TCC: LTP Update

John Robson: 10.5.21

Lies, Damn Lies and the TCC 2021-2031 LTP

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John Robson

- Councillor: 2013-2016, 2018-2019, 2019-2021?
  - Commission: 2021-?
- Former Chair: Finance & Risk; Finance, Audit & Risk
- Former Member: SmartGrowth
- Management Consultant: 1988-2000
  - Best fit with Councillor job description
- Retired: 2000-2013, 2016-2018, ?

John Robson

- With apologies to Liam Neeson in ‘Taken’:

  “What I do have are a very particular set of skills, skills I have acquired over a very long career. Skills that make me a nightmare for people like you”

Long Term Plan: 2021-2031

- Headlines:
    - CAPEX: $4.57 billion
    - OPEX: $4.6 billion
    - Rates up 22% in first year
    - Residential rates up $1 a day

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Long Term Plan: 2021-2031

- Spin #1:

There is an infrastructure problem due to years of underinvestment caused by a desire to keep rates low

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Long Term Plan: 2021-2031

- Truth #1:
    - Residential rates are highest of the big Metro's
    - Problem is growth hasn't paid for growth
        - Tried to ride free on the Residential Ratepayer
    - Growth advocates haven't paid their share:
        - Commercial Ratepayers - est. $500m
        - Developers - est. $100+m
        - 'Partners' (e.g. Councils, Quayside) - est. $???
        - Central Government - est. $billions

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Long Term Plan: 2021-2031

- Spin #2:

  This LTP is mainly about improved amenities and water & transport projects for existing residents, not about growth

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Long Term Plan: 2021-2031

- Truth #2:
  - Three ‘types’ of capex:
    - Renewals
    - LOS
    - Growth
  - 62% of new capex is ‘Growth’
  - On May 4, Commissioner Selwood wanted to remove the chart from the consultation documents which illustrated the above numbers because it doesn’t support their spin

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Long Term Plan: 2021-2031

- Spin #3:

Rates for a median value ($655,000 CV) property will increase by “one dollar per day” or “two bottles of milk per week”

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Long Term Plan: 2021-2031

- Truth #3:
  - $7.58 per week is $394 per year
  - Doesn’t include volumetric water charge increase of 30%
    - Add $118 per year (median use)
  - Doesn’t include fees and charges increases averaging 17%
    - Add $100+ per year (estimated)

  Don’t forget Regional Council
    - Add $35+ per year (approximately)
  - Total: $647+ per year

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Long Term Plan: 2021-2031

- Spin #4:

"The large increase [18% rates increase] in year 4 is driven by debt retirement charges…"

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Long Term Plan: 2021-2031

- Truth #4:
    - “Debt retirement” = debt increase
        - Net debt in Year 3 is $1.159 billion
        - Net debt in Year 4 is $1.322 billion (+$163 million)
        - Net debt in Year 5 is $1.539 billion (+$217 million)
    - Equity principle is dead
    - This year’s debt is reflected in next year’s rates

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Long Term Plan: 2021-2031

- Looking forward:

City	Year 1	10 Years
• Tauranga:	22%	140%
• Auckland:	5%	43%
• Hamilton:	9%	68%
• Wellington:	14%	89%
• Christchurch:	5%	48%
• Dunedin:	10%	81%

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Long Term Plan: 2021-2031

- Spin #5, 6, ...:
    - Te Papa Peninsula...
    - Totara Street...
    - Etc...

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Long Term Plan: 2021-2031

- Truth #5, 6, …:
    - Sorry, I’m out of time…

Long Term Plan: 2021-2031

- Last Slide:

Questions…?

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