Te Kaunihera o Tāmaki Makaurau

Date:	**Thursday 27 February 2025**
Time:	**10.00am**
Meeting Room:	**Reception Lounge**
Venue:	**Auckland Town Hall 301-305 Queen Street Auckland**

Tira Hautū / Governing Body

OPEN MINUTE ITEM ATTACHMENTS

ITEM TABLE OF CONTENTS PAGE

Monthly Financial Dashboard

Auckland Council Group

January 2025

In Confidence due to NZX Disclosure Requirements

Monthly Financial Dashboard January 2025
Circulated to the Governing Body

All information in this document is confidential and subject to NZX disclosure obligations summarised below

Confidentiality:

- Auckland Council currently has several series of bonds quoted on the NZX Debt Market.
- As a result, the Auckland Council Group is subject to obligations under the NZX Main Board and Debt Market Listing Rules and the Financial Markets Conduct Act 2013.
- These obligations affect the ways that the Auckland Council Group deal with and release price sensitive information in three important respects namely:
  a) financial reporting
  b) continuous disclosure
  c) protecting inside information.
- Financial Reporting: Annual and half year reporting must be released to the NZX within two months of each year end and half year end and before being made public.
- Price sensitive information, such as the Auckland Council Group financial information, must be handled confidentially and with care. This ensures that all market participants get the benefit of the information at the same time, and no one can buy or sell our bonds with the benefit of “insider Information” (whether positive or negative).
- You should be aware that the intention is not to prohibit disclosure of financial information but to align the timing of the release of that information with the release of information to the NZX.
- Under the Financial Markets Conduct Act 2013, section 244, if any person commits an offence by releasing information that is not generally available to the market is liable on conviction:
  a) In the case of an individual, to imprisonment for a term not exceeding five years, a fine not exceeding $500,000, or both; and
  b) In any other cases, to a fine not exceeding $2.5 million.

Further details can be found in our Disclosure Policy on the Auckland Council website:
https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-policies/Pages/Disclosure- Policy.aspx

Headlines

Operating performance

Auckland Council Group

- Year-to-date net direct expenditure was $101 million favourable to budget.
- Direct revenue for the Group followed the trend of December and was $28 million (2 per cent) favourable to budget.
- Direct expenditure followed the trend of December and was $73 million (3 per cent) favourable to budget.

Auckland Council

- Year-to-date net direct expenditure $44 million favourable to budget.
- Direct revenue for Auckland Council followed the trend of December and was $24 million (9 per cent) favourable to budget.
- Direct expenditure was $20 million (2 per cent) favourable to budget. This was an improvement compared to December when expenditure was broadly in-line with budget.

Group debt

- Group net debt increased by $1.2 billion since 1 July 2024 mainly due to working capital movements and to help fund the $2.2 billion of capital investment.
- Group net debt was $13.4 billion at 31 January 2025 and is projected to be $13.9 billion by 30 June 2025.

Capital Projects delivered in January and key milestones

Year-to-date capital investment for the Group was $2,184 million representing 96 per cent of the group budget.

Key projects:

Auckland Council
- Fred Taylor Park and Te Atatū Peninsula Park - LED light upgrade complete.
- Road repairs of Jack Butt Lane at Muriwai Regional Park complete.
- 34 Shore Road, Remuera emergency pipe renewal complete.
- Omaha Drive and boat ramp stormwater upgrade complete.

Auckland Transport
- Flood response - repairs to Takatu Road, Pine valley Road, Duck Creek Road (a crucial access road during the construction of O Mahurangi – Penlink) and a number of sites on Scenic Drive (Titirangi) complete.
- Network Optimisation - Weymouth Road roundabout improvements complete.
- Community Network Improvements - Great North Road/Hepburn Road, intersection signals improvements complete.

Watercare Services Limited
- Work has commenced for the first permanent non-potable tanker filling station in Māngere. This will serve commercial customers for non-drinking purposes such as dust suppression and house cleaning.
- The topographical surveys commenced for the Warkworth North-West Growth Servicing Pipeline project. This is to reduce the frequency of wet weather overflows from the Elizabeth Street engineered overflow point.

Monthly Financial Dashboard January 2025 – For circulation to the Governing Body (In Confidence due to NZX Disclosure Requirements)

Auckland Council Group – Capital Investment

$ million	YTD 31 January 2025				Full Year Budget
	Actual	Budget	Variance	% Spend	
Total capital investment	**2,184**	**2,265**	(81)	**96%**	**4,200[3]**
Auckland Council[1]	259	305	(46)	85%	673
Category 3 property buy-outs[2]	424	288	136	147%	564
Auckland Transport	667	729	(62)	91%	1,352[3]
Watercare Services Limited	556	721	(165)	77%	1,211
Tātaki Auckland Unlimited[1]	41	50	(9)	82%	85
Eke Panuku Development[1]	44	43	1	102%	99
Port of Auckland Limited	29	51	(22)	57%	83
Under delivery assumption	-	(73)	73	0%	(125)
Investment in City Rail Link Limited	164	151	13	109%	258

Notes to table:

[1] Assets owned by Auckland Council and managed by Eke Panuku and Tātaki Auckland Unlimited, such as Auckland Film Studios, are included within Eke Panuku and Tātaki Auckland Unlimited. Category 3 property buy-outs are presented separately in the table.

[2] Properties impacted by the 2023 weather events which have been classified as having an intolerable risk to life that cannot be feasibly mitigated.

[3] Auckland Transport's SOI has been updated to revise capital investment from $1,459 million to $1,352 million to reflect the funding constraints as a result of the 2024-2027 National Land Transport Plan (NLTP). The group's full year budget has been adjusted from $4,307 million to $4,200 million accordingly to reflect the amended SOI.

Key capital delivery challenges

Capital investment delivery for Auckland Council (excluding Category 3 property buy-outs), Auckland Transport and Watercare was lower than budget, generally driven by the same challenges reported in December.

- Auckland Council mainly due to delays in the:
  - Resource Recovery Network (RRN) development programme, mainly because of lack of resources to carry out the activities. Work is underway to train new staff and reassess the timeline of the programme for 2025/2026 onwards.
  - Corporate property projects related to Records, Archives & Logistics centre, Local Board fit-out, and Auckland House infrastructure driven by delayed business case approvals. Some projects are deferred to 2025/2026.
  - Making Space for Water blue-green network programme as a result of reprioritisation of funding to Category 3 properties buy-outs.
- Auckland Transport: slower delivery of new Electric Trains by the supplier, largely driven by supply chain constraints in delivery of critical parts to the assembly line in Mexico and delayed property acquisitions relating to the Eastern Busway project.
- Watercare: slower start on pipe and plant renewals, planning projects and digital control system renewals, than anticipated.

Category 3 property buy-outs

Auckland Council continued purchasing more Category 3 properties than budgeted. The total cost of the programme will likely exceed the budgeted amount in the LTP due to the higher number of storm affected properties (forecast to be 1,215) being classified as Category 3.

Auckland Council Group – Operating performance

$ million	YTD 31 January 2025				Full Year Budget
	Actual	Budget	Variance	%	
Net direct expenditure	**571**	**672**	**101**	**15%**	**1,154**
Direct Revenue	**1,728**	**1,700**	**28**	**2%**	**2,957**
Fees and user charges	1,051	1,027	24	2%	1,787
Operating grants and subsidies	323	317	6	2%	551
Other direct revenue	354	356	(2)	(1%)	618
Direct expenditure	**2,299**	**2,372**	**73**	**3%**	**4,110**
Employee benefits	737	755	18	2%	1,267
Grants, contributions and sponsorship	138	129	(9)	(7%)	170
Other direct expenditure	1,424	1,488	64	4%	2,673
Other key operating lines					
General rates[4]	2,409	2,407	2	0%	2,427
Targeted rates[4]	358	355	3	1%	355
Vested assets	559	379	180	47%	672
Finance revenue	22	7	15	214%	13
Non-direct revenue	15	20	(5)	25%	77
Depreciation and amortisation	836	810	(26)	(3%)	1,410
Finance costs	373	356	(17)	(5%)	619
Non-direct expenditure	406	-	(406)	0%	-

Notes to table:
[4] Accounting standards require the group to recognise rates revenue in full when annual rating notices are issued. As a result, the entire rates revenue has been recognised in the financials.

Direct revenue 2% favourable to budget

- Revenue was favourable to budget for:
  - Auckland Council: Continued higher revenue from regulatory activities (building consents, inspections, licenses and permits).
  - Port of Auckland (PoAL): Favourable container volumes and higher breakbulk[5] cargo revenue compared to budget.
- This was partially offset by Watercare revenue: Lower volumes for water and wastewater and higher leakage allowances than anticipated.

Direct expenditure 3% favourable to budget

- Auckland Council: Refer explanation on page 5.
- Watercare: Lower costs for the Waikato District Council contract from less capex. More capitalisation of professional fees than budgeted. Additionally, there was lower expenditure driven by the slower start of some digital enhancement projects.
- Auckland Transport: Lower other direct expenditure due to less maintenance activity. In addition, there were less professional fees, events, printing, IT and utilities related costs than planned, generally because of lower inflation than anticipated and strong cost control.

Vested assets 47% favourable to budget

- Vested assets revenue is non-cash in nature, and highly unpredictable and beyond the group's control. The favourable variance mainly relates to the receipt of the old, and now revoked, section of State Highway 1 between Puhoi and Warkworth (value $230 million). This was partially offset by a delay in the receipt of certain CRLL assets.

Non-direct expenditure Refer explanation on page 6.

[5] Breakbulk cargo is goods that are stowed on board ships, not in individually counted units or containers, e.g. a pile of coal or cement.

Monthly Financial Dashboard January 2025 – For circulation to the Governing Body (In Confidence due to NZX Disclosure Requirements)

Auckland Council - Operating performance

$ million	YTD 31 January 2025				Full Year Budget
	Actual	Budget	Variance	%	
Net direct expenditure	**728**	**772**	**44**	**5%**	**1,312**
Direct Revenue	**296**	**272**	**24**	**9%**	**472**
Fees and user charges	231	205	26	13%	349
Operating grants and subsidies	20	13	7	54%	23
Other direct revenue	45	54	(9)	(17%)	100
Direct expenditure	**1,024**	**1,044**	**20**	**2%**	**1,784**
Employee benefits	405	419	14	3%	710
Grants, contributions & sponsorship	130	118	(12)	(10%)	159
Repairs and maintenance	159	162	3	2%	280
Outsourced works and services	184	186	2	1%	328
Other direct expenditure	146	159	13	8%	307
Other key operating lines					
General rates[1]	2,423	2,415	8	0%	2,439
Targeted rates[1]	358	355	3	1%	355
Vested assets	162	193	(31)	(16%)	330
Development contributions	106	134	(28)	(21%)	230
Finance revenue	141	126	15	12%	224
Non-direct revenue	33	39	(6)	(15%)	78
Depreciation and amortisation	199	199	-	0%	340
Finance costs	367	349	(18)	(5%)	606
Non-direct expenditure	399	-	(399)	0%	-

Direct revenue 9% favourable to budget

- Fees and user charges remained $26 million favourable to budget from continued higher volume of regulatory activities (building consents, inspections, licenses and permits).
- This is partially offset by dividend revenue from Auckland Future Fund budgeted to be received in December but it is now expected to be received later in the financial year.

Direct expenditure 2% favourable to budget

- Overall, direct expenditure was $20 million favourable to budget mainly driven by lower staff costs from unplanned vacancies, and lower costs associated with delays of several programmes including Making Space for Water, Resource Recovery Network (RNN) and Spatial Priority Areas development[6].
- This is partially offset by higher grants, contributions and sponsorship expenses relating to community projects delivered in advance of the budgeted timing. In addition, grants for projects funded through targeted rates were given earlier than planned.

Other key items

- **Vested assets** 16% unfavourable to budget
  Refer explanation on page 6.
- **Development contributions** 21% unfavourable to budget
  Development growth has been lower than projected resulting in less development contributions being charged than planned.

[6] Certain areas in Auckland, whether existing urban, future urban, or rural areas that need special focus for development.

- **Non-direct expenditure** mainly relates to increase in provision for Category 3 property buy-outs ($400 million) following the increase in forecasted number of Risk Category 3 properties and increase in provision for Category 2P[7] grants ($10 million), partially offset by decrease of weathertightness provision ($11 million). These provisions were not budgeted for.

[7] Properties impacted by the 2023 weather events which have been classified as having an intolerable risk to life and changes to an individual property can reduce the risk to a tolerable level.

27/02/2025

Private Plan Change Request - Arvida Warkworth

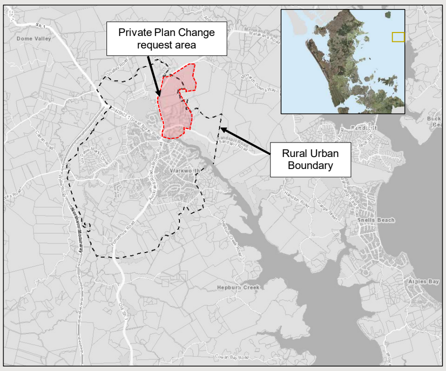
Governing Body meeting

27 February 2025

1

Private Plan Change - Context

Location



Aerial photo

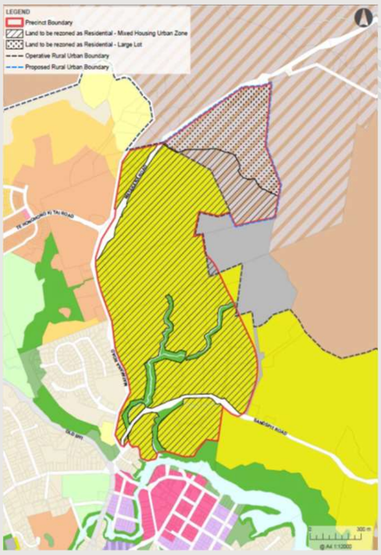
2

1

27/02/2025

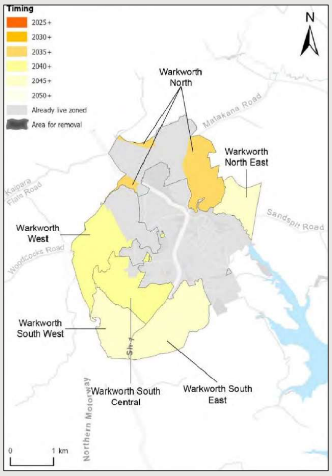
Private Plan Change Request

- Rezone approx. 140ha located at Matakana Road and Sandspit Road, Warkworth, from Future Urban Zone, Rural - Mixed Rural Zone and Special Purpose – Quarry Zone <u>to</u> Residential - Mixed Housing Urban Zone and Residential – Large lot Zone
- Move the Rural Urban Boundary to include 29ha and rezone the existing rural zoned land to urban zonings
- Introduce a new precinct (Mahurangi Takapou Precinct)
- Map additional Significant EA overlay
- Alter the existing shape and extent of the Quarry Area Buffer Overlay
- Apply the Stormwater Management Area – Flow 1 control (SMAF 1)



3

Strategic Issues



Future Development Strategy - indicative timings for rezoning and the provision of the supporting bulk infrastructure in the council's (2035+)

Regional Policy Statement - criteria for relocation of the Rural Urban Boundary and integration with the provision of appropriate infrastructure

National Policy Statement on Highly Productive Land - urban rezoning of 29ha of highly productive land (under current NPS-HPL) that has a rural zoning – needs to meet all three criteria to qualify for an exemption

Infrastructure Funding – funding for water and wastewater, but no funding for transport

4

2

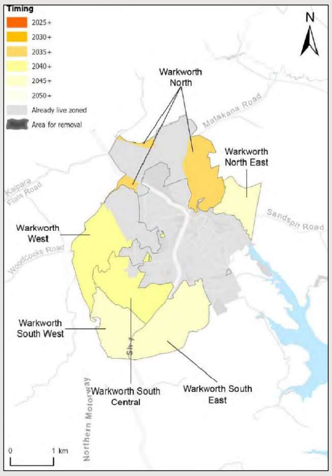
27/02/2025

Recommendation

- Two grounds identified as reasons the council could reject the private plan change - sound resource management practice and consistency with Part 5 of the RMA
- If rejected, likely to be appealed to the Environment Court – caselaw requires a "coarse level" assessment, and that where there is some doubt, to err on the side of caution and accept the private plan change so that a more detailed assessment can take place
- On balance, recommendation is to accept the private plan change

5

Strategic Issues – Rural Urban Boundary



- **Development ready from 2035+**
- **Infrastructure pre-requisites**
  - Western Link North
  - Matakana Road Upgrade
  - Sandspit Link
  - Sandspit Road Upgrade
  - Northern Public Transport Interchange
  - Warkworth Wastewater Growth Strategy (new pipeline, pump station, wastewater treatment plant and outfall pipe) and ancillary works
  - Warkworth Wastewater Growth Servicing (gravity pipe from the showgrounds to Lucy Moore pump station)

6

3

AUCKLAND COUNCIL

Te Whakaaetanga o Tāmaki Makaurau

Auckland Deal

New Zealand's gateway to productivity and growth

February 2025

Contents

Region and contact details

Tāmaki Makaurau, Auckland, is New Zealand's only major international city and its engine of growth and productivity. Spanning 4,894 square kilometres (1.8% of New Zealand's land area), the region is home to over one-third of New Zealand's population, contributes nearly 40% of national GDP and is its main gateway for people, trade, innovation and investment. Auckland has higher labour productivity than the rest of New Zealand and is the centre of the country's most valuable and productive growth industries, with 116 of New Zealand's top 200 tech firms based in Auckland.

The region has a rich cultural history with 19 iwi and hapū who maintain a strong connection to this whenua. It has an outstanding natural environment and urban amenities which contribute to its global appeal as a thriving place to live, work, invest in and visit.

The region has grown faster than the rest of the country and accounts for a significant proportion of its urban growth in recent years – it has a mature planning framework, capable and effective local governance with a track record of financial discipline in times of rapid growth, and strong private and Māori institutions. Auckland Council is an experienced, effective and trustworthy partner of the government, demonstrated in major joint projects such as City Rail Link and the Auckland Housing Programme, as well as recent successful agreements with the Government on water reform and transport reform.

Major public and private investment in Auckland – including mega-projects like City Rail Link, Eastern Busway and Central Interceptor, and private investment in data centres and large-scale development – is poised to dramatically improve the region's connectivity, productivity and capacity for growth if leveraged well.

Auckland is ready for a new type of relationship with central government – an Auckland Deal – based on a partnership that will unlock long-term, sustainable growth that benefits both the region and the nation.

For all future correspondence related to this proposal, please contact:

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Executive summary: New Zealand's gateway to productivity and growth

Auckland is seeking a new kind of partnership with the Government to empower the region **to drive its own success** and realise its potential as **New Zealand's major international city – a thriving, beautiful and innovative place that boosts regional and national prosperity.**

The case for the Auckland Deal

Fixing key problems and unlocking Auckland's growth and the advantages of a major, internationally competitive city will deliver a huge productivity dividend to the nation.

A. Auckland's opportunity –

An Auckland Deal would harness Auckland's advantages as NZ's major international city and commercial centre.

Small, developed nations benefit from thriving major cities that generate economic growth and productivity from the agglomeration of people, businesses, ideas and institutions. Unlocking these advantages for Auckland and New Zealand– and positioning it to compete globally for talent and investment – will have major economic benefits for New Zealand.

Scale, density	• Largest urban area and economic centre. • **33%** of population, could soon reach **two million.** • **Up to 40%** of New Zealand's Gross Domestic Product (GDP) is generated here.	**Productivity, high-value industry**	• **$86,000** GDP per capita, **15%** higher than NZ on average. • Largest share of manufacturing, logistics, agriculture, financial services.	**Gateway for trade, investment and people**	• A super diverse population connected to the Pacific and the world, including its largest populations • Freight hub, 91% of NZ's international air freight and ~36% of its sea, by value • Home to 50% of NZ's immigrants.
Innovation, technology, research	• Concentration of research, technology, startups, capital. • **50%** of research assets (universities, Crown Research Institutes); **60%** tech industry - strengths in medicine, finance, defence, and creative technologies.	**Outstanding natural environment and amenities**	• **19 iwi and hapū** with strong interests. • A rich history and muti-ethnic population. • Outstanding natural environment and urban amenity.	**Capable and effective institutions** **Strong existing partnerships**	• Effective local governance with a track record of partnership, good planning, fiscal discipline, and growth. • Strong private, iwi and social institutions.

Major public and private sector investment

Building on the existing infrastructure, resulting in a more efficient network than the rest of New Zealand.

Demonstrating **confidence** in Auckland.

- Auckland Council plans to invest **$295b over 30-years in investment in infrastructure – including a major investment in** water and resilience.
- Major projects including City Rail Link and Eastern Busway are poised to dramatically improve network.
- Urban growth **and regeneration**; large-scale projects enabling **20,000** homes.
- New Zealand International Convention Centre set to open in 2026.
- Digital backbone, **65% of the** nation's data centre capacity – through private investment.
- Major private investment / FDI planned: e.g. Fisher & Paykel ($220m HQ), Precinct Properties ($1.5b downtown redevelopment), multi-billion-dollar upgrades to Auckland's port and airport.

Auckland needs to be positioned to compete for talent and investment with other international cities, not other NZ regions.

These advantages mean unlocking growth in Auckland is **more efficient** and **attainable** and has the biggest impact on NZ's productivity and global competitiveness.

Te Whakaaetanga o Tāmaki Makaurau: **Auckland Deal** | **4**

The case for the Auckland Deal (continued)

Fixing key problems and unlocking Auckland's growth and the advantages of a major, internationally competitive city will deliver a huge productivity dividend to the nation.

B. Auckland's challenges/the problems to fix –

An Auckland Deal would empower Auckland to fix key challenges and constraints that are holding back growth.

Auckland has unique challenges that **require specific solutions**, but it lacks the tools to fix them. Current settings do not support Auckland Council to foster economic growth in Auckland –ratepayers bear the cost of growth infrastructure, but increased tax revenues flow to central government. Under these settings, **growth could lead to declining – not rising – living standards.**

Challenges	**Productivity and innovation are not as high as they should be.**	**Auckland's GDP per capita premium (10-15% more productive than NZ)** is not as high as other comparable international cities (25 – 35%). If Auckland achie**ved that premium, NZ's GDP would be 3 – 7% higher.** A more productive Auckland would drive higher wages, investment and living standards. While Auckland is NZ's centre of research and innovation, **it lags its international comparators in this metric.**	**Auckland is experiencing growing pains that constrain growth,**	Congestion, housing unaffordability, infrastructure deficits (such as wastewater constraints), environmental degradation and an increasing rate burden to pay for growth put constraints on growth and reduce the quality of life in Auckland. **These harm the nation's productivity and potential** for agglomeration benefits.	**Auckland lacks the tools to plan, fund, share the benefits and address the downsides of growth.**	**Auckland bears the cost of growth, but tax benefits flow to the government**, and it lacks effective tools to plan, fund and share the benefits of growth. Auckland Council also **lacks simple tools to deal with growth** constraints such as congestion and parking in a way that is unique to Auckland. Neither does it have a say on major government levers, such as immigration and international investment settings, that have a significant impact on its growth. A lack of joint long-term planning and commitment between central and local government reduces momentum and confidence, and unfunded mandates distract focus.		
Which means Auckland needs	**Long-term integrated planning**	Moving away from constant changing plans.	**Levers and focus to drive higher productivity and innovation**	Auckland has lacked the national focus and levers that other international city (such as Australia's State Capitals) use to drive higher productivity and innovation.	**Bespoke solutions for Auckland**	Empowering Auckland to resolve its challenges, rather than a one-size-fits-all approach	**Tools to plan, fund, and share the benefits of growth**	High living standards depend on **resilient, connected and affordable infrastructure** supporting growth– and that infrastructure needs to be **planned for and funded**.

By resolving these challenges, Auckland **could plan to grow by another one million people** in a way that **lifts productivity and living standards** for Auckland and NZ.

Te Whakaaetanga o Tāmaki Makaurau: **Auckland Deal** | **5**

How the Auckland Deal should work

Based on lessons from other deals, the Auckland Deal needs to be about **a long-term partnership and securing long-term, sustainable growth.**

Aligned objectives with government	Integrated long-term planning	Empowering Auckland to achieve its objectives and plans
• Set clear, measurable objectives and be accountable through regular citizen reporting. • Grow Gross Domestic Product (GDP) per capita (% increase) • Reduce house price-to-income ratio • Deliver infrastructure that will increase transport network efficiency.	• Develop joint long-term plans: • Regional Spatial Plan • Auckland Integrated Transport Plan. And make these plans strong and not subject to constant re-litigation.	• Simple regulatory and legislative fixes to enable local rule-setting • New funding and financing tools • Influence over key policies that impact the development of Auckland (e.g., immigration, regulation) • Place-based partnerships to support priority development.

Better coordination	Faster decisions – enable Auckland-specific over national solutions	Iwi and private sector partnerships	Better value projects	Greater accountability and shared benefits
• Align efforts on high-impact priorities. • Work on better coordination of services, reduce duplication and streamline decision-making.	• Allow Auckland and the government to create quick, specific solutions to Auckland's problems, cut out layers of advice, and develop bespoke solutions instead of a one-size-fits-all approach.	• Unlock private and iwi investment by removing barriers, working to open investment opportunities, and being open to unsolicited bids and private capital (that could include public-private partnerships (PPPs)) to accelerate projects.	• Specific workstream on improving the value council and government receive from capital projects – initiatives to deliver better, faster, and cheaper. • Commitment to positive benefit-cost-ratios.	• Regular meetings and reporting to track progress – quarterly monitor • If Auckland is empowered, it can be accountable for delivering on objectives. • Mechanisms to share benefits

Focus on priorities

Focusing on the areas that will have the **greatest impact** on growth and productivity.

Priority	Why it's a priority	What's under way, what Auckland can do, what it needs	Proposed priority intiatives
Housing Abundant quality housing alongside transport, business and industry.	Critical to economic growth and productivity, it enables people to locate closer to more productive areas and generate agglomeration benefits. Reducing housing supply constraints in Auckland could **increase NZ's GDP by 0.9% - 1.8%.**	**Already under way:** Significant Growth Enabled: Future Development Strategy (FDS), Auckland Unitary Plan, Long-term Plan | Auckland Housing Programme: large-sale projects enabling ~ 20,000 homes in next 10 years (Tamaki Regeneration, Hobsonville Point, Mt Roskill, Mangere) | Supporting Growth Alliance (NZTA/AT): plans for transport projects needed to support growth in Auckland for next 30 years | Major development planned at Drury | Regeneration of town centres. **Auckland can unlock growth by:** Accelerating delivery of infrastructure that supports housing alongside business & industry | Making use of new, innovative funding tools and regeneration powers | Lifting land-use restrictions where appropriate to enable intensification, including as required by National Policy Statement – Urban Development (NPS-UD) | Working better with private sector developers | Developing a new Regional Spatial Plan with Government that prepares Auckland to accommodate another 1 million residents. **To enable this, Government needs to:** Provide Auckland with the tools to plan for, fund and finance growth infrastructure required to support Aucklanders' quality of life as the city growth | Targeted legislative change enabling Auckland to implement NPS-UD, address flooding hazards and remove the Medium Density Residential Standards | Enable a stronger Regional Spatial Plan that is not subject to constant re-litigation | Support stronger coordination of council and Government infrastructure to support growth, for example investment in schools by Ministry of Education could be better coordinated with council growth priorities and infrastructure such as playing fields | Sensible building regulations (including seismic).	**Auckland Development Initiative – boosting Auckland's ability to support quality growth and development in priority places.** Council plans to establish and resource a new function to carry out urban development activities in partnership with government, private developers and iwi - the Auckland Development Office (working title and subject to consultation as to structure). The proposed Auckland Development Initiative is a partnership with Government that would see: • Auckland Council with powers under the Urban Development Act and funding tools, which could be deployed by the new function. • Place-based partnership to facilitate the planning, funding and delivery of Crown, council and private infrastructure in priority places (e.g. in Drury), including a refreshed partnership on large-scale projects on Crown/Kāinga Ora land. • A specific focus on realising opportunities from transit-oriented development, including taking action to realise opportunities around City Rail Link stations.

Attachment A

Item 13

Focus on priorities (continued)

Focusing on the areas that will have the **greatest impact** on growth and productivity.

Priority	Why it's a priority	What's under way, what Auckland can do, what it needs	Proposed priority intiatives
Transport Enable people and good to get ground faster, cheaper, with lower emissions	Transport supports growth and productivity and provides access to opportunity. Improving Auckland's transport system is important to the nation's productivity. Decongestion in Auckland could be worth $1.4 – **$1.9 billion per year or 1.5% - 2% of Auckland's GDP.**	**Already under way:** Auckland Integrated Transport Plan & Transport Reform | Time of Use Charging legislation | Major Projects – City Rail Link (CRL), Eastern Busway and Penlink | Major investment in more efficient, optimised network. **Auckland can unlock growth by:** Improving efficiency of system by maintaining network, tactical interventions (such as dynamic lanes), making use of new pricing tools | Effective public transport system | Joint planning with Government on problems. **From the Government:** Legal tools to make tactical interventions – like Time of Use Charging, parking fines and TTM charging | Long-term integrated transport planning and funding, | Simplifying NLTF funding | Commitment to important large projects –Botany to Airport and Northwest rapid transport.	**Getting Auckland moving – accelerated level crossing removal programme and time-of-use charging** A prioritised initiative to remove dangerous and congested level crossings across Auckland over 10 to 30 years – enabling more-frequent trains and traffic to flow freely and safely, and maximising benefits from the CRL investment. The benefits of the level-crossing removal initiative are assessed as more than **$20 billion**, with a benefit-cost ratio of 1.1. A **time-of-use-charging** regime will further enhance efficiencies from the level-crossing programme by working on the demand side of the transport system. Time-of-use charging could also result in about $1 billion in financial return, but its main benefit will be managing peak traffic.
Innovation Thriving innovation and technology sector that attracts international investment and talent.	Knowledge intensive economies support high productivity and rely on large cities due to agglomeration. Auckland has a concentration of research, startups, large firms, institutions and capital, including our highest ranked university. 60% of the nation's technology industry, and 116 of the top 200 tech firms, are based in Auckland. Auckland's technology sector contributes **$ 16.5 billion in GDP**.	**Already underway:** Innovation precincts at Wynyard Quarter; Convening of the tech ecosystem group | Significant innovation clusters exist around Newmarket Innovation Precinct and other areas. **Auckland can unlock growth by:** Leadership to bring sector together to: promote city internationally as innovation centre; identify and remove regulatory barriers; help broker deals with private sector and other entities; foster creation of cluster; facilitation roles (as a focus of economic development) | Continue to support development of targeted innovation precincts | Council may also be prepared to consider direct R&D incentives or regulatory concessions, if matched by Government. **From the Government:** Commitment to the sector based on an understanding that Auckland is where there is concentration of research, firms and capital to drive commercialisation to provide confidence | Removing barriers to immigration and investment | Strong investment in research institutions and R&D incentives.	**A thriving technology sector – anchored by establishing the core of the new Advanced Technology Institute based in Auckland.** Through the Auckland Deal, Auckland Council proposes to exercise a greater leadership role in facilitating the growth and development of the technology and innovation sector, including promoting the city and identifying and removing regulatory constraints. To support this the Government should locate the core of the new advanced technology public research organisation in Auckland to deliver research, capability, and commercial outreach. This will provide the greatest benefits to the new organisation and nation, including strongest possibilities in terms of commercialisation.

Focus on priorities (continued)

Priority	Why it's a priority	What's under way, what Auckland can do, what it needs	Proposed priority intiatives
Gateway to the world Connected and diverse city that drives international trade, investment, immigration and tourism.	International connections underpin Auckland and NZ's prosperity. Auckland's diverse population is internationally connected. Auckland is the Capital of the Pacific and has strong links to the world's two largest countries. Auckland Airport and the Port of Auckland are major facilitators of trade and tourism. $26.6 billion per annum worth of goods are moved through Auckland Airport (91% of the nation's international air freight by value) – and this is forecast to grow to $41.1 billion by FY32.Tourism contributed $4.5bn to Auckland's GDP in the year to March 2023.	**Already underway:** Major upgrades of Auckland Airport and the Port of Auckland: in the case of the Port of Auckland this is supported by council through its endorsed Plan to Make the Most of the Waterfront and Port | Destination Auckland and major events strategies are in place to attract international visitors, and celebrate Auckland's cultures & connection to the world. **Auckland can unlock growth by:** Enabling Port of Auckland | Improving connectivity to the Airport | Investing in a long-term destination and major events strategy to enhance the economic contribution from tourism | Maintain strong international relationships to promote and cooperate to grow trade and investment | Optimising investment in stadium network & major venues to enhance their contribution to Auckland's economic and cultural vibrancy. **From the government, Auckland needs:** Better immigration and overseas investment settings to support business, education, and tourism | Funding tools | Commitment to projects to support Airport connectivity (Botany to Airport, Southeastern Access, Landing Intersection) | Assisting with securing direct flights to India and South America, including regulatory concessions to enable trade between South-East Asia & South America via Auckland.	**Unlocking Auckland as a premier destination for iconic events and high-value tourism – funded by a bed-night visitor levy.** A long-term commitment to destination and major events funding, underpinned by a strategy that will attract and retain large-scale major events (international and domestic), attract visitors, business delegates and students, and position Auckland as a premier destination for tourism, major events, business events, and international education. More planes carrying visitors to Auckland will increase NZ's connectivity to the world – boosting trade and international investment opportunities – and making direct flights to India and South America more viable. This strategy needs a sustainable funding mechanism and will not be achieved through rates funding. The bed night visitor levy is the best mechanism and will have major benefits for the nation.

Focus on priorities (continued)

Priority	Why it's a priority	What's under way, what Auckland can do, what it needs	Proposed priority intiatives
Environment and harbours Stunning natural environment – including its harbours and parks – that contribute to a thriving city and economy.	The stunning natural environment – including its harbours and parks – contributes to a thriving city and economy. Auckland's stunning natural environment is a key feature that makes it an attractive place to live. The ecosystem services associated with the Hauraki Gulf have an estimated total economic value of **$5.14 billion per year**.	**Already under way:** Environmental initiatives focused on restoring the Hauraki Gulf, improving water quality, and enhancing coastal resilience | Stormwater and wastewater infrastructure projects are in progress to reduce pollution, while community and iwi-led biodiversity restoration projects are actively regenerating key ecosystems | Coastal adaptation strategies are being developed to address the impacts of climate change, including rising sea levels and erosion risks. **Auckland can do unlock growth by:** Expanding efforts to restore the Hauraki Gulf, accelerate water quality improvements through sustainable urban design and stricter pollution controls, and strengthen resilience by implementing long-term coastal management strategies. **From the government, Auckland needs:** Co-investment in stormwater and wastewater infrastructure, and fund large-scale marine and biodiversity restoration initiatives. Legislative support is required for iwi-led conservation and climate adaptation projects, ensuring that Māori perspectives are embedded in environmental management.	**An essential initiative to protect and restore the health of the Hauraki Gulf – implement the marine biosecurity and clean-hull vessel plan.** This initiative would implement a regional policy to prevent the spread of invasive marine species, strengthen biosecurity measures for boats and shipping, and support iwi-led marine conservation efforts. Auckland would work in partnership with government agencies, iwi, and the private sector to ensure the long-term health of the Hauraki Gulf and surrounding coastal ecosystems.

2. Alignment with the Strategic Framework

The proposed Auckland Deal is designed to align closely with the Regional Deals Strategic Framework, ensuring that Auckland's economic and infrastructure priorities contribute to national growth, productivity and resilience. It is proposed that, as part of the Auckland Deal, Auckland and the Government would agree to clear, measurable objectives that align with the framework and would be accountable againstgovernment would agree to clear, measurable objectives that align with the framework and would be accountable for these objectives through regular reporting to citizens in a simple scorecard. This will provide focus to negotiations. For example:

	Economic growth	Housing affordability	Connected infrastructure
Key proposed measure	**GDP per capita growth (% increase)**	**Median house price-to-income ratio (% reduction)**	**Reduced congestion (reduction in the % of economic output lost to congestion)**

Each of these measures would contain supporting measures. The following table illustrates how the proposed Auckland Deal could align with the key objectives of the Regional Deals framework, detailing measurable targets and supporting indicators that will guide implementation, track progress, and ensure the deal delivers tangible benefits for both Auckland and Aotearoa.

Primary objectives	Key measures	Supporting measures
Building economic growth	GDP per capita growth – 3-7% increase	• Land-use reform to enable flexible business and residential location decisions, reducing economic inefficiencies and unlocking agglomeration benefits **(urban productivity premium of 25-33%** seen in comparable cities). • Improved transport access to employment hubs, **ensuring 80% of Auckland's workforce can reach jobs within 45 minutes**, lifting productivity. • Labour productivity growth • Foreign direct investment • Contribution of technology, innovation and research to regional GDP.
Delivering connected and resilient infrastructure	Reduction in lost economic output from congestion (current impact: 1.4-1.9% of Auckland's GDP per year)	• Expansion of rapid transit (Northwest, Botany-to-Airport) and integration of land-use and transport investment, increasing accessibility and reducing **congestion-related economic losses of 1.4-1.9% of Auckland's GDP per year**. • Level crossing removal programme, unlocking the full benefits of City Rail Link (CRL) by improving rail network efficiency and reducing economic costs of road-rail delays **(GDP impact estimated at 0.9-1.8%)**. • Expansion of time-of-use congestion charging and dynamic lane management, reducing wasted travel time and **increasing economic productivity (GDP impact estimated at 0.4%)**.
Improving the supply of affordable and quality housing	Median house price-to-income ratio	• Total housing capacity. • Creation of an Auckland Urban Development Office (AUDO) to lead regeneration and coordinate public-private investment, unlocking large-scale housing and commercial precincts that align with national productivity goals. • Expanded Infrastructure Funding and Financing (IFF) tools, ensuring major urban growth areas (e.g., Drury, Tāmaki) are supported by timely infrastructure investment, avoiding delays that constrain economic expansion. • Streamlined consenting and fast-track approvals, removing regulatory bottlenecks that slow housing development and increase costs.

Item 13

Attachment A

2. Alignment with the Strategic Framework (continued)

Secondary objectives	Supporting measures
Greater regional and private sector collaboration	• Increased direct investment (which may include public-private partnerships (PPPs)) to deliver housing, transport, and infrastructure. • Enhanced iwi-led urban development initiatives through governance participation and strategic co-investment.
Improved local government decision-making and funding	• Legislative reform to enable value capture tools and visitor levies • Expansion of co-investment frameworks to fund large-scale transport and housing projects.
Promoting innovative and collaborative ways of working between central and local government	• Joint planning through the Auckland Integrated Transport Plan and Regionall Patial Plan with central government • Strengthening of place-based partnerships for housing, climate adaptation, and transport reforms.
Ensuring resilient and sustainable cities and regions	• Implementation of the Clean Vessel Plan and regional marine biosecurity protections • Expansion of stormwater and wastewater infrastructure investment to improve resilience.

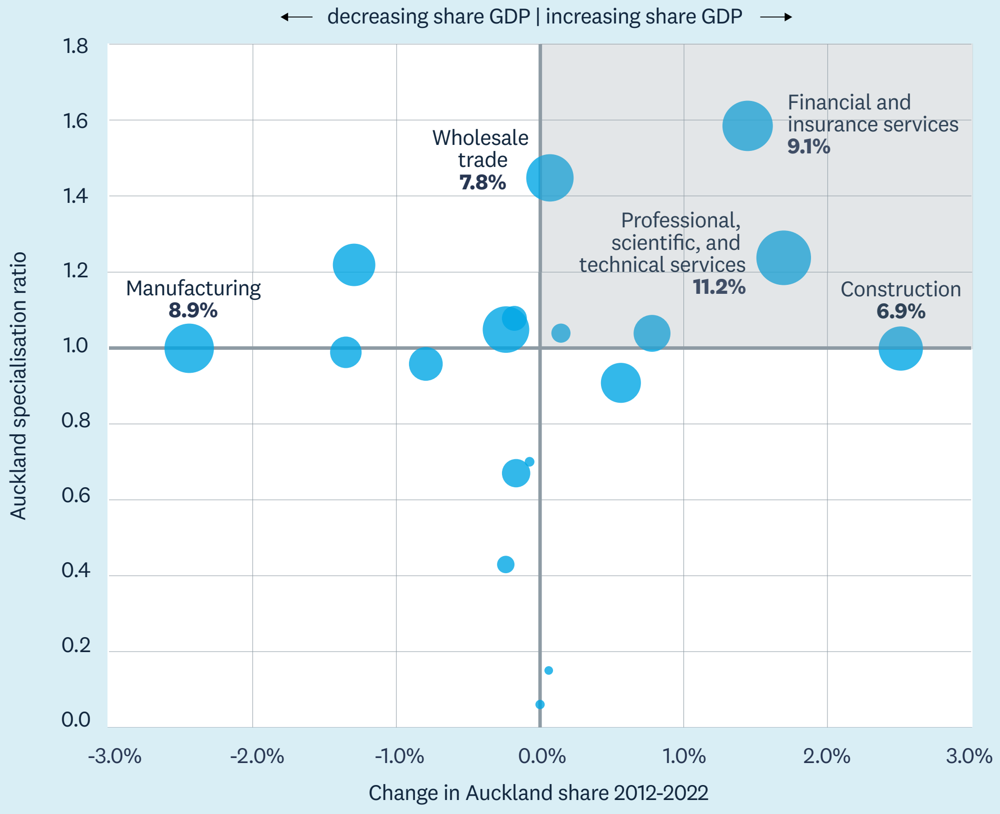
3. What drives growth in your region?

Auckland is New Zealand's leading economic region, home to one-third of the population, and contributing **up to 40% of gross domestic product (GDP)**. Auckland exercises a vital role by providing specialised goods and services and is the main gateway for imports, visitors and migrants. Auckland's strong international connections makes it a preferred location for multinational companies operating in New Zealand.

Auckland is growing faster than the rest of the country in terms of population, economic activity, and urban expansion. As a dense urban area, it benefits from improved accessibility, enhanced knowledge sharing, business specialisation, and economies of scale in infrastructure. Its youthful population contributes to a higher labour force compared to the national average.

The region's five largest industries – professional services, banking and insurance, manufacturing, wholesale trade, and construction – account for 35% of Auckland's regional GDP. In several of these industries, Auckland's specialisation, with its contribution to the region's economy, significantly exceeds its share of the national GDP. These industries are highlighted in the chart below (top right quadrant).

Auckland's growth industries with specialisation by share of regional GDP



Sources: Stats NZ regional GDP data to March 2023; Auckland Council Chief Economist Unit.

3. What drives growth in your region? (Continued)

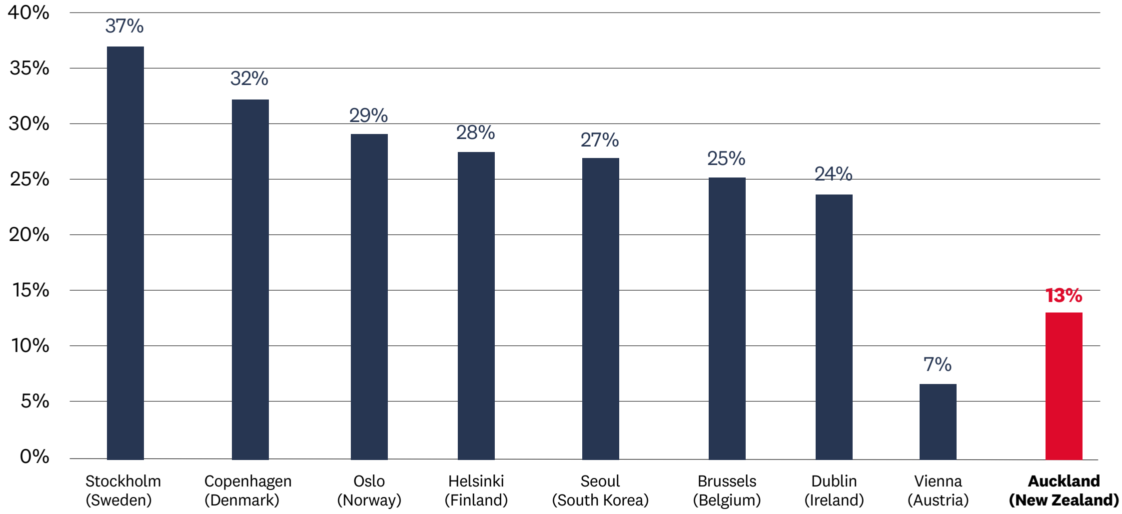
Auckland generally has higher labour productivity, with research indicating firms in the region tend to be more productive. However, like the rest of New Zealand, productivity growth has remained low.

While Auckland's GDP per capita is 15% higher than the national average, this premium has not increased since the early 2000s. In contrast, **primary cities in small prosperous economies typically have a higher GDP per capita, which is 25-33%** higher than their national average, raising the question of **whether Auckland's economic performance could be stronger**.

Productivity premium in primary cities

GDP per capita premium, 2012/22

Primate cities in more prosperous economies tend to have a higher premium



Sources: Eurostat; Seoul Metropolitan Government; Stats NZ; Auckland Council Chief Economist Unit.

Barriers and actions

While the government is responsible for key policies on human capability, the business environment, and international connections, Auckland Council's policy settings also influence productivity by shaping where households and businesses can be located and how people and goods can move around. The most significant levers within Auckland Council's legislative responsibility are **land use regulation** and **infrastructure planning, financing, and funding** – both critical to higher productivity.

Auckland's relatively poor housing affordability makes it harder to retain skilled workers, contributing to high international outflows and a net loss to other regions. A smaller skilled workforce slows the adoption and spread of innovation, with business surveys consistently identifying human capability as a key constraint.

Rising house prices also diverts capital towards housing at the expense of more productive investments.

Auckland Council recognises that land use and infrastructure policies can help address these challenges and has identified three key actions to enable a more productive urban economy:

- **Enabling more flexible use of urban land**, particularly in high-demand areas.
- **Pricing public infrastructure more effectively** to reflect the costs and ensure those who benefit contribute. For example, funding new roads and pipes through targeted charges and implementing congestion pricing to optimise the road network.
- **Prioritising limited public funds for the highest value-use**, ensuring decisions are guided by cost-benefit analysis to maximise public benefit.