,149,451	1,221,003	1,302,025
Other comprehensive revenue/ (expenditure)											
Net gain on revaluation of property, plant and equipment	1,309,459	0	1,225,740	2,697,640	0	1,144,898	2,413,379	0	1,249,050	2,578,609	0
Tax on revaluation of property, plant and equipment	(126,398)	0	0	(193,913)	0	0	(196,960)	0	0	(205,337)	0
Total other comprehensive revenue/ (expenditure)	**1,183,061**	**0**	**1,225,740**	**2,503,727**	**0**	**1,144,898**	**2,216,419**	**0**	**1,249,050**	**2,373,272**	**0**
Total comprehensive revenue/ (expenditure)	**1,750,812**	**781,647**	**2,166,805**	**3,587,524**	**1,075,078**	**2,144,983**	**3,438,405**	**1,204,051**	**2,398,501**	**3,594,275**	**1,302,025**

Prospective Statement of Changes in Equity

Auckland Council group consolidated

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Contributed equity											
As at 1 July	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**
Surplus after income tax	0	0	0	0	0	0	0	0	0	0	0
Other comprehensive revenue	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive revenue	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer from/ (to) reserves	0	0	0	0	0	0	0	0	0	0	0
Balance as at 30 June	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**	**26,728,538**
Accumulated funds											
As at 1 July	**579,769**	**1,495,971**	**2,263,641**	**3,238,300**	**4,338,636**	**5,399,315**	**6,400,523**	**7,629,829**	**8,852,302**	**10,020,040**	**11,219,133**
Surplus after income tax	567,751	781,647	941,065	1,083,797	1,075,078	1,000,085	1,221,986	1,204,051	1,149,451	1,221,003	1,302,025
Other comprehensive revenue	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive revenue	**567,751**	**781,647**	**941,065**	**1,083,797**	**1,075,078**	**1,000,085**	**1,221,986**	**1,204,051**	**1,149,451**	**1,221,003**	**1,302,025**
Transfer from/ (to) reserves	9,224	(13,977)	33,594	16,539	(14,399)	1,123	7,320	18,422	18,287	(21,910)	(21,697)
Balance as at 30 June	**1,156,744**	**2,263,641**	**3,238,300**	**4,338,636**	**5,399,315**	**6,400,523**	**7,629,829**	**8,852,302**	**10,020,040**	**11,219,133**	**12,499,461**
Reserves											
As at 1 July	**6,861,523**	**9,468,270**	**9,482,247**	**10,674,393**	**13,161,581**	**13,175,980**	**14,319,755**	**16,528,854**	**16,510,432**	**17,741,195**	**20,136,377**
Surplus after income tax	0	0	0	0	0	0	0	0	0	0	0
Other comprehensive revenue	1,183,061	0	1,225,740	2,503,727	0	1,144,898	2,216,419	0	1,249,050	2,373,272	0
Total comprehensive revenue	**1,183,061**	**0**	**1,225,740**	**2,503,727**	**0**	**1,144,898**	**2,216,419**	**0**	**1,249,050**	**2,373,272**	**0**
Transfer from/ (to) reserves	(9,224)	13,977	(33,594)	(16,539)	14,399	(1,123)	(7,320)	(18,422)	(18,287)	21,910	21,697

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Balance as at 30 June	**8,035,360**	**9,482,247**	**10,674,393**	**13,161,581**	**13,175,980**	**14,319,755**	**16,528,854**	**16,510,432**	**17,741,195**	**20,136,377**	**20,158,074**
Total equity[1]											
As at 1 July	**34,169,830**	**37,692,779**	**38,474,426**	**40,641,231**	**44,228,755**	**45,303,833**	**47,448,816**	**50,887,221**	**52,091,272**	**54,489,773**	**58,084,048**
Surplus after income tax	567,751	781,647	941,065	1,083,797	1,075,078	1,000,085	1,221,986	1,204,051	1,149,451	1,221,003	1,302,025
Other comprehensive revenue	1,183,061	0	1,225,740	2,503,727	0	1,144,898	2,216,419	0	1,249,050	2,373,272	0
Total comprehensive revenue	**1,750,812**	**781,647**	**2,166,805**	**3,587,524**	**1,075,078**	**2,144,983**	**3,438,405**	**1,204,051**	**2,398,501**	**3,594,275**	**1,302,025**
Transfer from/ (to) reserves	0	0	0	0	0	0	0	0	0	0	0
Balance as at 30 June	**35,920,642**	**38,474,426**	**40,641,231**	**44,228,755**	**45,303,833**	**47,448,816**	**50,887,221**	**52,091,272**	**54,489,773**	**58,084,048**	**59,386,073**

[1] There is no minority interest in the group. Total equity represents ratepayer equity.

Prospective Statement of Financial Position

Auckland Council group consolidated

$000 As at 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Assets											
Current assets											
Cash and cash equivalents	240,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Receivables and prepayments	281,657	415,555	439,851	458,736	476,609	490,161	520,512	539,831	554,358	581,344	608,476
Other financial assets	101,812	50,850	50,850	50,850	50,850	50,850	50,850	50,850	50,850	50,850	50,850
Inventories	29,418	36,772	37,691	38,633	39,599	40,589	41,604	42,644	43,710	44,803	45,923
Non-current assets held-for-sale	114,504	104,000	71,000	174,000	65,000	43,000	40,000	57,000	64,000	39,000	39,000
Total current assets	**767,391**	**807,177**	**799,392**	**922,219**	**832,058**	**824,600**	**852,966**	**890,325**	**912,918**	**915,997**	**944,249**
Non-current assets											
Receivables and prepayments	78,840	10,840	11,474	11,967	12,433	12,787	13,579	14,083	14,462	15,166	15,874
Derivative financial instruments	263,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Other financial assets	151,982	165,138	174,629	178,813	182,446	186,461	190,154	193,286	197,401	201,094	204,293
Property, plant and equipment	44,763,460	47,283,468	49,881,568	53,865,450	55,220,177	57,708,203	61,857,503	63,582,157	66,437,084	70,517,806	71,957,721
Intangible assets	352,534	511,789	507,053	499,049	485,142	466,333	443,341	413,323	377,028	333,864	282,037
Investment property	681,000	735,000	735,000	735,000	735,000	735,000	735,000	735,000	735,000	735,000	735,000
Investments in associates and joint ventures	1,082,610	1,638,831	1,899,939	2,268,279	2,614,006	2,925,025	3,003,998	2,877,393	2,882,507	2,887,909	2,893,646
Other non-current assets	2,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Total non-current assets	**47,375,426**	**50,526,066**	**53,390,663**	**57,739,558**	**59,430,204**	**62,214,809**	**66,424,575**	**67,996,242**	**70,824,482**	**74,871,839**	**76,269,571**
Total assets	**48,142,817**	**51,333,243**	**54,190,055**	**58,661,777**	**60,262,262**	**63,039,409**	**67,277,541**	**68,886,567**	**71,737,400**	**75,787,836**	**77,213,820**

$000 As at 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Liabilities											
Current liabilities											
Payables and accruals	757,124	888,876	897,208	900,675	920,596	951,634	1,049,649	1,093,024	1,103,707	1,109,830	1,129,545
Employee entitlements	96,859	100,823	103,288	105,859	108,199	110,703	113,519	116,012	118,627	121,236	123,970
Borrowings	1,363,488	1,252,535	1,347,906	1,444,451	1,510,186	1,583,759	1,644,861	1,686,147	1,741,354	1,767,981	1,775,242
Derivative financial instruments	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Provisions	70,483	65,806	47,705	30,411	21,983	18,375	15,633	12,942	10,700	9,314	8,662
Total current liabilities	**2,294,954**	**2,315,040**	**2,403,107**	**2,488,396**	**2,567,964**	**2,671,471**	**2,830,662**	**2,915,125**	**2,981,388**	**3,015,361**	**3,044,419**
Non-current liabilities											
Payables and accruals	82,892	85,969	102,711	111,463	125,165	152,412	169,008	195,390	195,126	201,268	202,745
Employee entitlements	5,381	5,307	5,437	5,572	5,695	5,827	5,975	6,106	6,244	6,381	6,525
Borrowings	7,179,966	7,988,391	8,596,647	9,212,395	9,631,615	10,100,873	10,490,569	10,753,869	11,105,961	11,275,797	11,322,091
Derivative financial instruments	1,207,000	865,000	865,000	865,000	865,000	865,000	865,000	865,000	865,000	865,000	865,000
Provisions	198,187	288,889	227,021	167,118	138,390	126,229	116,657	107,149	99,216	94,367	92,168
Deferred tax liabilities	1,253,795	1,310,221	1,348,901	1,583,078	1,624,600	1,668,781	1,912,449	1,952,656	1,994,692	2,245,614	2,294,799
Total non-current liabilities	**9,927,221**	**10,543,777**	**11,145,717**	**11,944,626**	**12,390,465**	**12,919,122**	**13,559,658**	**13,880,170**	**14,266,239**	**14,688,427**	**14,783,328**
Total liabilities	**12,222,175**	**12,858,817**	**13,548,824**	**14,433,022**	**14,958,429**	**15,590,593**	**16,390,320**	**16,795,295**	**17,247,627**	**17,703,788**	**17,827,747**
Net assets	**35,920,642**	**38,474,426**	**40,641,231**	**44,228,755**	**45,303,833**	**47,448,816**	**50,887,221**	**52,091,272**	**54,489,773**	**58,084,048**	**59,386,073**
Equity											
Contributed equity	26,728,538	26,728,538	26,728,538	26,728,538	26,728,538	26,728,538	26,728,538	26,728,538	26,728,538	26,728,538	26,728,538
Accumulated funds	1,156,744	2,263,641	3,238,300	4,338,636	5,399,315	6,400,523	7,629,829	8,852,302	10,020,040	11,219,133	12,499,461
Reserves	8,035,360	9,482,247	10,674,393	13,161,581	13,175,980	14,319,755	16,528,854	16,510,432	17,741,195	20,136,377	20,158,074
Total equity	**35,920,642**	**38,474,426**	**40,641,231**	**44,228,755**	**45,303,833**	**47,448,816**	**50,887,221**	**52,091,272**	**54,489,773**	**58,084,048**	**59,386,073**

Prospective Statement of Cash Flows

Auckland Council group consolidated

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Cash flows from operating activities											
Receipts from rates revenue	1,710,004	1,796,730	1,877,746	1,965,237	2,067,667	2,174,155	2,285,295	2,401,016	2,523,783	2,652,208	2,786,186
Receipts from customers and other services	2,391,762	2,646,257	2,913,153	3,036,196	3,112,831	3,166,348	3,335,261	3,443,048	3,449,924	3,588,087	3,724,121
Interest received	8,171	12,698	12,998	12,967	12,862	12,689	12,625	12,609	12,680	12,694	12,699
Dividends received	59,805	60,963	60,963	60,463	60,463	62,202	63,993	65,838	67,738	69,695	71,711
Payments to suppliers and employees	(2,380,242)	(2,575,718)	(2,732,737)	(2,820,329)	(2,845,049)	(2,910,682)	(2,969,565)	(3,083,268)	(3,184,852)	(3,277,702)	(3,361,991)
Income tax paid	(7,763)	0	0	0	0	0	0	0	0	0	0
Interest paid	(457,207)	(467,773)	(514,084)	(562,711)	(594,340)	(611,484)	(630,600)	(643,056)	(660,263)	(675,600)	(685,457)
Net cash inflow from operating activities	**1,324,530**	**1,473,157**	**1,618,039**	**1,691,823**	**1,814,434**	**1,893,228**	**2,097,009**	**2,196,187**	**2,209,010**	**2,369,382**	**2,547,269**
Cash flows from investing activities											
Sale of property, plant and equipment, investment property and intangible assets	114,505	177,000	104,000	71,000	174,000	65,000	43,000	40,000	57,000	64,000	39,000
Purchase of property, plant and equipment, investment property and intangible assets	(2,016,720)	(2,129,427)	(2,163,164)	(2,112,858)	(2,136,977)	(2,194,698)	(2,514,027)	(2,670,324)	(2,670,563)	(2,627,632)	(2,638,240)
Acquisition of other financial assets	(6,497)	(4,011)	(3,168)	(2,960)	(2,084)	(2,362)	(1,922)	(1,070)	(1,890)	(1,117)	(716)
Proceeds from sale of other financial assets	236,401	1,021	1,088	1,027	1,121	1,154	1,212	1,283	1,370	1,481	1,615
Investment in associates and joint ventures	0	(234,700)	(254,100)	(359,100)	(333,900)	(303,500)	(74,300)	131,400	0	0	0
Advances of loans to external parties	(8,876)	(49,962)	(10,162)	(6,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
Proceeds from community loan repayments	2,350	2,388	3,840	4,776	5,451	5,347	5,230	4,938	4,774	4,424	4,517
Net cash outflow from investing activities	**(1,678,837)**	**(2,237,691)**	**(2,321,666)**	**(2,404,115)**	**(2,299,389)**	**(2,436,059)**	**(2,547,807)**	**(2,500,773)**	**(2,616,309)**	**(2,565,844)**	**(2,600,824)**
Cash flows from financing activities											
Proceeds from borrowings	1,965,961	1,772,682	1,956,162	2,060,198	1,929,406	2,053,017	2,034,557	1,949,447	2,093,446	1,937,816	1,821,536
Repayment of borrowings	(1,611,654)	(1,181,148)	(1,252,535)	(1,347,906)	(1,444,451)	(1,510,186)	(1,583,759)	(1,644,861)	(1,686,147)	(1,741,354)	(1,767,981)
Net cash inflow from financing activities	**354,307**	**591,534**	**703,627**	**712,292**	**484,955**	**542,831**	**450,798**	**304,586**	**407,299**	**196,462**	**53,555**

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	**0**	**(173,000)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Opening cash and cash equivalents and bank overdrafts	240,000	373,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Closing cash and cash equivalents and bank overdrafts	**240,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**

Notes to the prospective financial statements

Note 1: Statement of significant accounting policies

BASIS OF REPORTING

Auckland Council (the council) is a local authority domiciled in New Zealand and governed by the Local Government Act 2002 (LGA 2002), the Local Government (Auckland Council) Act 2009 (LGACA 2009) and Local Government (Rating) Act 2002. The council is a FMC Reporting entity under the Financial Markets Conducts Act (FMCA) 2013. The council's principal address is 135 Albert Street, Auckland Central, New Zealand.

Financial information within this 10-year budget is prepared and disclosed on a full group basis (except where specifically stated otherwise). The Auckland Council Group (the Group) consists of the council, its Council Controlled Organisations (CCOs), associates and joint ventures. A summary of substantive CCOs is provided in the table below[2]. All entities are domiciled in New Zealand. The council considers that presenting group information enhances transparency of information about cost of services provided to Auckland ratepayers and enables ratepayers to make more informed decisions about the impact of delivering the Auckland Plan.

The primary objective of the Group and the council is to provide services and facilities to the Auckland community for social benefit rather than to make a financial return. Accordingly, the council has designated itself and the Group as public benefit entities (PBEs) and applies New Zealand Tier 1 Public Benefit Entity accounting standards (PBE Accounting Standards). These standards are based on International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand environment.

The Group and council have a balance date of 30 June and these prospective financial statements are for the period from 1 July 2018 to 30 June 2028. The actual results achieved for the period covered by this plan are likely to vary from the information presented in this document, and these variances may be material. The Group and council do not intend to update the prospective financial statements after publication.

[2] On 31 May 2018 the council resolved to disestablish council-controlled organisation Auckland Council Investments Limited (ACIL) and to transfer all of its assets, liabilities and obligations to Auckland Council on 1 July 2018.

The substantive CCOs within the Group comprise the following:

Name	Principal activity and nature of relationship where there is no direct ownership	Percentage ownership %	
		2018	2017
Auckland Transport	Owns the public transport network and manages the transport infrastructure and services in Auckland. **Auckland Transport is a body corporate with perpetual succession and is treated under the LGACA 2009 as if the council is its sole shareholder.*	*	*
Auckland Tourism, Events and Economic Development Limited	Manages projects for economic development, tourism and events promotion in the Auckland region.	100	100
Panuku Development Auckland Limited	Facilitates the redevelopment of urban locations. Contributes to accommodating residential and commercial growth. Optimises the council’s property portfolio. Continues to lead the development of the Auckland waterfront.	100	100
Regional Facilities Auckland (RFA)	Supports and promotes the engagement of the Auckland community in arts, culture, heritage, leisure, sports and entertainment activities and develops, owns and manages the venues for these activities. **Regional Facilities Auckland is a charitable trust of which Regional Facilities Auckland Ltd, a 100% owned subsidiary of the council, is the sole trustee.*	*	*
Watercare Services Limited (Watercare)	Owns and manages the Auckland region's water and wastewater assets. *Watercare is restricted by LGACA 2009 section 57(1)(b) from paying any dividend or distributing any surplus directly or indirectly to the council.*	100	100

BASIS OF PREPARATION

These consolidated prospective financial statements are prepared:

- For the purposes of meeting the Group and council's requirements under the LGA 2002, the LGACA 2009 and the Local Government (Financial Reporting and Prudence) Regulations 2014;
- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and comply with PBE Accounting Standards. In particular, these prospective financial statements have been prepared in accordance with PBE Financial Reporting Standard 42: *Prospective Financial Statements*;
- on a going concern basis and the accounting policies have been applied consistently throughout the planned period;
- on a historical cost basis with the exception of certain items identified in specific accounting policies below; and,
- in New Zealand dollars (NZD) and are rounded to the nearest thousand dollars, unless otherwise stated.

This information may not be suitable for use in any other context.

These consolidated prospective financial statements were adopted by the governing body of Auckland Council on 28 June 2018.

The governing body is responsible for the prospective financial statements included in this plan, including the appropriateness of the significant financial assumptions these are based on, and the other disclosures in the document.

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST invoiced.

COMPARATIVE INFORMATION

The Annual Plan 2017/2018 adopted by the council on 30 June 2017 has been provided as a comparator for these consolidated prospective financial statements. The closing balance in this comparative differs from the opening position used to prepare these consolidated prospective financial statements which is based on the most up-to-date forecast information.

The prospective consolidated financial statements include the forecasts of the council and its subsidiaries which are added on a line-by-line basis adding together like items. Transactions and balances between the council and its CCOs are eliminated on consolidation. Investments in subsidiaries are carried at cost less any accumulated impairment. Where necessary, adjustments are made to the financial information of subsidiaries, associates and joint ventures to bring their accounting policies in line with the Group.

SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires judgements, estimates and assumptions. Application is based on future expectations as well as historical experience and other factors, as appropriate to the particular circumstances.

Significant judgements, estimates and assumptions have been applied in measuring certain provisions and property, plant and equipment revaluations.

Refer to note 2 for significant forecasting assumptions.

IMPLEMENTATION OF NEW AND AMENDED STANDARDS

PBE International Financial Reporting Standard (IFRS) 9 Financial Instruments is effective from periods beginning on or after 1 January 2021. PBE IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and relaxes current requirements for hedge accounting. The Group and the council intend to early adopt the standard when it becomes effective for for-profit entities from period beginning on 1 July 2018.

The Group and the council have determined that adopting PBE IFRS 9 does not materially impact the financial instruments of the Group and the council, except for the borrower notes of the Group and the council which will be accounted for at fair value through surplus or deficit. For the purposes of this 10-year plan we have not budgeted for any fair value gains of losses on financial instruments.

The five new standards, PBE IPSAS 34 Separate Financial Statements, PBE IPSAS 35 Consolidated Financial Statements, PBE IPSAS 36 Investment in Associates and Joint Ventures, PBE IPSAS 37 Joint Arrangements and PBE IPSAS 38 Disclosure of Interests in Other Entities, are effective from periods beginning on or after 1 January 2019. The Group and the council are yet to assess the impact of these new standards, although the impact is unlikely to be material.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to the Group and the council or are not expected to have a material impact on the financial statements of the Group and the council and, therefore, have not been disclosed.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Item	Policy
Prospective statement of comprehensive revenue and expenditure	
Revenue	The Group and the council derive its revenue from exchange or non-exchange transactions. Exchange transaction revenue arises when the Group provides goods or services to a third party and directly receives approximately equal value in return. Non-exchange transaction revenue arises when the Group receives value from another party without giving approximately equal value directly in exchange for the value received. Non-exchange revenue comprises rates, and transfer revenue. Transfer revenue includes grants and subsidies and fees and user charges derived from activities that are partially funded by rates. Revenue is measured at fair value which is usually the cash value of a transaction.

Type	Recognition & measurement
Rates	In full at point of issuance of the ratings notice and measured at the amount assessed, which is the fair value of the cash received or receivable.
Grants and subsidies	When they become receivable unless there is an obligation in substance to return the funds. If there is such an obligation, the grants are initially recorded at fair value as grants received in advance and recognised as revenue when conditions of the grant are satisfied.
Development contributions	When the council is capable of providing the service for which the contribution was levied.
Financial contributions	When they are expended on the activity for which the contribution was levied.
Vested assets[1]	When control of the asset is transferred to the Group at its fair value.
Fines and infringements	When the infringement notice is issued.
Finance revenue[2]	Using the effective interest method.
Dividend revenue	When the Group's right to receive the dividend is established.
Regional fuel tax	When it becomes receivable.
Fees and user charges	
Water and wastewater	When invoiced or accrued in the case of unbilled services at fair value of cash received or receivable.
Sale of goods	When the substantial risks and rewards of ownership have been passed to the buyer.
Sale of services	On a percentage of completion basis over the period of the service supplied.
Port operations	In the period the services are rendered, by reference to the percentage of completion of the specific transaction.
Consents	By reference to the percentage of completion of the transaction at balance date based on the actual service rendered
Licences and permits	On receipt of application as these are non-refundable.

1. Arise when property developers undertake development which requires them to build infrastructure in the development area. When the development is complete these are vested to the Group.
2. Includes interest revenue and realised gains from the early close-out of derivative positions.

Expenditure	
Employee benefits	Employee entitlements for salaries and wages, annual leave, long service leave and other similar benefit are recognised as an expense and liability when they accrue to employees.
Grants, contributions and sponsorship expense	Where grants and subsidies are discretionary, the expense is recognised when the Group has advised its decision to pay and when conditions, if any, are satisfied. Non-discretionary grants are recognised on receipt of application that meets the specified criteria.
Finance Costs	Finance costs include interest expense, the unwinding of discounts on provisions and financial assets; and net realised losses on the early close-out of derivatives. Interest expense is recognised using the effective interest rate method. Interest expense includes the amortisation of borrowing costs recognised over the borrowing term.
Income tax	The Group and the council are exempt from income tax under the Income Tax Act 2007 except for certain income received from CCOs and port-related earnings. Income tax comprises current tax and deferred tax calculated using the tax rate that has been enacted or substantively enacted by the reporting date. Income tax is charged or credited to the surplus or deficit, except when it relates to items that are recognised in other comprehensive revenue and expenditure or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive revenue and expenditure or directly in equity. Current tax is the amount of income tax payable in the current period, plus any adjustments to income tax payable in respect of prior periods. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.
Operating Leases	Lessee The Group and the council lease property, plant and equipment from third parties in the normal course of business with lease terms varying from 1 month to 70 years. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the lease term. Lessor The Group and the council lease certain property, plant and equipment to third parties including land and buildings and some commercial and residential property. The leases have non-cancellable periods ranging from 1 month to 100 years with subsequent renewals negotiated with the lessee. Rental revenue (net of any incentives given to lessees) is recognised as income on a straight-line basis over the lease term.

Prospective statement of financial position	
Cash and cash equivalents	Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments. The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.
Receivables and prepayments	Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision for impairment of receivables The provision for impairment of receivables is calculated by a review of large specific overdue receivables and a collective assessment of smaller receivables. Assessment is done on an ongoing basis. For the collective assessment, expected losses were determined by a historical analysis of previously incurred losses. Individual debts which are known to be uncollectible are written off.
Derivative financial instruments	The Group and the council do not hold or issue derivative financial instruments for trading purposes. The Group uses derivative financial instruments, such as forward foreign currency contracts and interest rate swaps to mitigate risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit, except for the effective portion of derivatives designated in cash flow hedges. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative assets and derivative liabilities are classified as non-current when the remaining maturity is more than 12 months, or as current when the remaining maturity is less than 12 months.
Other financial assets	The Group's other financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Other financial assets of the Group include unit trusts, loans to related parties, credit support annex, bonds, borrower notes, community loans and listed and unlisted shares. For those financial instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy: Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the Group is the bid price at reporting date. Level 2- Inputs other than quoted prices included within level 1 using observable market inputs for the asset or liability, either directly or indirectly. Level 3- Inputs for the asset or liability that are not based on observable market data.

Non-current assets held for sale	Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale.
Property, plant and equipment	The property, plant and equipment of the Group are classified into three categories: • **Infrastructure assets** include land under roads and systems and networks integral to the city's infrastructure and intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded; • **Operational assets** include property, plant and equipment used to provide core council services, either for administration, as a community service or as a business activity. Other operational assets include landfills, motor vehicles, office equipment, library books and furniture and fittings; and, • **Restricted assets** include property and improvement where the use or transfer of title outside of the Group is legally restricted. **Initial recognition and subsequent measurement** Property, plant and equipment is recognised initially at cost, unless acquired through a non-exchange transaction, in which case the asset is recognised at fair value at the date of acquisition. Subsequent costs that extend or expand the asset's future economic benefits and service potential are capitalised. After initial recognition, certain classes of property, plant and equipment are revalued. Capital work in progress is recognised at cost less impairment and is not depreciated. **Revaluation** Infrastructure assets (except land), restricted assets (except improvements) and operational assets (except heritage assets and other operational assets) are revalued with sufficient regularity at least three years to ensure that their carrying amounts do not differ materially from fair value. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. Revaluations are carried out on an asset class basis. Net revaluation gains are recognised in other comprehensive revenue and are accumulated to the asset revaluation reserve in equity for that class of asset. Revaluation loss that results in a debit balance in the asset revaluation reserve is recognised in surplus or deficit. Any subsequent gain on revaluation is recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expenditure. **Depreciation** Depreciation is provided on all property, plant and equipment except for land, works of art and specified cultural heritage assets. Depreciation is calculated to write down the cost of assets on a straight line basis over their useful economic lives.

Asset class	Estimated useful life (years)	Revaluation method
Infrastructure		
Land	Indefinite	Cost less accumulated impairment losses
Roads	10-120	Depreciated replacement cost
Water and wastewater	3-200	Depreciated replacement cost
Machinery	3-200	Depreciated replacement cost
Stormwater	10-200	Depreciated replacement cost
Other infrastructure	10-120	Depreciated replacement cost
Operational		
Land and buildings	Land – Indefinite Buildings –1-101	Market value based on recent equivalent sales information. Depreciated replacement cost is used where no market exists for operational buildings with allowance for age and condition of building, and configuration
Marina structures	40-100	Depreciated replacement cost and cash flow method
Train stations	5-99	Depreciated replacement cost
Bus stations and shelters	10-99	Depreciated replacement cost
Works of art	Indefinite	Fair value
Rolling stock	2-35	Depreciated replacement cost
Wharves	2-100	Depreciated replacement cost
Cultural and heritage assets	various	Deemed cost less accumulated impairment losses
Other operational	1-100	Cost less accumulated depreciation and impairment losses
Restricted		
Parks and reserves	Indefinite	Fair value
Improvements	3-100	Cost less accumulated depreciation and impairment losses
Buildings	5-90	Depreciated replacement cost

Disposals

Gains and losses on disposal of property, plant and equipment are recognised in surplus or deficit. Any amount included in the asset revaluation reserve in respect of the disposed item is transferred from the reserve to accumulated funds.

Service concession assets

Where the Group recognises an asset for the upgrades to the existing service concession assets, the Group also recognises a liability at the same amount as the asset. The liability recognised is reduced over the remaining period of the service concession arrangement.

Intangible assets

Initial recognition and subsequent measurement

Purchased intangible assets are initially recognised at cost. For internally generated intangible assets the cost includes direct employee costs, a reasonable portion of overhead and other direct costs that are incurred within the development phase of the asset only. Intangible assets acquired at no cost are initially recognised at fair value where that can be reliably measured. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. After initial recognition intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets, except rights to acquire, and is calculated to write down the cost of the assets on a straight-line basis over the estimated useful economic life.

Asset class	Estimated useful life (years)	Subsequent measurement
Computer software	1-15	Cost less accumulated amortisation and impairment
Intellectual property	4-35	Cost less accumulated amortisation and impairment
Other intangible assets	1-63	Cost less accumulated amortisation and impairment

Disposals

Realised gains and losses from the disposal of intangible assets are recognised in surplus or deficit.

Investment property

Investment property includes land, commercial buildings and water space licences held to generate income. Investment property is initially recognised at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Gains or losses arising from fair value changes are included in surplus or deficit. Investment properties are valued individually and not depreciated.

Investment in other entities

Investment in associates and joint ventures is accounted for using the equity method in the Group and council financial statements. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the surplus or deficit of the associate or joint venture after the date of acquisition. Distributions received reduce the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with the Group.

Asset impairment

Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have indefinite useful life are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

	An impairment loss is recognised in surplus or deficit for the amount by which the asset's carrying amount exceeds its recoverable amount. Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows. For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost. Property, plant and equipment that is measured at fair value, is not required to be separately tested for impairment. **Impairment of financial assets** Financial assets are assessed for impairment at each reporting date for impairment. Impairment is recognised in surplus or deficit.
Payables and accruals	Current payables and accruals are recognised at cost, are non-interest bearing and normally settled on 30-day terms; therefore the carrying value approximates fair value. Non-current payables and accruals are measured at the present value of the estimated future cash outflows.
Employee entitlements	Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported at the present value of estimated future cash outflows.
Borrowings	Borrowings are initially recognised at face value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.
Provisions	Provisions are recognised in the statement of financial position only where the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Provisions are measured at the present value of the expected future cash outflows required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance cost in surplus or deficit.
Ratepayer equity	Ratepayer equity is the Auckland community's interest in the Group. Ratepayer equity has been classified into various components to identify those portions of equity held for specific purposes. Contributed equity is the net asset and liability position excluding restricted reserves at the time the council was formed.
Other policies	
Foreign currency transactions	Foreign currency transactions are translated into NZD using the spot rate at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation, using the exchange rates at balance date, of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Note 2: Significant forecasting assumptions

The level of uncertainty for each assumption refers to the difficulty of predicting outcomes because of limited or inexact knowledge. Council cannot control all of the variables that affect future outcomes, such as the wider economy and changes in legislation.

- Low level of uncertainty – information available to council point to a high likelihood of the assumption being accurate and/ or most of the variables are under council's control.
- Moderate level of uncertainty – council has most of the information available on the assumption but variables outside of council's control may still affect the accuracy of the assumption.
- High level of uncertainty – council has some of the information on the assumption but there is a high likelihood that variables outside of council's control will impact on the accuracy of the assumption.

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Population and development growth (including growth in the rating base)	Population growth and the consequential demand for residential housing is a key driver for many of the council's activities and asset management plans (for example the number and type of community facilities the council provides). For this Long-term Plan 2018-2028, the council has used the 2013 census (updated February 2017) population growth data to estimate the population growth in the future. The council has estimated that the population will increase by around 292,530 people (17.7 per cent) by 30 June 2028. The population projections are used to forecast the level and location of development growth (the number of dwellings and floor space area). This information is key driver for some of the council's activities such managing the stormwater from developed properties. Growth in the rating base is driven by property development, including new building and subdivision, which increases the size of the rating base over which the rates requirement is spread. The council adjusts this for prudence and timing lag and uses this projection as an indicative adjustment to the total nominal rates increase to provide an indication of the average rates increase to existing ratepayers.	**Risk -** Growth differs significantly from forecasted Level of uncertainty - Moderate **Impacts** - If actual population and/or development growth is higher, it may put pressure on the council to provide additional infrastructure and services. If actual population growth is lower it may result in surplus capacity in existing or planned infrastructure and services. Population and development growth is affected by a range of external factors, most of which are outside the council's control or influence. The council will continue to monitor growth on an annual basis. If there is a significant change, appropriate amendments will be made as part of subsequent annual plan or long-term processes. Depending on infrastructure contracts, the council may be able to reduce or delay some of the capital expenditure to cater for growth. Growth in the rating base has no financial impact on the total rates requirement. Lower than anticipated growth in the rating base would result in slightly higher average rates increases for existing ratepayers than forecast over the period of this plan, due to a lower than expected rating base over which to spread the rates requirement. Conversely

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
		higher growth in the rating base would result in slightly lower average rates increases than forecast.

Inflator	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Population	1,656,646	1,694,624	1,732,601	1,770,579	1,796,395	1,822,212	1,848,028	1,873,844	1,899,660	1,924,418	1,949,176
Dwellings	554,061	568,738	583,416	598,094	608,846	619,598	630,349	641,101	651,853	662,490	673,128
Business floor space (sq meters)	31,897,471	32,475,723	33,053,975	33,632,227	34,112,132	34,592,038	35,071,944	35,551,849	36,031,755	36,502,910	36,974,065
Separately used or inhabited part (SUIP) rateable properties	601,530	612,959	624,912	637,410	649,903	662,381	674,967	687,791	700,859	713,895	726,888
Rating units (rateable properties)	538,899	549,138	559,846	571,043	582,236	593,415	604,689	616,179	627,886	639,565	651,205
Growth in the rating base (GIRB)	1.87%	2.55%	2.44%	2.38%	2.33%	2.28%	1.68%	1.66%	1.63%	1.58%	1.54%
Adjusted GIRB for revenue modelling	1.69%	1.90%	1.95%	2.00%	1.96%	1.92%	1.90%	1.90%	1.90%	1.86%	1.82%

Economic growth and return on investments

Employment numbers and gross domestic product indicate how well the region's economy is doing.

How well the economy is doing could influence the council's return on its investments:

- 22.35 per cent shareholding in Auckland International Airport Limited
- 100 per cent shareholding in Ports of Auckland.

Dividends are forecast based on market analyst three year forecasts extrapolated for the 10 years of this plan.

Risk - That economic growth differs significantly from that forecasted in this plan

Level of uncertainty – moderate

Impacts - New Zealand's economic outlook, while outside the council's control, will affect the council's commercial investments such as Ports of Auckland Limited and Auckland International Airport. Economic growth also impacts on affordability of the council rates and the utilisation of services with a user charge funding component as discretionary income is impacted. This in turn may drive changes to both operational and capital expenditure. The economic outlook also affects local businesses, the region's level of employment and the rate of development.

Note: Council does not use economic growth as an underlying assumption in developing the LTP financials. Economic growth is considered in the population and GIRB rates that REMU calculates.

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Development contribution revenue	Auckland Council's Financial Strategy and Revenue and Financing Policy state that growth-related infrastructure investment should be funded from development contributions. Given population growth is a key focus of this 10-year Budget it includes significant growth-related capital spend. The council is currently working to replace its Development Contribution Policy to enable the fair recovery of this investment. We expect this will be completed by September 2018. For this plan we are assuming development contribution levels that enable the recovery of the growth-related infrastructure investment over the relevant growth units and the projected period these growth units are constructed.	**Risk -** that development growth occurs at a different pace than projected or the new Development Contribution Policy does not enable a fair recovery of growth costs. Level of uncertainty – moderate for pace of growth and low for the policy. **Impacts -** If development occurs more slowly than projected, the recovery period will be extended and the expenditure will need to be funded from borrowing. It may also be that the capital programme needs to be slowed. If development occurs earlier than projected revenue levels will increase, and the capital programme may need to be accelerated to support the development. If for any reason the new Development Contribution Policy does not enable a fair recovery of growth costs as per the Revenue and Financing Policy development contribution revenue will be lower than forecast. This may require a reduction in capital expenditure to remain within the council's prudential debt limits. The difference between the current and likely proposed new policy is estimated to have a revenue impact of approximately $4 million per month.

$million	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Development contribution revenue	204	289	307	298	301	301	301	301	296	293

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Inflation	Auckland Council uses a number of information sources (both internal and external) to inform projections of inflationary impacts on its costs and revenues. This includes projections for both the consumer price index (CPI) and other specific price movements faced by council.	**Risk** - Actual inflation is different from forecast inflation Level of uncertainty – Moderate **Impacts** - If inflation is higher than projected the cost of providing services would be higher than planned. If inflation is lower than projected the cost of providing services would be lower. The council will continue to monitor price movements on an annual basis and any significant changes will be addressed in subsequent annual plans or long-term plans.

Inflator	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Capital expenditure	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Operating expenditure										
Staff costs	1.7%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other	1.7%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Interest rates	Auckland Council's Treasury department has provided interest rate projections for the ten-year period of the plan, based on an assessment of market yields and anticipated borrowing requirements. The council manages its risk to interest rate increases in the short-term to provide some certainty for cost of its borrowings. The council has assumed that it maintains its AA credit rating in preparing the interest rate projections. The following average interest rates have been assumed in this plan:	**Risk** - Prevailing interest rates differ significantly from forecasted Level of uncertainty - moderate **Impacts** - For every one notch change from the current credit rating we would expect a change in interest rates of between 0.05 per cent and 0.15 per cent per annum. Increases in interest rates flow through to higher debt servicing costs and higher rates funding requirements. The council's treasury group has mitigated these risks with a prudent hedging programme. For every 100 basis point (1.0 per cent) change in the council's average interest rate, the council's debt servicing costs would change by approximately $88 million to $127 million per annum dependent upon the amount of debt outstanding and the level of hedging in place.

Average interest rates	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Borrowings	5.40%	5.36%	5.44%	5.53%	5.51%	5.42%	5.34%	5.26%	5.24%	5.21%	5.20%
Cash holdings	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Crown Infrastructure Partners	On 24 July 2017 the government announced the renaming and repurposing of Crown Fibre Holdings to Crown Infrastructure Partners (CIP). This company was tasked with working alongside the private sector to invest in infrastructure to support new housing developments. The first areas to be assessed by CIP for investment were Wainui in Auckland's north and areas in Auckland's south including Paerata, Pukekohe, Drury West and Drury South. The government announcement in July 2017 identified $201 million of investment required in the north that could provide capacity for 5500 houses and $387 million in the south that could provide 17800 more houses (total $588 million). For this plan we have assumed that CIP will proceed with investing in $364 million of transport infrastructure and $224 million of water infrastructure, primarily in Wainui and Auckland's south. Given the nature of the assets, being network infrastructure, we then assume that these assets are vested in the Auckland Council group as development projects are completed and the council is responsible for ongoing maintenance and renewals. Some of these assets may vest after 2028.	Risk - That the Crown remove their support for CIP - That CIP does not invest in the specified infrastructure Level of uncertainty – Moderate Impacts – If CIP does not invest in the two identified areas Auckland Council would need to incorporate the projects into its capital investment prioritisation process. Given the constrained funding environment this could result in either a delay to the enabling of housing development in these areas or other projects being delayed to provide capacity for their delivery.
Housing Infrastructure Fund	In July of 2016 the government announced the creation of a Housing Infrastructure Fund (HIF). The aim of the fund was to provide financing capacity for growth councils to deliver the infrastructure needed to support their growth. Auckland Council submitted an application to this fund in March 2017 and was notified in July 2017 that $300 million of investment was supported in principle. Subsequent negotiations with central government, NZTA and developers have advanced our understanding of how this will work. For this plan we have assumed that the financing for transport projects is provided by way of an adjustment to subsidy levels ($80m) and for other projects via an interest-free loan from the crown of $120m, repaid during the period of this plan.	**Risk** - That the funding arrangement is not completed between Auckland Council Group and the relevant crown agencies. Level of uncertainty – Moderate **Impacts –** Given the HIF effectively provides favourable terms for financing infrastructure investment if the arrangement does not go ahead the impact would be a reduction in the council's overall capacity to invest. This would reduce the amount of new infrastructure we could provide for Auckland, particularly in the earlier years of the plan.

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Government transport funding	The Auckland Transport Alignment Project (ATAP) was established in 2015 to improve local and central government collaboration on transport planning and funding for Auckland. The revision of the ATAP work was commenced earlier this year and a final report released by the Minister of Transport and the Mayor of Auckland on 26 April 2018. The ATAP 2018 report included a $28 billion funded programme of investment in transport activities for Auckland. The ATAP programme of work is to be carried out by multiple parties. The $28 billion in ATAP includes a $16.5 billion package for Auckland Transport, split between $10 billion capital expenditure and $6.5 billion operating expenditure. A key source of funding for transport activities is the National Land Transport Fund. This is administered by the New Zealand Transport Agency (NZTA) and both directly funds NZTA investment in state highways and co-funds councils' investment in other activities. The ATAP report included NLTF funding of $16.3 billion of which $8.1 billion is to support the activities of Auckland Transport (both capital and operating expenditure). This level of support is significantly higher than has been historically provided to local government in Auckland, and than would be provided under existing funding arrangements. The report identified that delivery "would require changes to current funding arrangements, including a more flexible approach to GPS activity class limits, and funding assistance rates (FARs)." To advance this it identified areas for further work including "considering what changes may be required to transport planning and funding processes and project evaluation tools to achieve the Government and Council's direction for transport in Auckland." Subsidy levels for different activity classes can vary and are set by the NZTA. Individual projects are assessed for subsidy through a business case process. For this plan we are assuming the funding will be made up of $3.1 billion of operating subsidies and $5 billion of capital subsidies.	Risks The statutory processes (such as the final GPS) do not provide for funding at a level that would allow Auckland Transport to solicit the full $8.1 billion NZTA assessment of individual projects does not result in funding being granted Level of uncertainty Low Cabinet approval of the ATAP report indicates government intentions to provide the level of funding to Auckland through the GPS and the NZTA's close involvement in the ATAP process indicates that the projects are supported for co-funding Impacts If the capital contribution level is lower than assumed, then transport capital expenditure would be less than projected. Conversely, if the level of capital contribution is higher than assumed this would enable an increase in transport capital expenditure. If the level of operating subsidy available increases this would reduce the amount of rates funding required for OPEX and free up this funding to invest in additional infrastructure or services. A reduction may necessitate reduced services or investment, or additional funding from another source such as increased borrowing or rates

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Regional Fuel Tax	One of the new funding sources introduced in this 10-year Budget is a regional fuel tax (RFT) to support investment in additional transport infrastructure and services. The tax will be set at 10 cents plus GST per litre of fuel (both petrol and diesel), with appropriate rebates for non-transport and off-road uses. Our projections of annual revenue are approximately $150 million.	**Risk** -that the revenue received does not match projections. Level of uncertainty – Moderate **Impacts -** If revenue is less than projected the council could choose to either reduce the investment in transport projects or look to fund the projects from other sources If the revenue is greater than projected the additional funds will be managed through a reserve fund and may require an amendment to the RFT scheme to allow for additional projects
Revaluation of PPE and investments	Auckland Council's accounting policy provides for most fixed assets to be revalued with sufficient regularity (at least every three years) to ensure that the carrying value does not differ materially from fair value. Land under roads are held at cost and not revalued. Where significant the projected impact of asset revaluation on fixed assets values and depreciation expense has been reflected in this plan. Auckland Council would normally expect to recognise income from a gain in value from its investment properties and assets of its associate entities. For the purposes of this plan, the council does not have sufficiently reliable market information on which to forecast this income. Accordingly no such income is forecast in the prospective financial statements.	**Risk** - That actual revaluation movements differ significantly from those forecasted in this plan. Level of uncertainty – Moderate **Impact** - If the revaluations are different from those forecasted it will affect asset values and total comprehensive income. In the case of depreciable assets this will flow through to changed levels of depreciation expense.

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Timing of capital expenditure	This 10-year budget has been developed on the basis of the best available information on the likely timing of capital projects and programmes. Over the 10 years of the plan Auckland Council is forecasting $26.2 billion of capital investment. The $26.2 billion includes $12 billion on transport, $7.1 billion on water networks and $7.1 billion across other council activities. This is a significant programme of work with complex inter-relationships with other agencies and the Crown that could impact on delivery timings. There are also constraints on the group's overall capacity for capex delivery and constraints within the construction market, particularly in the short term. The certainty of funding for this programme (particularly through the ATAP agreement) is likely to give greater confidence to the market to invest and may encourage new players to enter the market. This is likely to result in increased capacity for programme delivery over time. Based on this gradual increase in delivery capacity we have made a central assumption that while all projects will be delivered over the next decade not all capital expenditure will be delivered in the specific financial years set out in the Group of Activities statements. The assumed timing change is phased as follows:	**Risk –** That the actual timing of the capital programme is different from that forecasted. Level of uncertainty – moderate **Impact –** Delivery of capital expenditure to a different time frame than projected would have both a financial impact and could impact the timing of when the proposed level of service improvements would be achieved. The financial implications would depend on the planned funding sources for the relevant capital expenditure and its associated expenses. The financial impact would be on funding requirements, borrowings, interest expense, depreciation expense and consequential operating expenditure. The actual timing of capital expenditure (and the achievement of related service level improvements) will be impacted by a number of factors. One of the key areas under the control of council is the quality of project management. Other areas such as the market's response to the increased programme certainty are beyond the control of the council.

$million	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Forecast	-100	-289	-120	-120	-60	100	0	0	400	100	89

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Asset sales	Auckland Council plans disposal of certain non-strategic assets over the next 10 years. These are primarily land and buildings which are not needed for providing the council services, not providing a market rental income, are poorly utilised or simply located in the wrong place. Council also plans to dispose of property assets as part of its property and urban development activities (including Panuku's Unlock and Transform programmes). The council has adjusted these targets for prudence and used lower forecasts when projecting debt and interest costs.	**Risk -** That sufficient disposals are not identified or realised to achieve the targets set. Level of uncertainty – moderate **Impact -** If the level of asset sales is higher or lower than forecast it will result in changes to the levels of debt repayments that can be made and consequentially to the council's interest cost.

$million	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
General disposals	24	24	24	20	20	20	20	20	20	20
Sale of specific urban development assets	15	38	28	19	3	16	15	13	25	14
Unlock and transform disposals	138	42	19	135	42	7	5	24	19	5

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Useful lives of assets	The useful lives of significant assets are shown in the statement of significant accounting policies. The useful life is used to determine the timing of renewing the asset and the level of depreciation for the asset.	**Risk** - Assets wear out and need to be replaced earlier than estimated. Level of uncertainty – low **Impact -** Depreciation costs would change with updated information about the remaining useful life of an asset and borrowing costs would increase if capital expenditure was required earlier than anticipated. However, these impacts could be mitigated by reprioritising the capital expenditure programme.

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Sources of funding of replacements (including depreciation funding)	The council believes it is financially prudent and fair to fully fund depreciation so that each generation pays for the assets it uses. This funded depreciation provides funding for replacement of assets. This needs to be balanced against other considerations such as affordability. The council has assumed that it will move to fully funding depreciation net of subsidies and contributions by 2024/2025. However, there are some exceptions to this assumption, namely • Watercare Services Limited will continue to fund depreciation to meet forecast average renewal requirements • Waterfront Development Agency's commercial operations will fund its depreciation from debt and commercial revenue. • Ports of Auckland will fully fund their depreciation from commercial revenues. For other activities the council will fund 78 per cent of depreciation, net of subsidies and contributions, for 2018/2019. The level of depreciation funding will increase by around 3.7 per cent each year, so it is fully funding depreciation in 2024/2025, net of subsidies and contributions. The table below sets out the minimum level of depreciation funding the council will apply when calculating its rates requirement. The council receives some subsidies for renewing assets such as the NZTA subsidy for renewing some roads. The council uses a number of other funding sources to pay for the renewal of its assets such as general rates, targeted rates and user charges. The council's Revenue and financing policy has more details of the different types of funding used to pay for renewing assets.	**Risk** - That the actual level of depreciation differs significantly from that forecasted in this plan. That funded depreciation is not sufficient to fund renewals. Level of uncertainty – low **Impacts** - If depreciation is lower than that forecast the council could choose to fund a higher proportion of depreciation expense than forecast allowing it to reduce debt or increase other expenditure. If depreciation is higher than that forecast the council will fund less depreciation than forecast requiring it to increase debt/and or rates or reduce other expenditure. The plan includes $12 billion depreciation, $953 million of this in 2018/2019. A 1 per cent change in depreciation in 2018/2019 equates to $9.5 million.

Funding percentage	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Funded	74%	78%	82%	85%	89%	93%	96%	100%	100%	100%	100%
Not funded	26%	22%	19%	15%	11%	7%	4%	0%	0%	0%	0%

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Weathertight-ness claims	The council has considered the financial impact of weathertightness claims, including those already lodged and potential claims. On the basis of an actuarial assessment, a provision was established at 1 November 2010 for future weathertightness claims. Based on an updated assessment completed in December 2017, the council is forecasting claim payments of $296 million over the period of this plan. The cost of funding these settlements should not fall unfairly on ratepayers in the year of settlement. Rather than penalising current ratepayers with the full impact of these settlements, it is assumed they will be funded from borrowings and the repayment of these borrowings spread over 30 years.	**Risk** - The council's exposure to claims is different than the potential liability forecasted in this plan. Level of uncertainty – low **Impact** - If claims are higher or lower than forecast, then the council's levels of borrowing and the associated borrowing costs will also be higher or lower than forecast. Depending on how large the variance is, it may affect future forecast rate requirements.
Climate change	Climate change is expected to have a variety of implications for Auckland's infrastructure networks. The most recent climate change projections indicate warming temperatures, less annual rainfall in the north but more in the south and stronger winds. More frequent and severe weather events are expected. The specifications of some infrastructure may no longer be adequate to deal with more rainfall, or a warmer climate. Sea-level rise will increase risks for assets on the coast from inundation and erosion. Council is responding to the risk of climate change by increasing knowledge of risks to infrastructure networks, such as developing a Natural Hazards Risk Management Action Plan and undertaking new research on the impact of climate change on Auckland. An Auckland Council Coastal Management Framework was developed to help the council better manage its coastal assets, and to better mitigate the risks associated with coastal erosion and the combined effects of predicted climate change. This framework will enable the council to move from the current default position of reactionary 'like-for-like' renewals to a prioritised work programme that is based on improved asset management planning underpinned by business cases leading to improved asset investment.	**Risk** – If the impact of climate change is higher than anticipated there may be increased surface flooding, damage to infrastructure due to extreme weather events and greater risk to public safety and private property. Level of uncertainty – moderate **Impact** –Increased investment in new or improved infrastructure may be required and the timing of maintenance and replacement of assets may be affected.

Assumption	Assumption data for LTP 2018-2028 and source	Risks and impacts
Foreign exchange risk	Council manages foreign currency risk of the group apart from Ports of Auckland. Foreign exchange risk of all entities under the group is managed through derivative financial instruments. The risk is mitigated by entering into forward foreign currency exchange contracts where the threshold is set by the treasury management policies. The risk on offshore borrowings is offset by cross-currency interest rate swaps over the life of the borrowings. The group and council are not planning to have any material exposure to foreign exchange as all foreign currency denominated borrowings and material purchases will be hedged.	**Risk** – That group and council transactions that are denominated in a foreign currency other than NZD. The NZD may deteriorate against the relevant foreign currency from the period between when the transaction was entered and when foreign currency payments are made. Level of uncertainty – low **Impact** – The group and council are not planning to have any material exposure to foreign exchange as all foreign currency denominated borrowings and material purchases will be hedged.
Legislation	The council has assumed there will be no material changes to existing legislation and other national standards applicable to Auckland Council, other than an assumption that central government will pass legislation to enable the establishment of regional fuel tax schemes, as well as an Order in Council to implement the regional fuel tax scheme for Auckland and allow the collection of a regional fuel tax from 1 July 2018 (refer to assumption on fuel tax revenue earlier in this section).	**Risk** - New legislation or changes to existing legislation may alter the nature and scope of services currently being provided or the regional fuel tax legislation is not passed as expected or the Order in Council is delayed. Level of uncertainty – low **Impact** - If changes in legislation require the council's to provide further services, or significantly increase levels of compliance or operating costs then this will need to be offset by an increase in fees and charges and or an increase in rates. It is not possible to quantify the potential financial impact of such changes at this time. If the legislation and the Order in Council for Auckland are not passed to allow the collection of a regional fuel tax from 1 July 2018 then the council will receive less fuel tax revenue than forecast. While a short delay would not be material, a significant delay may require council to defer some transport projects.

Note 3: Reconciliation between Prospective Statement of comprehensive revenue and expenditure and Prospective funding impact statement

This statement is prepared on a group basis. This statement should be read in conjunction with the Prospective Funding Impact Statement (group consolidated).

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Operating surplus/ (deficit) after income tax per Prospective Statement of comprehensive revenue	**567,751**	**781,647**	**941,065**	**1,083,797**	**1,075,078**	**1,000,085**	**1,221,986**	**1,204,051**	**1,149,451**	**1,221,003**	**1,302,025**
Items recognised as income in Statement of comprehensive revenue and as capital expenditure funding sources in Funding Impact Statement:											
Capital subsidies	(403,083)	(411,868)	(486,708)	(475,319)	(471,166)	(430,840)	(552,107)	(561,019)	(511,656)	(580,785)	(631,385)
Development contributions	(214,359)	(204,492)	(288,657)	(306,698)	(297,514)	(301,301)	(301,301)	(301,301)	(301,301)	(295,771)	(293,223)
Non-cash items recognised in Statement of comprehensive revenue and not included in Funding Impact Statement:											
Depreciation	925,591	953,461	999,043	1,037,578	1,107,180	1,164,969	1,214,285	1,297,129	1,371,134	1,452,113	1,554,259
Depreciation of make good provision added back in funding impact statement	(2,211)	(559)	(425)	(323)	(104)	(12)	(8)	(5)	0	0	0
Discounting of provisions	9,806	6,247	3,825	2,781	1,768	863	325	200	151	149	149
Recognition of revenue from vested assets	(201,594)	(284,486)	(269,609)	(375,122)	(364,322)	(319,355)	(395,611)	(352,962)	(327,878)	(318,834)	(330,923)
Amortisation of prepaid leases	(1,000)	(687)	(687)	(687)	(1,027)	(1,029)	(1,025)	(1,025)	(1,025)	(1,025)	(1,025)
Other reconciling items:											
Retro-fit your home targeted rate included in funding impact statement but not recognised as revenue in the statement of comprehensive income	4,706	4,272	6,264	7,106	7,704	7,564	7,431	7,130	6,973	6,643	6,767
Retro-fit your home targeted rate interest component recognised as revenue in the statement of comprehensive income	(2,356)	(1,884)	(2,424)	(2,330)	(2,254)	(2,217)	(2,201)	(2,192)	(2,199)	(2,219)	(2,250)

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Share of equity accounted surplus from associates not distributed by way of dividends to Auckland Council	(4,644)	(6,456)	(7,007)	(9,236)	(11,831)	(7,515)	(4,674)	(4,793)	(5,114)	(5,404)	(5,731)
Prepaid lease revenue recognised in funding impact statement	18,015	12,275	16,836	9,556	13,312	26,061	10,640	24,318	0	6,731	0
Income tax recognised in statement of comprehensive revenue not included in the funding impact statement	23,062	34,643	38,680	40,264	41,522	44,181	46,708	40,207	42,036	45,585	49,185
Operating funding surplus/ (deficit) per Prospective Funding Impact Statement	**719,684**	**882,113**	**950,196**	**1,011,367**	**1,098,346**	**1,181,454**	**1,244,448**	**1,349,738**	**1,420,572**	**1,528,188**	**1,647,850**

Auckland Council group

Note 4: Reserve Funds

The Local Government Act 2002 requires the Long-term Plan to identify each reserve set aside by the council, the purpose of each fund, the activities to which each fund relates and funding flows for the period of the plan.

Reserve	Purpose	Activities
Cash flow hedge reserve	Gains from revaluation of the Diversified Financial Assets portfolio	Organisational support
Available-for-sale investment revaluation reserve	Recognition in group accounts of associated' reserves	Organisational support
Share of associates' reserves	Accumulated gains from asset revaluation	Investment
Asset revaluation reserve	Accumulated gains from asset revaluation	Various
Cash flow hedge reserve	Gains from revaluation of the Diversified Financial Assets portfolio	Organisational support

Restricted equity reserves		
Reserve	Purpose	Activities
Statutory funds (Off street parking)	Funds accumulated under legislation (primarily related to subdivisions or off-street parking).	Parking and enforcement
Trust and bequests	These trusts are primarily related to assets held by council. The trust deeds restrict council's action in relation to these assets.	Various
Regional fuel tax reserve	Fuel tax collected for specific transport projects.	Roads and footpaths and Public transport and travel demand management
Other restricted equity	Reserve funds related to particular projects or assets whereby council is restricted in its decision-making ability.	Various

Targeted rates reserves		
Reserve	Purpose	Activities
Central City targeted rate reserve	Targeted rate collected for enhancement of central business district as a place to work, live, visit and do business.	Regional planning
Glorit Flood Gate Restoration targeted rate reserve	Targeted rate being collected to recover the costs of the restoration of the Glorit flood gate.	Stormwater management
Riverhaven Drive targeted rate reserve	Targeted rate being collected to recover the costs of the construction of a road.	Roads and footpaths
Jackson Crescent wastewater targeted rate reserve	Targeted rate collected to recover the cost of the council providing financial assistance to connect to a wastewater scheme.	Wastewater treatment and disposal
Point Wells wastewater targeted rate reserve	Targeted rate collected to recover the cost of the council providing financial assistance to connect to a wastewater scheme.	Wastewater treatment and disposal
Harbourview Orangihina Park targeted rate reserve	Targeted rate collected for development of Harbourview Orangihina Park.	Regional community services
Open space/ Volcanic cones	Legacy targeted rates. No longer levied.	Regional community services
Araparera	Araparera Forest harvest proceeds set aside for roading development in the area.	Development Auckland
Water quality targeted rate reserve	Targeted Rate collected to help fund the capital costs of investment in cleaning up Auckland’s waterways.	Stormwater management
Natural environment targeted rate reserve	Targeted Rate collected to help fund the capital and operating costs of investment to deliver enhanced environmental outcomes.	Environmental Services

The funding flows for these reserves are:

$000 As at 30 June	Annual Plan 2017/2018	Closing balance 2018	Deposits	Withdrawals	Closing balance 2028
Cash flow hedge reserve	(3,000)	0	0	0	0
Available-for-sale investment revaluation reserve	12,000	23,000	0	0	23,000
Share of associates' reserves	451,000	453,000	0	0	453,000
Asset revaluation reserve	7,515,914	8,899,415	10,713,107	0	19,612,522
Restricted equity reserves					
Statutory funds	9,834	9,275	1,911	(2,517)	5,787
Trust and bequests	1,576	1,541	516	(308)	1,749
Regional fuel tax	0	0	1,500,000	(1,500,000)	0
Other restricted equity	22,185	52,330	61,819	(102,333)	11,816
Total restricted equity	**33,595**	**63,146**	**1,564,246**	**(1,605,158)**	**19,352**
Targeted rates reserves					
Central City targeted rate reserve	24,251	24,815	244,301	(224,634)	44,481
Glorit Flood Gate Restoration targeted rate reserve	(36)	(36)	36	0	0
Riverhaven Drive targeted rate reserve	(805)	(615)	524	0	(91)
Jackson Crescent wastewater targeted rate reserve	(3)	(3)	3	0	0
Point Wells wastewater targeted rate reserve	(79)	(79)	79	0	0
Harbourview Orangihina Park targeted rate reserve	1,462	1,357	497	0	1,854
Open space/ Volcanic cones	1,061	1,374	0	(1,374)	0
Araparera	0	2,896	1,060	0	3,956
Water quality targeted rate reserve	0	0	452,404	(452,404)	0
Natural environment targeted rate reserve	0	0	141,529	(141,529)	0
Total targeted rates reserves	**25,851**	**29,709**	**840,432**	**(819,941)**	**50,200**
Total reserves	**8,035,360**	**9,468,270**	**13,117,785**	**(2,425,099)**	**20,158,074**

Note 5: Auckland Council (Parent) financial statements

Prospective statement of comprehensive revenue and expenditure

Auckland Council parent

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Revenue											
Rates	1,721,646	1,806,105	1,887,287	1,975,138	2,077,906	2,184,749	2,296,257	2,412,357	2,535,513	2,664,126	2,798,454
Fees and user charges	267,315	276,634	280,863	306,332	312,189	318,011	323,817	330,813	338,184	345,086	352,126
Grants and subsidies	249,409	70,167	28,684	15,748	15,913	16,081	16,348	16,517	16,787	16,960	17,233
Development and financial contributions	214,359	204,492	288,657	306,698	297,514	301,301	301,301	301,301	301,301	295,771	293,223
Other revenue	164,436	239,228	239,494	247,865	267,821	276,332	280,836	286,388	291,493	293,640	298,182
Vested assets	502,445	84,486	68,866	92,894	74,635	75,369	77,240	77,324	96,421	97,539	98,681
Finance revenue	108,545	132,891	143,083	155,381	166,592	176,764	187,454	201,384	209,642	210,750	211,408
Total revenue	**3,228,155**	**2,814,003**	**2,936,934**	**3,100,056**	**3,212,570**	**3,348,607**	**3,483,253**	**3,626,084**	**3,789,341**	**3,923,872**	**4,069,307**
Expenditure											
Employee benefits	525,978	535,778	548,349	560,979	572,375	584,335	598,331	609,956	622,695	636,004	648,889
Depreciation and amortisation	263,831	276,388	283,761	294,548	304,789	318,396	330,503	348,241	368,035	393,683	422,137
Grants, contributions and sponsorship	1,260,049	1,045,799	1,025,312	1,003,516	999,713	1,021,043	1,183,037	1,183,127	1,132,362	1,286,163	1,277,440
Other operating expenses	481,148	529,858	535,096	557,661	564,696	595,562	621,844	644,798	671,683	698,411	724,012
Finance costs	425,713	456,317	495,350	540,326	570,107	585,479	602,416	613,518	630,112	645,729	655,046
Total expenses	**2,956,719**	**2,844,140**	**2,887,868**	**2,957,030**	**3,011,680**	**3,104,815**	**3,336,131**	**3,399,640**	**3,424,887**	**3,659,990**	**3,727,524**
Operating surplus/ (deficit)	**271,436**	**(30,137)**	**49,066**	**143,024**	**200,890**	**243,792**	**147,122**	**226,444**	**364,454**	**263,882**	**341,783**
Share of surplus in associates and joint ventures	2,541	65,388	66,206	67,686	70,091	68,277	67,194	69,132	71,322	73,537	75,860

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Operating surplus/ (deficit) before income tax	**273,977**	**35,251**	**115,272**	**210,710**	**270,981**	**312,069**	**214,316**	**295,576**	**435,776**	**337,419**	**417,643**
Income tax expense	0	0	0	0	0	0	0	0	0	0	0
Surplus/ (deficit) after income tax	**273,977**	**35,251**	**115,272**	**210,710**	**270,981**	**312,069**	**214,316**	**295,576**	**435,776**	**337,419**	**417,643**
Other comprehensive revenue and expenditure											
Net gain on revaluation of property, plant and equipment	491,138	0	0	1,579,812	0	0	1,347,362	0	0	1,462,031	0
Total other comprehensive revenue/ (expenditure)	**491,138**	**0**	**0**	**1,579,812**	**0**	**0**	**1,347,362**	**0**	**0**	**1,462,031**	**0**
Total comprehensive revenue/ (expenditure)	**765,115**	**35,251**	**115,272**	**1,790,522**	**270,981**	**312,069**	**1,561,678**	**295,576**	**435,776**	**1,799,450**	**417,643**

Prospective statement of movement in equity

Auckland Council parent

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Contributed equity											
As at 1 July	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**
Surplus after income tax	0	0	0	0	0	0	0	0	0	0	0
Other comprehensive revenue	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive revenue	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer from/(to) reserves	0	0	0	0	0	0	0	0	0	0	0
Balance as at 30 June	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**	**26,569,092**
Accumulated funds											
As at 1 July	**(878,258)**	**(499,506)**	**(478,232)**	**(329,366)**	**(102,117)**	**154,465**	**467,657**	**689,293**	**1,003,291**	**1,457,354**	**1,772,863**
Surplus after income tax	273,977	35,251	115,272	210,710	270,981	312,069	214,316	295,576	435,776	337,419	417,645
Other comprehensive revenue	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive revenue	**273,977**	**35,251**	**115,272**	**210,710**	**270,981**	**312,069**	**214,316**	**295,576**	**435,776**	**337,419**	**417,643**
Transfer from/(to) reserves	9,224	(13,977)	33,594	16,539	(14,399)	1,123	7,320	18,422	18,287	(21,910)	(21,697)
Balance as at 30 June	**(595,057)**	**(478,232)**	**(329,366)**	**(102,117)**	**154,465**	**467,657**	**689,293**	**1,003,291**	**1,457,354**	**1,772,863**	**2,168,809**
Reserves											
As at 1 July	**3,199,525**	**3,705,104**	**3,719,081**	**3,685,487**	**5,248,760**	**5,263,159**	**5,262,036**	**6,602,078**	**6,583,656**	**6,565,369**	**8,049,310**
Surplus after income tax	0	0	0	0	0	0	0	0	0	0	0
Other comprehensive revenue	491,138	0	0	1,579,812	0	0	1,347,362	0	0	1,462,031	0
Total comprehensive revenue	**491,138**	**0**	**0**	**1,579,812**	**0**	**0**	**1,347,362**	**0**	**0**	**1,462,031**	**0**
Transfer from/(to) reserves	(9,224)	13,977	(33,594)	(16,539)	14,399	(1,123)	(7,320)	(18,422)	(18,287)	21,910	21,697

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Balance as at 30 June	**3,681,439**	**3,719,081**	**3,685,487**	**5,248,760**	**5,263,159**	**5,262,036**	**6,602,078**	**6,583,656**	**6,565,369**	**8,049,310**	**8,071,007**
Total equity											
As at 1 July	**28,890,359**	**29,774,690**	**29,809,941**	**29,925,213**	**31,715,735**	**31,986,716**	**32,298,785**	**33,860,463**	**34,156,039**	**34,591,815**	**36,391,267**
Surplus after income tax	273,977	35,251	115,272	210,710	270,981	312,069	214,316	295,576	435,776	337,419	417,643
Other comprehensive revenue	491,138	0	0	1,579,812	0	0	1,347,362	0	0	1,462,031	0
Total comprehensive revenue	**765,115**	**35,251**	**115,272**	**1,790,522**	**270,981**	**312,069**	**1,561,678**	**295,576**	**435,776**	**1,799,450**	**417,643**
Transfer to/ (from) reserves	0	0	0	0	0	0	0	0	0	0	0
Balance as at 30 June	**29,655,474**	**29,809,941**	**29,925,213**	**31,715,735**	**31,986,716**	**32,298,785**	**33,860,463**	**34,156,039**	**34,591,815**	**36,391,265**	**36,808,908**

Prospective statement of financial position

Auckland Council parent

$000 As at 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Assets											
Current assets											
Cash and cash equivalents	215,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Receivables and prepayments	201,160	320,098	326,012	340,565	357,793	374,030	390,367	407,604	425,789	444,233	463,794
Other financial assets	185,790	135,850	135,850	135,850	135,850	135,850	135,850	135,850	135,850	135,850	135,850
Inventories	8,000	11,444	11,673	11,906	12,144	12,387	12,635	12,888	13,146	13,409	13,677
Non-current assets held for sale	114,504	104,000	71,000	174,000	65,000	43,000	40,000	57,000	64,000	39,000	39,000
Total current assets	**724,454**	**751,392**	**724,535**	**842,321**	**750,787**	**745,267**	**758,852**	**793,342**	**818,785**	**812,492**	**832,321**
Non-current assets											
Receivables and prepayments	17,782	4,589	4,674	4,883	5,130	5,363	5,597	5,844	6,105	6,369	6,649
Derivative financial instruments	255,000	173,434	173,434	173,434	173,434	173,434	173,434	173,434	173,434	173,434	173,434
Other financial assets	1,627,419	2,036,138	2,184,929	2,384,482	2,586,366	2,792,442	3,038,270	3,328,811	3,442,514	3,395,005	3,384,010
Property, plant and equipment	14,236,828	15,321,410	15,650,790	17,381,701	17,637,406	18,046,652	19,791,915	20,214,916	21,057,044	23,064,681	23,536,391
Intangible assets	226,220	277,246	257,894	235,130	225,134	215,812	209,989	210,542	213,742	208,732	187,005
Investment property	121,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000
Investments in subsidiaries	21,379,000	21,264,083	21,264,083	21,264,083	21,264,083	21,264,083	21,264,083	21,264,083	21,264,083	21,264,083	21,264,083
Investments in associates and joint ventures	452,940	552,159	811,505	1,177,831	1,521,362	1,830,940	1,908,444	1,780,341	1,783,929	1,787,775	1,791,927
Other non-current assets	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total non-current assets	**38,318,189**	**39,794,059**	**40,512,309**	**42,786,544**	**43,577,915**	**44,493,726**	**46,556,732**	**47,142,971**	**48,105,851**	**50,065,079**	**50,508,499**
Total assets	**39,042,643**	**40,545,451**	**41,236,844**	**43,628,865**	**44,328,702**	**45,238,993**	**47,315,584**	**47,936,313**	**48,924,636**	**50,877,571**	**51,340,820**

$000 As at 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Liabilities											
Current liabilities											
Payables and accruals	625,718	676,332	651,193	615,700	618,727	669,792	727,808	743,745	878,128	827,737	808,379
Employee entitlements	57,596	57,922	59,281	60,646	61,878	63,171	64,684	65,941	67,318	68,757	70,150
Borrowings	1,024,285	1,109,362	1,195,527	1,285,915	1,344,332	1,415,145	1,474,036	1,514,468	1,567,812	1,594,471	1,602,968
Derivative financial instruments	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Provisions	62,762	60,806	42,705	25,411	16,983	13,375	10,633	7,942	5,700	4,314	3,662
Total current liabilities	**1,772,361**	**1,906,422**	**1,950,706**	**1,989,672**	**2,043,920**	**2,163,483**	**2,279,161**	**2,334,096**	**2,520,958**	**2,497,279**	**2,487,159**
Non-current liabilities											
Payables and accruals	24,200	27,131	26,121	24,697	24,818	26,866	29,193	29,832	35,223	33,200	32,426
Employee entitlements	2,173	2,228	2,280	2,333	2,380	2,430	2,488	2,536	2,589	2,644	2,698
Borrowings	6,802,455	7,656,323	8,250,986	8,874,793	9,277,961	9,766,683	10,173,105	10,452,144	10,820,318	11,004,299	11,062,944
Derivative financial instruments	901,000	861,517	861,517	861,517	861,517	861,517	861,517	861,517	861,517	861,517	861,517
Provisions	198,908	281,889	220,021	160,118	131,390	119,229	109,657	100,149	92,216	87,367	85,168
Total non-current liabilities	**7,928,736**	**8,829,088**	**9,360,925**	**9,923,458**	**10,298,066**	**10,776,725**	**11,175,960**	**11,446,178**	**11,811,863**	**11,989,027**	**12,044,753**
Total liabilities	**9,701,097**	**10,735,510**	**11,311,631**	**11,913,130**	**12,341,986**	**12,940,208**	**13,455,121**	**13,780,274**	**14,332,821**	**14,486,306**	**14,531,912**
Net assets	**29,341,546**	**29,809,941**	**29,925,213**	**31,715,735**	**31,986,716**	**32,298,785**	**33,860,463**	**34,156,039**	**34,591,815**	**36,391,265**	**36,808,908**
Equity											
Contributed equity	26,569,092	26,569,092	26,569,092	26,569,092	26,569,092	26,569,092	26,569,092	26,569,092	26,569,092	26,569,092	26,569,092
Accumulated funds	(563,317)	(478,232)	(329,366)	(102,117)	154,465	467,657	689,293	1,003,291	1,457,354	1,772,863	2,168,809
Reserves	3,335,771	3,719,081	3,685,487	5,248,760	5,263,159	5,262,036	6,602,078	6,583,656	6,565,369	8,049,310	8,071,007
Total ratepayers equity	**29,341,546**	**29,809,941**	**29,925,213**	**31,715,735**	**31,986,716**	**32,298,785**	**33,860,463**	**34,156,039**	**34,591,815**	**36,391,265**	**36,808,908**
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Total equity	**29,341,546**	**29,809,941**	**29,925,213**	**31,715,735**	**31,986,716**	**32,298,785**	**33,860,463**	**34,156,039**	**34,591,815**	**36,391,265**	**36,808,908**

Prospective statement of cash flows

Auckland Council parent

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Cash flows from operating activities											
Receipts from rates revenue	1,721,646	1,806,105	1,887,287	1,975,138	2,077,906	2,184,749	2,296,257	2,412,357	2,535,513	2,703,494	2,839,013
Receipts from customers and other services	764,912	837,499	877,194	915,946	944,662	970,262	986,041	1,002,222	1,016,531	1,023,071	1,034,967
Interest received	108,545	132,891	143,083	155,381	166,592	176,764	187,454	201,384	209,642	210,750	211,408
Dividend received	94,229	13,713	15,465	6,396	(8,241)	(12,808)	(16,318)	(18,854)	(19,478)	(20,631)	(22,336)
Payments to suppliers and employees	(2,239,624)	(2,134,344)	(2,176,659)	(2,178,331)	(2,131,365)	(2,227,226)	(2,373,516)	(2,456,619)	(2,430,474)	(2,635,984)	(2,673,450)
Interest paid	(418,118)	(450,629)	(491,950)	(537,868)	(568,443)	(584,628)	(602,099)	(613,324)	(629,962)	(645,579)	(654,896)
Net cash from operating activities	**31,590**	**205,235**	**254,420**	**336,662**	**481,111**	**507,113**	**477,819**	**527,166**	**681,772**	**635,121**	**734,706**
Cash flows from investing activities											
Proceeds from sale of other financial assets	236,401	0	0	0	0	0	0	0	0	0	0
Acquisition of other financial assets	(6,497)	(4,011)	(3,168)	(2,960)	(2,084)	(2,362)	(1,922)	(1,070)	(1,890)	(1,117)	(716)
Advances of loans to related parties	(81,583)	(149,713)	(179,735)	(254,582)	(238,300)	(138,182)	(222,799)	(263,433)	24,767	(30,328)	(25,210)
Sale of property, plant and equipment, investment property and intangible assets	114,505	177,000	104,000	71,000	174,000	65,000	43,000	40,000	57,000	64,000	39,000
Purchase of property, plant and equipment, investment property and intangible assets	(511,382)	(617,070)	(595,923)	(503,990)	(540,863)	(685,951)	(685,341)	(751,471)	(1,180,942)	(875,739)	(812,440)
Proceeds from community loan repayments	2,350	2,388	3,840	4,776	5,451	5,347	5,230	4,938	4,774	4,424	4,517
Investment in associates and joint ventures	0	(234,700)	(254,100)	(359,100)	(333,900)	(303,500)	(74,300)	131,400	0	0	0
Advances to external parties	(8,876)	(49,962)	(10,162)	(6,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
Net cash from investing activities	**(255,082)**	**(876,068)**	**(935,248)**	**(1,050,856)**	**(942,696)**	**(1,066,648)**	**(943,132)**	**(846,636)**	**(1,103,291)**	**(845,760)**	**(801,849)**
Cash flows from financing activities											
Proceeds from borrowings	1,298,189	1,544,192	1,790,190	1,909,721	1,747,500	1,903,867	1,880,458	1,793,506	1,935,987	1,778,451	1,661,614
Repayment of borrowings	(1,074,697)	(1,046,359)	(1,109,362)	(1,195,527)	(1,285,915)	(1,344,332)	(1,415,145)	(1,474,036)	(1,514,468)	(1,567,812)	(1,594,471)
Net cash from financing activities	**223,492**	**497,833**	**680,828**	**714,194**	**461,585**	**559,535**	**465,313**	**319,470**	**421,519**	**210,639**	**67,143**

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Net increase/(decrease) in cash and cash equivalents and bank overdraft	**0**	**(173,000)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash and cash equivalents and bank overdraft at beginning of the year	215,000	353,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Cash and cash equivalents and bank overdrafts at end of the year	**215,000**	**180,000**	**180,000**	**180,000**	**180,000**	**180,000**	**180,000**	**180,000**	**180,000**	**180,000**	**180,000**

Note 6: Group depreciation and amortisation by group of activity

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Roads and Footpaths	256,091	251,519	269,769	290,847	314,103	348,170	373,449	396,006	427,320	459,098	484,209
Public Transport and travel demand management	106,884	102,386	102,974	102,304	103,925	105,098	109,955	116,021	125,830	137,173	147,320
Wastewater	130,973	143,952	146,382	148,989	167,473	171,362	176,535	198,771	206,728	215,005	237,250
Water supply	99,011	108,393	109,493	110,743	123,820	125,050	126,271	139,798	142,567	145,802	159,723
Stormwater	58,484	60,553	63,025	64,344	67,419	70,744	74,421	77,567	80,158	84,224	88,226
Local Council Services	3,585	8,349	14,775	22,310	30,036	37,813	45,368	53,254	62,625	73,922	86,295
Regionally delivered council services	229,656	232,641	242,028	241,509	239,821	242,240	239,744	244,095	252,268	263,171	275,586
Council controlled services	40,907	45,668	50,597	56,532	60,583	64,492	68,542	71,617	73,638	73,718	75,650
	925,591	**953,461**	**999,043**	**1,037,578**	**1,107,180**	**1,164,969**	**1,214,285**	**1,297,129**	**1,371,134**	**1,452,113**	**1,554,259**

2.3 Prospective consolidated funding impact statement

Auckland Council group consolidated

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Sources of operating funding:											
General rates, UAGCs, rates penalties	1,517,067	1,588,388	1,660,153	1,752,213	1,848,734	1,949,845	2,055,738	2,167,522	2,285,588	2,409,220	2,538,303
Targeted rates	197,643	212,615	223,859	220,129	226,636	231,872	236,987	240,626	245,167	249,632	254,647
Subsidies and grants for operating purposes	273,705	286,973	297,307	305,689	313,599	321,216	329,329	336,149	342,569	348,891	356,218
Fees and charges	1,255,679	1,347,989	1,424,281	1,529,557	1,593,904	1,656,940	1,725,021	1,788,539	1,854,387	1,926,709	2,001,496
Interest and dividends from investments	67,976	70,661	70,961	70,930	70,825	72,391	74,118	75,946	77,918	79,889	81,909
Local authorities fuel tax, fines, infringement fees and other receipts	289,074	430,324	442,794	439,510	456,352	471,395	460,157	477,455	456,585	465,384	471,503
Total operating funding	**3,601,144**	**3,936,950**	**4,119,355**	**4,318,028**	**4,510,050**	**4,703,659**	**4,881,350**	**5,086,237**	**5,262,214**	**5,479,725**	**5,704,076**
Applications of operating funding:											
Payment to staff and suppliers	2,418,699	2,587,623	2,655,498	2,744,272	2,817,466	2,910,733	3,006,309	3,093,448	3,181,378	3,275,935	3,370,765
Finance costs	454,998	467,214	513,661	562,389	594,238	611,472	630,593	643,051	660,264	675,602	685,461
Other operating funding applications	7,763	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	**2,881,460**	**3,054,837**	**3,169,159**	**3,306,661**	**3,411,704**	**3,522,205**	**3,636,902**	**3,736,499**	**3,841,642**	**3,951,537**	**4,056,226**
Surplus (deficit) of operating funding	**719,684**	**882,113**	**950,196**	**1,011,367**	**1,098,346**	**1,181,454**	**1,244,448**	**1,349,738**	**1,420,572**	**1,528,188**	**1,647,850**
Sources of capital funding:											
Subsidies and grants for capital expenditure	403,083	411,868	486,707	475,320	471,167	430,841	552,107	561,020	511,655	580,785	631,385
Development and financial contributions	214,358	204,491	288,657	306,696	297,514	301,303	301,303	301,303	301,303	295,771	293,224
Increase (decrease) in debt	354,308	591,532	703,627	712,291	484,954	542,829	450,799	304,585	407,301	196,463	53,551
Gross proceeds from sale of assets	114,505	177,000	104,000	71,000	174,000	65,000	43,000	40,000	57,000	64,000	39,000

$000 Financial year ending 30 June	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	**1,086,254**	**1,384,891**	**1,582,991**	**1,565,307**	**1,427,635**	**1,339,973**	**1,347,209**	**1,206,908**	**1,277,259**	**1,137,019**	**1,017,160**
Application of capital funding:											
Capital expenditure:											
- to meet additional demand	797,653	980,090	827,105	774,944	806,379	678,595	648,054	690,428	543,127	616,381	634,791
- to improve the level of service	609,111	539,727	759,619	738,929	719,212	845,475	959,753	992,961	1,191,235	1,023,308	966,177
- to replace existing assets	609,952	658,203	581,334	600,823	623,084	688,867	963,799	1,012,417	942,479	991,540	1,049,458
Increase (decrease) in reserves	65,329	32,319	81,369	78,655	38,820	16,620	12,631	12,393	10,325	6,385	3,001
Increase (decrease) in investments	(276,107)	56,665	283,760	383,323	338,486	291,870	7,420	(151,553)	10,665	27,593	11,583
Total applications of capital funding	**1,805,938**	**2,267,004**	**2,533,187**	**2,576,674**	**2,525,981**	**2,521,427**	**2,591,657**	**2,556,646**	**2,697,831**	**2,665,207**	**2,665,010**
Surplus (deficit) of capital funding	**(719,684)**	**(882,113)**	**(950,196)**	**(1,011,367)**	**(1,098,346)**	**(1,181,454)**	**(1,244,448)**	**(1,349,738)**	**(1,420,572)**	**(1,528,188)**	**(1,647,850)**
Funding balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Independent auditor's report on Auckland Council's 2018-28 Long-Term Plan

I am the auditor for Auckland Council Group (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long-term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. I have used my staff and resources, and appointed auditors and their staff, to complete the work for this report. I completed my report on 28 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures in Volume 2 on pages 209 to 212 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

Using my staff, and appointed auditors and their staff, I carried out my work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, I took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

I assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, I assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

My procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

I did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out my work, I complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and

- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council's Plan and all legally required external audits, I or my appointed auditors have provided assurance reports on:

- an assurance engagement in respect of information provided by the Auckland Council and Auckland Council Group as required by the terms of its foreign borrowings programme; and

- other engagements for Watercare Services Limited in the areas of taxation services, probity, cyber and other security risk advisory services.

These engagements are compatible with those independence requirements. Other than these engagements I have no relationship with or interests in the Council or any of its subsidiaries.

Greg Schollum,
Deputy Auditor-General,
Wellington, New Zealand

4.0 Supplementary information

How the organisation is structured

Auckland Council is a unique model of local government in New Zealand, comprising the governing body (made up of the mayor and 20 ward councillors) and 21 local boards. Together, this is a shared governance model where decisions can be made regionally and locally, and both big picture regional views and local views are an important part of the decision-making process.

Auckland Council also has council-controlled organisations (CCOs) to carry out certain functions and provide services. They are independent in their operations, but are accountable to the council.

The Independent Māori Statutory Board (IMSB) is an independent board established by the Local Government (Auckland Council) Amendment Act 2010.

There are also nine advisory panels that advise the council on its strategies, policies, plans and bylaws and mechanisms for engagement.

The Governing Body

This consists of the mayor and 20 councillors who are elected on a ward basis. The Governing Body focuses on the big picture and on Auckland-wide strategic decisions that are important to the whole region. Auckland is split into 13 wards, which are used for council elections. Councillors are elected to represent the Auckland region and they also sit on council committees. Our councillors' contact details can be found on the next page.

The Mayor

The Mayor is elected by residents directly. The mayor leads the council and has enhanced responsibilities including promoting a vision for Auckland, providing leadership to achieve the vision, leading development of council plans, policies and budget, and engaging with the people of Auckland and its many communities and stakeholders.

Mayor and councillors' contact details

Hon Phil Goff, CNZM, MAYOR
Ph: (09) 301 0101
phil.goff@aucklandcouncil.govt.nz
Chair – Governing Body
Chair – Appointments, Performance Review, & Value For Money Committee

Bill Cashmore, DEPUTY MAYOR [Franklin]
Ph: (021) 283 3355
bill.cashmore@aucklandcouncil.govt.nz
Chair - Strategic Procurement Committee
Deputy Chair - Governing Body
Deputy Chair- Audit & Risk Committee
Deputy Chair- Regulatory Committee

Wayne Walker [Albany]
Ph: (021) 882 861
wayne.walker@aucklandcouncil.govt.nz

John Watson [Albany]
Ph: (021) 287 5999
john.watson@aucklandcouncil.govt.nz
Deputy Chair – Civil Defence Emergency Management Group Committee

Dr Cathy Casey [Albert-Eden-Roskill]
Ph: (027) 474 4231
cathy.casey@aucklandcouncil.govt.nz
Chair – Community Development & Safety Committee

Hon Christine Fletcher, QSO [Albert-Eden-Roskill]
Ph: (027) 276 0013
christine.fletcher@aucklandcouncil.govt.nz
Deputy Chair – Appointments, Performance Review, & Value For Money Committee

Josephine Bartley [Maungakiekie-Tamaki]
Ph: (021) 287 5599
josephine.bartley@aucklandcouncil.govt.nz

Sharon Stewart QSM [Howick]
Ph: (021) 282 1144
sharon.stewart@aucklandcouncil.govt.nz
Chair - Civil Defence Emergency Management Group Committee

Fa'anana Efeso Collins [Manukau]
Ph: (021) 242 6585
efeso.collins@aucklandcouncil.govt.nz
Deputy Chair - Community Development and Safety Committee

Alf Filipaina [Manukau]
Ph: (021) 280 0999
alf.filipaina@aucklandcouncil.govt.nz
Deputy Chair – Environment & Community Committee

Sir John Walker, KNZM, CBE [Manurewa-Papakura]
john.walker@aucklandcouncil.govt.nz

Daniel Newman, JP [Manurewa-Papakura]
Ph (021) 518 796
daniel.newman@aucklandcouncil.govt.nz

Chris Darby [North Shore]
Ph: (021) 284 2888
chris.darby@aucklandcouncil.govt.nz
Chair – Planning Committee

Ross Clow [Whau]
Ph: (021) 808 214
ross.clow@aucklandcouncil.govt.nz
Chair – Finance & Performance Committee
Deputy Chair – Strategic Procurement Committee

Richard Hills [North Shore]
Ph: (021) 286 4411
richard.hills@aucklandcouncil.govt.nz
Deputy Chair – Planning Committee

Desley Simpson, JP [Orākei]
Ph: (021) 971 786
desley.simpson@aucklandcouncil.govt.nz
Deputy Chair – Finance and Performance Committee

Greg Sayers [Rodney]
Ph: (021) 285 9900
greg.sayers@aucklandcouncil.govt.nz

Linda Cooper, JP [Waitākere]
Ph: (021) 629 533
linda.cooper@aucklandcouncil.govt.nz
Chair – Regulatory Committee

Penny Hulse [Waitākere]
Ph: (021) 273 4663
penny.hulse@aucklandcouncil.govt.nz
Chair – Environment & Community Committee

Mike Lee [Waitematā and Gulf]
Ph: (027) 494 3198
mike.lee@aucklandcouncil.govt.nz

Local boards

The 21 local boards are a key part of the governance of Auckland Council with a wide-ranging role that spans most council services and activities. Local boards make decisions on local matters, provide local leadership, support strong local communities and provide important local input into region-wide strategies and plans.

Local boards:

- Make decisions on local matters, including setting the standards of services delivered locally
- Identify the views of local people on regional strategies, policies, plans and bylaws and communicate these to the governing body
- Develop and implement local board plans (every three years)
- Develop, monitor and report on local board agreements (every year)
- Provide local leadership and develop relationships with the governing body, the community and community organisations in the local area
- Identify and develop bylaws for the local board area and propose them to the governing body
- Monitoring and reporting on the implementation of local board agreements
- Any additional responsibilities delegated by the governing body, such as decisions within regional bylaws.

Each year, local boards and the governing body agree individual local board agreements, which set out the local activities, services and levels of service that will be provided over the coming year. The agreements for 2017/2018 are included in this annual budget and can be found in Volume 2 of this document.

To find out which local board area you are in, follow this path from the website home page:

About Council > Local Boards > Find your ward and local board

Council-controlled organisations

Auckland Council provides a range of services and programmes to the Auckland region through its substantive CCOs and a range of other CCOs which participate in, and contribute to, the plans made by the council, as well as managing services such as transport.

CCOs fulfil two key roles. They provide commercial or specialist expertise that may not be available within the council organisation, and allow the council to focus on its core responsibilities such as strategy, policy or regulatory functions.

For more information on the policies, objectives, activities and performance targets of CCOs, see the relevant activity statement in the Long-term Plan 2015-2025, CCO overview in Part 4 of Volume 2.

Independent Māori Statutory Board (IMSB)

The IMSB is an independent board, whose purpose is to assist the council to make decisions, perform functions and exercise powers, taking into account the cultural, economic, environmental and social issues of significance for Mana Whenua groups and mataawaka of Tāmaki Makaurau - Auckland. It also ensures the council acts in accordance with statutory provisions referring to the Treaty of Waitangi.

The board:

- will identify and prioritise issues that are significant to Māori to help guide the council's work programme
- advise the council about issues that affect Māori in Auckland
- work with the council to help it meet its statutory obligations to Māori in Auckland
- work with the council on the design and execution of documents and processes.

The board and the council will also meet at least four times each year to discuss the council's performance of its duties. The nine members are:

Independent Māori Statutory Board Members

- Mr David Taipari, Chairperson
- Mr Glenn Wilcox, Deputy Chairperson
- Mr Renata Blair
- Mr James Brown
- Hon. Tau Henare
- Ms Liane Ngāmane
- Mr Terrence (Muka) Hohneck
- Mr Tony Kake
- Mr Denis Kirkwood.

For more details on the IMSB, please visit www.imsb.maori.nz.

Advisory panels

As one of council's engagement mechanisms with diverse communities, the advisory panels provide advice to the governing body and council staff within the remit of the Auckland Plan on the following areas:

- Auckland Council's regional policies, plans and strategies
- regional and strategic matters including those that Council-Controlled Organisations deal with
- any matter of particular interest or concern to diverse communities.

Auckland Council has six demographic advisory panels and three sector panels.

Demographic advisory panels:

- Disability Advisory Panel
- Ethnic Peoples Advisory Panel
- Pacific Peoples Advisory Panel
- Rainbow Communities Advisory Panel
- Seniors Advisory Panel
- Youth Advisory Panel.

Sector panels:

- Auckland City Centre Advisory Board
- Rural Advisory Panel
- Heritage Advisory Panel.

For more detail on Auckland Council's advisory panels, please visit our website www.aucklandcouncil.govt.nz

Information can be found under: About council > Your mayor and representatives > Advisory panels.

Co-governance arrangements

As a result of Treaty of Waitangi Settlements, legislation has established co-governance entities which require the involvement of the council:

The Ngāti Whātua Ōrākei Reserves Board is established under the Ōrākei Act 1991 and currently operates under the Ngāti Whātua Ōrākei Claims Settlement Act 2012 and has three council appointees.

i. Te Poari o Kaipātiki ki Kaipara (officially the Parakai Recreation Reserve Board) is established under the Ngāti Whātua o Kaipara Claims Settlement Act 2013 and has three council appointees.
ii. The Tūpuna Maunga o Tāmaki Makaurau Authority (or Maunga Authority) is established under the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014 and has six council appointees.

In addition, the council nominates two members of the Mutukaroa (Hamlins Hill) Management Trust and four members of the Te Motu a Hiaroa (Puketutu Island) Governance Trust.

How to contact the council

Telephone:	(09) 301 0101 (toll-free)
In person:	At our customer service centres
Via our website:	Using our online form at www.aucklandcouncil.govt.nz
Fax:	(09) 301 0100
Write to us:	At Auckland Council, Private Bag 92300, Auckland 1142

Customer service centres

Customer service centres allow Aucklanders to interact with us in person. We have over 25 customer service centres operating around Auckland. Currently, there are a variety of different services delivered to different levels across the centres, but overall they deliver:

• general information on all council services, products and events	• property information
• payments for dog registration rates and other services	• lodgement of building and resource consents
• dog renewal registration	• lodgement of licences and LIM applications
• copies of publications and reports	• payment of parking infringements.
• specialist advice	

To find out what services are offered from your local service centre, please visit our website www.aucklandcouncil.govt.nz. Information can be found under: Contact us > Customer service centres

Service centre	Physical address
Albany	30 Kell Drive, Albany
Birkenhead	Nell Fisher Reserve - Hinemoa Street, Birkenhead
Bledisloe House	24 Wellesley Street, Auckland Central
Browns Bay	Corner of Bute and Glen Roads, Browns Bay
Devonport	3 Victoria Road, Devonport
Glen Eden	39 Glenmall Place, Glen Eden
Glenfield	90 Bentley Avenue, Glenfield
Graham Street	35 Graham Street, Auckland
Great Barrier Island	Hector Sanderson Road, Claris
Helensville	49 Commercial Road, Helensville
Henderson	6 Henderson Valley Road, Henderson Waitākere
Huapai	296 Main Road (SH16) Huapai
Manukau	Ground Floor, Kotuku House, 4 Osterley Way, Manukau City Centre
New Lynn	31 Totara Avenue, New Lynn
Ōrewa	50 Centreway Road, Ōrewa
Papakura	35 Coles Crescent, Papakura
Pukekohe	82 Manukau Road, Pukekohe
Takapuna	1 The Strand, Takapuna

Service centre	Physical address
Waiheke Island	10 Belgium Street, Ostend
Waiuku	Corner of King Street and Constable Road, Waiuku
Warkworth	1 Baxter Street, Warkworth
Whangapāraoa	9 Main Street, Whangapāraoa

4.3 Glossary of terms

Term	Definition
Activity	The goods or services the council provides
Annual Plan (Also known as Annual Budget)	The plan that sets out what the council will be working to achieve in a financial year, how it will spend its money, the level of service to be provided, and the level of rates and other revenue required to fund that spending
Asset	An item of value, usually of a physical nature, that has a useful life of more than 12 months and has future economic benefits over a period of time. Infrastructural assets provide the basic facilities, services and installations needed for a community or society to function, such as stormwater drainage pipes. Non-infrastructural assets are the organisation's other assets that provide either administrative or operational functions, such as computer software
AT	Auckland Transport
ATAP	The Auckland Transport Alignment Project, a collaborative project between Auckland Council and Central Government to align strategic transport priorities for the Auckland region.
ATEED	Auckland Tourism, Events and Economic Development
Auckland Council or the council	The local government of Auckland established on 1 November 2010. The council is made up of the governing body, 21 local boards, and the council organisation (operational staff)
BID	Business improvement district
Centres	Localities identified as urban centres which include the city centre and fringe, metropolitan centres, town centres and local centres. Centres are typically higher density, compact mixed-use environments with high quality public transport links and provide a wide range of community, recreational, social and other activities
CRL	The City Rail Link project
CRL Limited	The separate legal entity that will deliver the CRL
COMET	COMET Auckland (Community and Education Trust)
Commercial activities	Retail, information and communication, finance and insurance, and other service sectors. These sectors typically can afford relatively higher land prices/rents, and locate well in town centres
Council-controlled organisation (CCO)	A company or other entity under the control of local authorities through their shareholding of 50 per cent or more, voting rights of 50 per cent or more, or right to appoint 50 per cent or more of the directors. Some organisations may meet this definition but are exempted as council-controlled organisations
Depreciation	The charge representing consumption or use of an asset, assessed by spreading the asset's value over its estimated economic life. Depreciation includes amortisation of intangible assets unless otherwise stated
FULSS	The Future Urban Land Supply Strategy
Development contributions	Contributions from developers, collected to help fund new infrastructure required by growth, as set out in the Local Government Act 2002. This can be a financial contribution or provision of services or an asset of the same value
Governing Body	The governing body is made up of the mayor and 20 councillors. It shares its responsibility for decision-making with the local boards. The governing body focuses on the big picture and on Auckland-wide strategic decisions. Because each ward may vary in population, some wards have more than one councillor
Grants and subsidies	Revenue received from an external agency to help fund an activity or service that the council provides
Gross operating expenditure	Total without deductions of depreciation and finance costs
Hapū	Kinship group, clan, tribe, sub tribe - section of a large kinship group
Household	One or more people usually resident in the same dwelling, who share living facilities.

Term	Definition
	A household can contain one or more families or no families at all. A household that does not contain a family nucleus could contain unrelated people, related people, or could simply be a person living alone
Infrastructure	The fixed, long-lived structures that facilitate the production of goods and services and underpin many aspects of quality of life. Infrastructure refers to physical networks, principally transport, water, energy, and communications
Iwi	Groups of whānau or hapū related through a common ancestor
Kaitiaki	Guardians of the environment
Kaitiakitanga	Guardianship including stewardship; processes and practices for looking after the environment, guardianship that is rooted in tradition
Local boards	There are 21 local boards which share responsibility for decision-making with the governing body. They represent their local communities and make decisions on local issues, activities and facilities
Local Board Agreement	An annual agreement between the governing body and each local board, setting out how the council will, in that year, reflect the priorities and preferences in its local board plan for the year in respect of various things, including the local activities to be provided in the local board area
Local Board Plan	A plan that reflects the priorities and preferences of the communities within the local board area in respect of the level and nature of local activities to be provided by the council over the next three years
Local Government Act 2002 (LGA 2002)	Legislation that defines the powers and responsibilities of territorial local authorities such as Auckland Council
Local Government (Rating) Act 2002 (LGRA)	Defines how territorial local authorities such as Auckland Council can set, assess and collect rates
Long-term Plan or the LTP (Also known as the 10-year budget)	This document sets out the council's vision, activities, projects, policies, and budgets for a 10-year period. Also commonly referred to as the LTP, the 10-year budget
Mana whenua	Iwi, the people of the land who have mana or customary authority. Their historical, cultural and genealogical heritage are attached to the land and sea
Mataawaka	Māori who live in Auckland but do not whakapapa to mana whenua
Mātauranga Māori	Māori wisdom. In a traditional context, this means the knowledge, comprehension or understanding of everything visible or invisible that exists across the universe
Maunga	Mountain, mount, peak; Auckland's volcanic cones
Mauri	Mauri is the pure state of an object or substance. Sometimes referred to as the 'life force', mauri is contingent upon all things being in balance or in harmony
New Zealand Transport Agency (NZTA)	Plans and delivers sustainable transport networks across New Zealand, In Auckland and has responsibility for maintaining the state highway network roads
One Local Initiative	As part of the 10-year Budget, each of our 21 Local Boards has identified a project that they believe to be the most important for their local community
Pā	Fortified Māori settlements, villages and towns
Papakāinga	A location including meeting facilities, homes, vegetable gardens, a cemetery and other things required to sustain a whānau, hapū or iwi. Known previously as unfortified Māori settlements, villages and towns
Papakāinga housing	Housing development within a papakāinga framework
Penlink	Penlink is a proposed alternative route between the Whangaparaoa Peninsula and State Highway 1 (SH1) at Redvale
Rangatahi	Younger generation, youth
Rangatira	Chief
Rangatiratanga	Chiefly authority. A state of being. It is expressed in who we are, and how we do things; ability to make decisions for the benefit of their people and the community in general; confers not only status but also responsibility to ensure that the natural world and its resources are maintained into the future; recognises iwi and hapū right to

Term	Definition
	manage resources or kaitiakitanga over the ancestral lands and waters. The Māori version of article 2 of the Treaty uses the word 'rangātiratanga' in promising to uphold the authority that tribes had always had over their lands and taonga
Rates	A charge against the property to help fund services and assets that the council provides
Rūnanga	Assembly or council in an iwi context
RLTP	The Regional Land Transport Plan provides the blue print for Transport in Auckland over the next decade.
RFT	Regional Fuel Tax
RPMP	Regional Pest Management Plan
Taonga	A treasured item, which may be tangible or intangible
Tāmaki Makaurau	The Māori name for Auckland
Tangata Whenua	Indigenous peoples of the land
Targeted rates	A targeted rate is a rate set to fund activities where greater transparency in funding is desired or where the council considers the cost should be met by particular groups of ratepayers, as they will be the prime beneficiaries of the activity
Te Tiriti o Waitangi / The Treaty of Waitangi	The written principles on which the British and Māori agreed to found a nation state and build a government
Te Toa Takitini	A top-down council group approach to better enable the council group to identify, invest, and track progress on activities that deliver on the Auckland Plan, transform the organisation and deliver Aucklanders great value for money. It derives from the whakatauki (proverb): Ehara taku toa i te toa takitahi, engari he toa takitini, Success is not determined by me alone, it is the sum of the contribution of many
The Auckland Plan 2050	Our long-term spatial plan for Auckland looks ahead to 2050. It considers how we will address our key challenges of high population growth, shared prosperity, and environmental degradation
Tikanga	Customary lore and practice
UAGC	Uniform Annual General Charge – a fixed rate set uniformly across all properties regardless of property value or category, applied to every separately used or inhabited part of a rating unit (e.g. a dwelling on a section, a shop in a mall, or a granny flat)
Unitary Plan	The Auckland Unitary Plan is the planning rule book that sets out what can be built and where. It is essential for protecting what makes our city special, while unlocking housing and economic growth and strengthening our community.
Waka	Canoe, vehicle, conveyance
Waste	Any matter, whether liquid, gas or solid, which is discharged, unwanted or discarded by the current generator or owner as having little or no economic value, and which may include materials that can be reused, recycled or recovered
Watercare	Watercare Services Limited
WMMP	Waste Management and Minimisation Plan, the first Auckland-wide plan, aiming at an aspirational goal of Zero Waste, helping people to minimise their waste and create economic opportunities in doing so

4.4 Key word index

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