

## **Address to Auckland Council's Governing Body**

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20 July, 2016

Good morning,

My name is Kevin Clarke

I am the Chair of the SkyPath Appeal Committee for the Northcote Resident's Association (NRA).

Firstly Councillors, thank you for the five minutes you have provided, to explain the cost and funding concerns held by those of us who know about SkyPath's numerous problems.

Auckland's Mayor has frequently stated that Council cannot and will not support SkyPath, unless the project is financially self-supporting.

SkyPath's funder on the other hand, has unequivocally stated that it will provide **no** funding for SkyPath, without Council's underwrite. In response to that, Council has provided underwrite and financial top-up in the sum of more than one million dollars (that we know of) for its resource consent phase alone.

You are being asked today, to approve SkyPath's underwrite. That assessment is naturally driven by revenue on the one hand, balanced against capital and operating costs on the other. Problem is, as our report explains in detail, you simply don't know what those costs are - not even approximately. So the question is - how could councillors possibly make this underwriting decision? Even simpler, how could anybody ?

Let me explain.

Revenue will be driven by patronage, and that will be determined by NZTA's patronage restrictions. NZTA has yet to confirm those restrictions. NZTA's previous patronage restrictions eliminated any possibility of SkyPath being financially self-supporting.

The other side of the cost-in-use equation for SkyPath, is its capital and operating costs.

A significant part of SkyPath's construction cost, will be Bridge strengthening costs. But again, nobody including NZTA yet knows what those costs are, or whether such strengthening is even physically possible.

And unless the developer's operating costs have recently accommodated the cost of hundreds of wardens instead of just the two it planned on having, you won't know SkyPath's operating costs either.

Although Council claims that it needs a PPP to fund SkyPath, simple analysis of the published underwrite shows that Council is actually paying for the whole of the project anyway. And if you vote in favour of the proposed underwrite today Councilors; that is precisely what Council will continue doing, fully and solely exposed, if SkyPath proceeds.

It is our view therefore, that any duly prudent Governing Body charged with deciding to underwrite or to further fund SkyPath, would not have sufficient data to make that decision - until such time as NZTA provides the facility's patronage limitations, and until such time as NZTA confirms the costs required to strengthen the bridge, and until such time as the operating costs are known and finally, until such time as a properly audited business case is run on the basis of all these cost components, none of which is currently known.

Ratepayers have recently seen Council's predisposition to enormous cost blowouts on projects that were wholly capable of accurate pre-assessment. Not surprisingly, our Council rates increase this year was 30% - some 60 times greater than the nations residual inflation rate.

We therefore now seek fiscal responsibility and appropriate probity from this Council. With reference to all the matters raised in our reports therefore, we trust that you will agree that further funding in support of this private venture would represent fiscal and indeed legal irresponsibility at this time and cannot rationally be proceeded with at this time, since every element regarding that decision remains unknown, at this time - except that is - the illegality of the proposed vote, which is known.

In summary, we suggest that the purportedly private SkyPath developer should now be required to start living up to its all-pervasive PR, by meeting its own development costs and risks, without further reliance upon Council's underwrite or cash prop-ups.

Thank you. That concludes this drastically abbreviated presentation.



Kevin Clarke

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