

10-year Budget 2018-2028

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Presentation to Auckland Transport Board Meeting

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Consultation document

Key issues:

- Responding to growth.
- Infrastructure needs, especially transport and water.
- Cleaning up harbours, beaches and streams.
- Protecting endangered species (such as kauri).

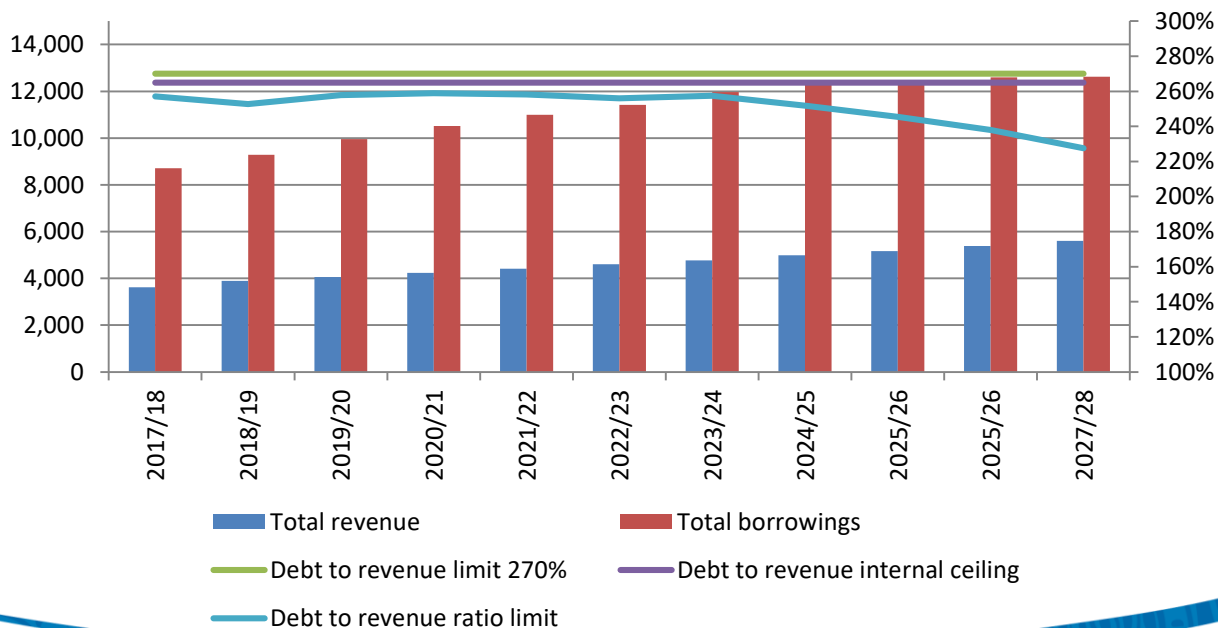
How to fund these:

- Increases in general rates.
- Introduction of new targeted rates.
- Introduction of regional fuel tax.
- Government funding and other funding mechanisms.

Financial overview

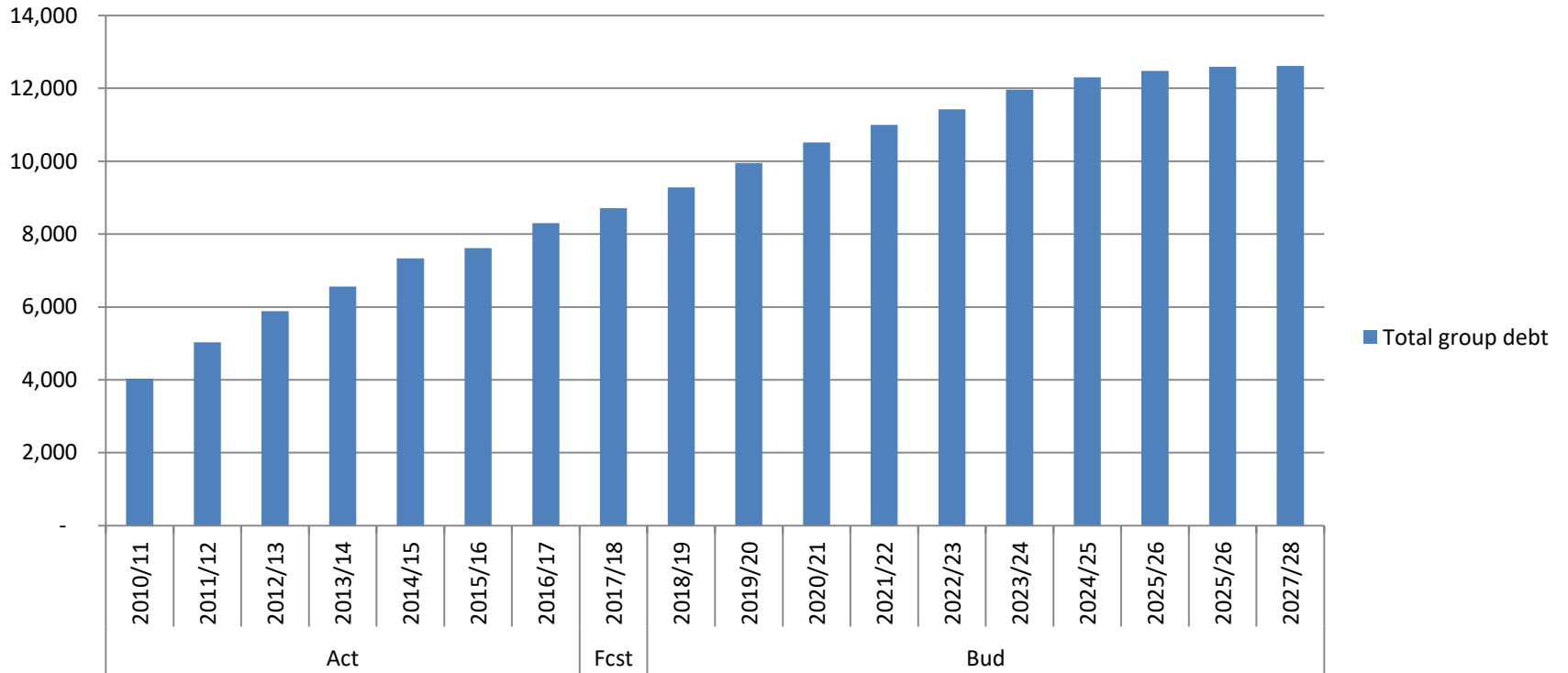
- Borrowings forecast to increase from \$8.7b to \$12.6b.
- Revenue growth of 4.5% p.a.
- Debt to revenue ratio around 250% to 260% in first 7 years, decreases thereafter.
- Operating surpluses increase significantly, reducing borrowing requirement.

Consultation document - debt to revenue



Total group debt since amalgamation

Total group debt



Operating revenue

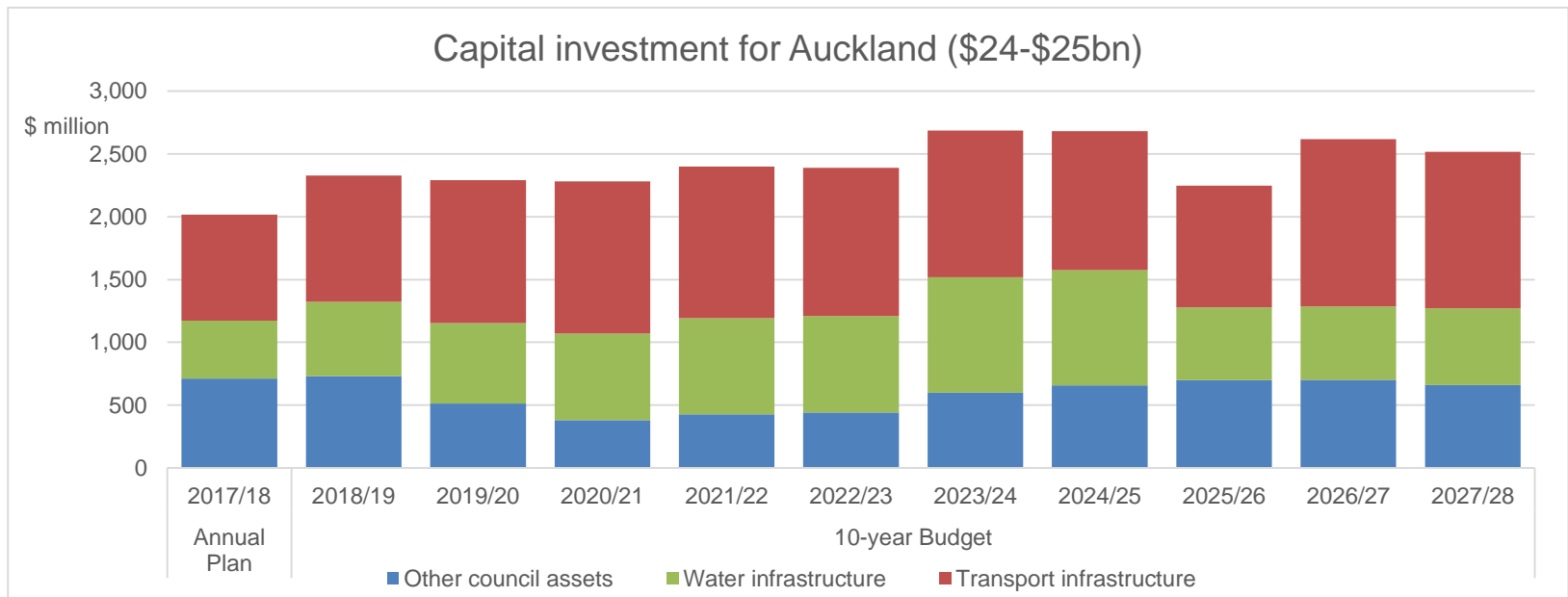
- General rates revenue: Growth of 2% p.a. and rates increases of 2.5% in 2018/19 and 2019/20, 3.5% thereafter.
- Targeted rates: Interim transport levy ends in 2017/18. New Natural Environment and Water Quality Improvement targeted rates from 2018/19.
- Non-rates revenue: Growth of 2% p.a. and inflation of around 2%. Higher increases in public transport and water user charges.
- Overall increase in operating revenue of 4.5% p.a.

Operating expenses

- Increases by 3.3% p.a. Inflation of 2% p.a. Despite higher growth in public transport costs and consequential opex from a large capital programme, real cost increases contained to around 1.3% p.a.
- Interest expense increases by around 4.5% p.a. over first 7 years and then levels out due to significant operating surpluses. Interest is on average around 25% of rates revenue.

Capital revenue and expenditure

- Capital revenue is made up of development contributions of around \$215m to \$300m p.a. and assumed government funding of \$360m to \$640m (50% of transport capex).
- Capital expenditure of \$2.0b to \$2.6b p.a. for a total of \$22.3b over 10 years (\$24b including CRL and Crown infrastructure partners).



- Transport almost 50% of group capex, up from \$7.9b in previous LTP to \$11-12b. Includes additional investment anticipated to be enabled by the Regional Fuel Tax and additional government funding.

Other

- Lease commitments included in debt to revenue calculation

\$m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2027/28
Total*	600	564	520	472	420	367	315	270	231	198

*This includes building leases, public transport operator contracts and operating lease commitments

- Weather tightness payments – increased by \$50m from 2016/17 (new claims and more multi-unit claims)

\$m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2027/28	Total
Weather tightness payments	(32)	(83)	(80)	(39)	(17)	(13)	(12)	(10)	(6)	(3)	(296)

- Asset sales – non-strategic asset sales target decrease from \$50m to \$20m p.a.

\$m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2027/28	Total
Sale of non-strategic and assets	24	24	24	20	20	20	20	20	20	20	212
Sale of specific urban development assets	25	11	27	30	15	16	17	17	17	17	191

- New assets vs. renewals

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2027/28
New assets vs. renewals	181%	260%	250%	222%	200%	175%	169%	166%	139%	161%	157%