

# Attachment D – Highly Constrained Scenario

## Purpose

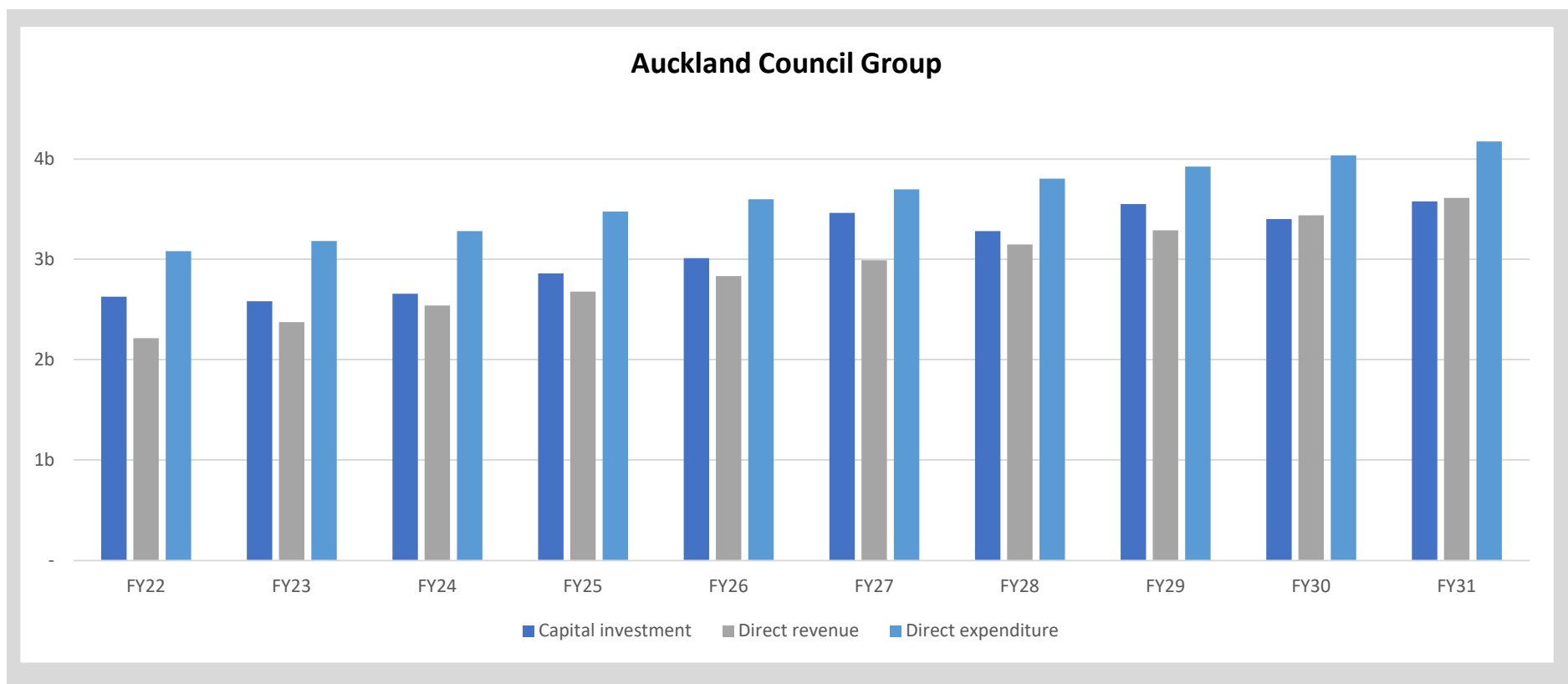
1. To set out the details of the Highly Constrained Scenario and provide an indication of the impacts an alternative scenario might have on council services.

## Executive Summary

2. The first three pages of this attachment lay out the details of the Highly Constrained Scenario including capital investment, capital revenue, operating expenditure and non-rates direct revenue.
3. The remainder of the attachment is focused on capital investment for the first three years of the 10-year Budget 2021-2031. It steps through different parts of the Auckland Council group and looks at what could be delivered under the Highly Constrained Scenario and the risks and implications of this level of investment. It also then shows the additional investment that might be enabled under an alternative scenario and what more might be able to be achieved with additional funding.

## Auckland Council Group highly constrained scenario

\$ million	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	10-year total
<b>Capital investment</b>	<b>2,626</b>	<b>2,583</b>	<b>2,656</b>	<b>2,859</b>	<b>3,012</b>	<b>3,461</b>	<b>3,280</b>	<b>3,549</b>	<b>3,402</b>	<b>3,576</b>	<b>31,004</b>
Capital subsidies	411	409	504	500	500	600	600	675	675	700	5,574
<b>Net direct expenditure</b>	<b>868</b>	<b>808</b>	<b>742</b>	<b>798</b>	<b>766</b>	<b>707</b>	<b>657</b>	<b>634</b>	<b>599</b>	<b>563</b>	<b>7,082</b>
Direct revenue	2,214	2,374	2,539	2,679	2,832	2,990	3,147	3,289	3,437	3,611	29,172
Direct expenditure	3,082	3,182	3,281	3,476	3,599	3,697	3,804	3,923	4,036	4,174	36,254



## Auckland Council Group highly constrained scenario

\$ million	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	10-year total
<b>Capital investment</b>	<b>2,626</b>	<b>2,583</b>	<b>2,656</b>	<b>2,859</b>	<b>3,012</b>	<b>3,461</b>	<b>3,280</b>	<b>3,549</b>	<b>3,402</b>	<b>3,576</b>	<b>31,004</b>
Auckland Transport	740	745	1,000	1,000	1,000	1,200	1,200	1,350	1,350	1,400	10,985
City Rail Link	572	476	162	95	-	-	-	-	-	-	1,305
Watercare	656	715	795	919	1,166	1,326	1,092	1,130	911	1,008	9,718
Panuku	90	90	100	71	71	71	71	71	71	71	777
Auckland Unlimited	36	31	41	33	33	33	33	33	32	32	335
Ports of Auckland	63	62	75	83	62	94	95	62	70	50	715
Auckland Council	469	464	484	658	680	738	790	904	968	1,015	7,169
Customer & Community	205	217	250	385	426	459	519	628	680	715	4,484
Infrastructure & environmental	205	193	171	177	162	182	185	189	193	201	1,858
Auckland council others	59	54	62	97	92	98	85	87	95	99	828
<b>Capital subsidies:</b>	<b>411</b>	<b>409</b>	<b>504</b>	<b>500</b>	<b>500</b>	<b>600</b>	<b>600</b>	<b>675</b>	<b>675</b>	<b>700</b>	<b>5,574</b>
Auckland Transport	390	395	500	500	500	600	600	675	675	700	5,535
Auckland Council	21	14	4	-	-	-	-	-	-	-	39
Customer & Community	14	12	4	-	-	-	-	-	-	-	30
Infrastructure & environmental	7	2	-	-	-	-	-	-	-	-	8



## Auckland Council Group highly constrained scenario

\$ million	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	10-year total
<b>Direct revenue*</b>	<b>2,264</b>	<b>2,432</b>	<b>2,603</b>	<b>2,731</b>	<b>2,887</b>	<b>3,045</b>	<b>3,204</b>	<b>3,348</b>	<b>3,493</b>	<b>3,669</b>	<b>29,675</b>
Auckland Transport	706	761	802	829	864	892	917	943	970	998	8,682
Watercare	796	842	936	993	1081	1184	1295	1379	1481	1597	11,585
Panuku	65	63	61	62	62	66	64	69	67	69	649
Auckland Unlimited	99	109	113	115	118	121	124	127	120	123	1,170
Ports of Auckland	260	287	302	315	334	347	361	375	389	405	3,374
<b>Auckland Council</b>	<b>338</b>	<b>369</b>	<b>387</b>	<b>417</b>	<b>427</b>	<b>435</b>	<b>443</b>	<b>454</b>	<b>466</b>	<b>478</b>	<b>4,215</b>
Customer & Community	104	107	109	111	113	116	118	122	125	129	1,155
Infrastructure & environmental	32	33	33	56	58	59	60	63	66	68	529
Regulatory services	182	209	225	229	233	238	243	248	253	258	2,318
Auckland council others	19	21	20	20	22	21	21	22	22	23	213
<b>Direct expenditure*</b>	<b>3,142</b>	<b>3,248</b>	<b>3,347</b>	<b>3,523</b>	<b>3,645</b>	<b>3,741</b>	<b>3,847</b>	<b>3,962</b>	<b>4,064</b>	<b>4,191</b>	<b>36,710</b>
Auckland Transport	1038	1077	1114	1161	1213	1249	1283	1317	1352	1388	12,193
Watercare	321	324	334	326	339	347	360	375	390	407	3,523
Panuku	79	81	81	83	84	83	83	84	84	86	828
Auckland Unlimited	202	209	210	213	218	223	229	234	234	239	2,212
Ports of Auckland	158	166	172	178	190	196	201	207	213	218	1,898
<b>Auckland Council</b>	<b>1343</b>	<b>1391</b>	<b>1436</b>	<b>1562</b>	<b>1601</b>	<b>1643</b>	<b>1691</b>	<b>1745</b>	<b>1791</b>	<b>1853</b>	<b>16,056</b>
Customer & Community	563	572	592	712	730	751	772	793	817	841	7,143
Infrastructure & environmental	239	243	251	262	273	281	291	308	319	331	2,798
Regulatory services	164	183	193	197	200	204	209	213	217	221	2,002
Auckland council others	377	393	400	392	398	406	419	431	438	460	4,114

\*Note: Inter-entity eliminations are not shown on this page

# Auckland Transport

\$ million	Highly constrained scenario				Alternative scenario				
	FY22	FY23	FY24	3-year total	FY22	FY23	FY24	3-year total	
<b>Capital investment</b>	740	745	1000	2,485	<b>Additional</b>	+ 200	+ 250	+ 100	+ 550
					<b>Total</b>	940	995	1,100	3,035

**What could be delivered?**

- Renewals in line with Asset Management Plan
- Continuation to some extent of safety programme (noting deferral of some investment in 2020/2021)
- Committed work (e.g. Eastern Busway, Rosedale Bus Station, Matakana Link, Wolverton Culverts)
- Completion of Urban Cycleway Programme (four years)
- EMU fleet expansion for CRL opening
- Crown Infrastructure Partners (shovel ready) funded North Western Busway Improvements
- Additional operating cost of \$23 million in year 1, \$25 million in the following two years for additional maintenance

**What are the risks and implications?**

~\$400m reduction in Auckland Transport’s capital programme over the next three years would mean:

- Minimal investment in Local Board projects, OLI’s and Transport Capital Fund, Waiheke Local Board plan, seal extensions, Park & Rides
- No investment in new multi-modal roading projects such as Glenvar, Lincoln and Lake Roads
- Reduced investment in future Walking and Cycling programme, multi-modal corridors via connected communities programme and network optimisation
- Minimal investment in supporting growth
- Reputational risk around lack of progress on RFT funded projects (e.g. whole of route bus priority, Lincoln Road, Glenvar, seal extensions)
- Up to \$200m of Waka Kotahi co-funding not being utilised

Note: Operating pressures for maintenance, consequential opex, and additional public transport services are not accommodated. Reprioritisation of existing budgets may be required.

**What more might be able to be achieved with additional funding:**

- Accelerated Urban Cycleway’s programme completion
- Safety Programme, Safety & Papakainga/Marae programmes brought forward and evenly phased
- Investment in the Redhills growth area (relating to HIF), as well as some initial investment (route protection etc) in growth in North West, Brownfields, Drury & Paerata
- Substantial investment in the Connected Communities programme, delivering bus priority, safety and cycling improvements only major corridors (RFT-funded)
- Completing the Wellesley St component of the City Centre Bus Improvements (RFT-funded), to align better with CRL opening
- Complete design for Lincoln, Lake/Esmonde, Matiatia, Glenvar, Orakei shared path with construction starting in FY25 (all RFT-funded)
- Commence Airport to Botany route protection
- Provision of \$6m p.a. in seal extensions (part RFT-funded)
- Reinstating Local Board Capital Fund

\$ million	Highly constrained scenario				Alternative scenario				
	FY22	FY23	FY24	3-year total	FY22	FY23	FY24	3-year total	
<b>Capital investment</b>	36	31	41	108	<b>Additional</b>	+ 15	+ 20	+ 15	+ 50
					<b>Total</b>	51	51	56	158

**What could be delivered?**

- Completing already contracted works (Zoo renewals work)
- Essential and reactive renewals only

**What are the risks and implications?**

- High risk health and safety concerns unaddressed and venues inadequately secured
- Risk of loss of potential revenues as a result of ICT systems failure
- Risk of business interruption as back-up power generation systems for event venues deferred
- Art Gallery heritage building wrapped for 3 years as urgent restoration works deferred again
- Loss of audiences and revenues as venues and content age
- Increased future renewals costs

**What more might be able to be achieved with additional funding:**

- Art Gallery heritage building programme restored
- Programme for high risk health and safety concerns fully addressed and venues are adequately secured
- All current ICT systems fully maintained and sufficient to ensure continuity of service
- Minimum requirement renewals programme largely restored, with some level of deferrals still required. Significantly reduces future renewal costs

\$ million	Highly constrained scenario				Alternative scenario				
	FY22	FY23	FY24	3-year total	FY22	FY23	FY24	3-year total	
<b>Capital investment</b>	656	715	795	2,165	<b>Additional</b>	+ 115	+ 25	+ 5	+ 145
					<b>Total</b>	771	740	800	2,310

**What could be delivered?**

- Mainly committed and in-flight projects for FY22 & 23
- Central Interceptor makes up 45% of programme in FY22 & 23
- Limited linear asset renewals
- Redhills/Whenuapai HIF programme will continue
- Growth investment 61% of Watercare's preferred investment scenario
- Renewals investment 53% of Watercare's preferred investment scenario for all asset classes
- Smart meter and new connection installations continue

**What are the risks and implications?**

- Approx. 80% of planned network pipe renewals are deferred 2-3 years
- Growth not met – Implications are community and developer discontent, increase in future costs to meet growth, creditability with central government reduced
- Increased risk of asset failure – Implications are increased unplanned maintenance costs, loss of services, increased overflows into the environment, reduced customer trust, SOI targets not met
- Water demand reduction postponed – Implications are leak reduction SOI targets not met, heightened risk under drought conditions
- Reduction in resilience– Implications are loss of supply, SOI targets not met
- Energy neutrality initiatives delayed– Implications are climate change strategy and SOI targets not achieved

**What more might be able to be achieved with additional funding:**

- 50% of network pipe renewals delivered. Focus areas will be Central Auckland (Maungakiekie, Onehunga)
- Progress a portion of Western Isthmus
- Growth: Warkworth will continue to be supported.
- Rosedale upgrades brought back 1 year, addresses renewals, growth and energy neutrality. Address renewals of critical assets
- Continue leak detection
- Huia design progression

\$ million	Highly constrained scenario				Alternative scenario				
	FY22	FY23	FY24	3-year total	FY22	FY23	FY24	3-year total	
<b>Capital investment</b>	110	120	117	347	<b>Additional</b>	+ 25	+ 9	+ 20	+ 54
					<b>Total</b>	135	129	137	401

**What could be delivered?**

- Stormwater minor capex e.g. Victoria Road renewal, Puhoi Sports Club wastewater & Port Albert Wharf wastewater
- Projects commencing in FY22:
- Small drinking water programme
- Clinker Place Special Housing Area
- Corban Reserve upgrade (Design)
- East Tamaki dam upgrade
- Paremuka dam culverts renewal
- Water Quality Targeted Rate commitments

**What are the risks and implications?**

- Other growth and flooding projects deferred e.g. Awakeri Stage 2 & 3, Bracken & Tennyson Ave, Totaravale Dr, Waiheke Island & Omaha North
- More complaints and property damage
- Limited provision for emergency works meaning no capacity for major adverse weather events

**What more might be able to be achieved with additional funding:**

- Support faster progress on growth and flooding projects such as:
  - Corban Reserve upgrade (Construction)
  - Bring forward more investment into small drinking programme (Septic tanks),
  - Minor capex renewals
  - Awakeri Stage 2,
  - Bracken & Tennyson Ave,
  - Totaravale Dr
  - Point England outfalls renewal
- Provision for emergency works instated for major adverse weather events



\$ million	Highly constrained scenario				Alternative scenario				
	FY22	FY23	FY24	3-year total	FY22	FY23	FY24	3-year total	
<b>Capital investment</b>	45	13	12	71	<b>Additional</b>	+ 5	+ 5	+ 0	+ 10
					<b>Total</b>	50	18	12	81

**What could be delivered?**

**Waste**

- Community Recycling Centres programme

**Natural Environment Targeted Rate**

- Project currently committed e.g. Kauri dieback upgrades

**Engineering Technical Services**

- Rawene remediation
- Leachate system upgrade
- Partial urgent landfills land stability and gas safety implementation and Claris coastal landfill closure

**What are the risks and implications?**

**Waste**

- Risk of delayed roll-out due to the deferred food scrap processing plant completion.
- Risk of delay to pay-as-you-throw bin rollout

**Natural Environment Targeted Rate**

- Delays in re-opening tracks may lead to reputational damage and spread of kauri dieback disease

**Engineering Technical Services**

- Delays in delivery may lead to breach of legal obligations, potential public health hazards and private land contamination
- Delays to further priority closed landfill works in Rosedale and Waikowhai

**What more might be able to be achieved with additional funding:**

- Waikowhai landfill - coastal slope stability remediation to address health and safety risks
- Mitigate risks related to Rosedale closed landfill gas management system replacement



# Customer & Community

\$ million	Highly constrained scenario				Alternative scenario				
	FY22	FY23	FY24	3-year total	FY22	FY23	FY24	3-year total	
<b>Capital investment</b>	205	217	250	672	<b>Additional</b>	+ 30	+ 25	+ 10	+ 65
					<b>Total</b>	235	242	260	737

**What could be delivered?**

- Highest priority renewals
- Contractually committed growth and development
- Committed land acquisition
- Highest priority projects (aligned to key shifts)
  - Avondale Library and Community Centre
  - Some park development in higher deprivation areas
  - Aquatic boiler phase-out
- Technology and digital investment to support delivering differently

**What are the risks and implications?**

- Reduced renewals funding increasing degradation and risk of failure
- Significant impact on capacity for Community Facilities Network Plan business cases (Leys, Albany)
- Lumpy nature of investment means uneven distribution across Local Boards
- Reduced allocation of LDI capex and significant impact on OLIs
- Limited investment in growth and development; rephasing required to outer years increasing reputational risk with developers and communities
- Approved sports field redevelopment postponed
- Library & art collections - reduced breadth and availability impacted

**What more might be able to be achieved with additional funding:**

- Increase renewals investment in our existing asset portfolio (est. 5-10% increase from base budget)
- Increase investment to address seismic strengthening e.g. Leys Institute
- Recommence high priority growth projects that would be otherwise deferred e.g.
  - Scott Point sustainable sports park
  - Flatbush multi-use centre
  - Development of new open space in greenfield areas
  - Enhanced open space in support of Kainga Ora development areas
- Recommence investment in existing sports park capacity in areas of greatest need
- Recommence coastal protection projects that would otherwise be deferred e.g. Orewa Seawall

\$ million	Highly constrained scenario				Alternative scenario				
	FY22	FY23	FY24	3-year total	FY22	FY23	FY24	3-year total	
<b>Capital investment</b>	90	90	100	280	<b>Additional</b>	+ 0	+ 0	+ 0	+ 0
					<b>Total</b>	90	90	100	280

**What could be delivered?**

- Contractual commitments
- Planned urgent renewals
- Planned site sales

**What are the risks and implications?**

- Further reductions will mean considerable delays, up to three years, in delivering
  - Priority location investment
  - Waterfront investment (including Onehunga)
  - Commercial investment in Westhaven
  - Haumaru re-developments
- Reduced community and private sector trust and confidence

**What more might be able to be achieved with additional funding:**

- N/A



# Development programme office

\$ million	Highly constrained scenario				Alternative scenario				
	FY22	FY23	FY24	3-year total	FY22	FY23	FY24	3-year total	
<b>Capital investment</b>	50	59	42	151	<b>Additional</b>	+ 0	+ 0	+ 0	+ 0
					<b>Total</b>	50	59	42	151

**What could be delivered?**

- Some projects funded by the City Centre Targeted Rate
- Begin Victoria St Linear Park stage 1
- Completion of:
  - Downtown Infrastructure Development
  - Takapuna Hurstmere Streetscape
  - Flatbush stormwater acquisition
  - Westgate Open Space
- (Partial) Tamaki Regeneration Programme Grant

**What are the risks and implications?**

- Deferral of some projects not currently committed
- Delays to realisation of City Centre Master Plan
- Inability to coordinate and leverage other investment

**What more might be able to be achieved with additional funding:**

- N/A



# Ports of Auckland

## Highly constrained scenario

\$ million	FY22	FY23	FY24	3-year total
<b>Capital investment</b>	63	62	75	200

## Alternative scenario

	FY22	FY23	FY24	3-year total
<b>Additional</b>	+ 0	+ 0	+ 0	+ 0
<b>Total</b>	63	62	75	200

### What could be delivered?

- Planned Ports of Auckland capital programme

### What are the risks and implications?

- N/A

### What more might be able to be achieved with additional funding:

- N/A



# Auckland Council support and others

\$ million	Highly constrained scenario				Alternative scenario				
	FY22	FY23	FY24	3-year total	FY22	FY23	FY24	3-year total	
<b>Capital investment</b>	59	54	62	176	<b>Additional</b>	+ 10	+ 16	+ 0	+ 26
					<b>Total</b>	69	70	62	202

<p><b>What could be delivered?</b></p> <ul style="list-style-type: none"> <li>• Renewal of corporate property and fleet</li> <li>• Renewal of network and user devices, and software at end of life</li> <li>• Renewal of research and monitoring sites and equipment</li> <li>• Critical ICT security remediation</li> <li>• Limited strategic transformation projects</li> </ul>	<p><b>What are the risks and implications?</b></p> <ul style="list-style-type: none"> <li>• Possible delays to delivering the Corporate Property optimisation strategy (Worksmart programme)</li> <li>• Lost opportunities and benefits from delayed transformation projects</li> </ul>	<p><b>What more might be able to be achieved with additional funding:</b></p> <ul style="list-style-type: none"> <li>• Progress on critical ICT projects and worksmart programme</li> </ul>
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