Tahua ā-tau 2023/2024

Annual Budget 2023/2024

Volume 1

Our annual plan for 2023/2024

Auckland Council
Te Kaunihera o Tāmaki Makaurau

Mihi

Noho mai rā Tāmaki Makaurau,
moana waipiata,
maunga kākāriki.
Mai i ngā wai kaukau o ngā tūpuna,
ki ngā puke kawe i ngā reo o te tini,
i puta ai te kī mōu.
Tū ana he maunga,
takoto ana he raorao,
heke ana he awaawa.
Ko ō wahapū te ataahua,
ō tāhuna te mahora,
te taiao e whītiki nei i a koe he taonga tuku iho.
Tiakina kia meinga tonu ai koe
ko 'te tāone taioreore nui o te ao,
manakohia e te iwi pūmanawa'.
Tāmaki Mākaurau tirohia te pae tawhiti
he whakairinga tūmanako
mō ngā uri whakaheke o āpōpō,
te toka herenga mō te hunga ka takahi ake
mā ō tomokanga,
te piriti e whakawhiti ai
tō iwi ki ngā huarahi o te ora.
Tāmaki Mākaurau e toro whakamua,
hīkina te mānuka.
Tērā te rangi me te whenua te tūtaki.
Maranga me te rā, he mahi māu me tīmata,
ka nunumi ana ki te pō,
whakatārewahia ō moemoeā ki ngā whetū.
Ko te oranga mutunga mōu
kei tua i te taumata moana.
Whakatuwherahia ō ringa, kūmea mai k i tō uma.
Tāmaki Makaurau
he tāone ūmanga kurupounamu koe;
tukua tō rongo kia rere i te ao.

Tāmaki Makaurau
who bestrides shimmering seas,
and verdant mountains.
From the bathing waters of our forebears,
and hills that echo with voices
that acclaim.
Your mountains stand lofty,
your valleys spread from them
and your streams run freely.
Your harbours are majestic,
your beaches widespread,
the environment that surrounds you is a legacy.
Take care of it so that you will always be known
as 'the world-class city
where talent wants to be'.
Tāmaki Makaurau looking to the future,
repository of our hopes
for generations to come,
anchor stone for those who venture
through your gateway,
and the bridge that connects
your citizens to life.
Tāmaki Makaurau moving on,
accepting all challenges.
Where even heaven and earth might meet.
Rise with the sun as there is work to be done
and when evening comes,
allow your dreams to glide among the stars.
Perpetual health and growth
is beyond the horizon of cresting waves.
Open your arms and pull them to your embrace.
Tāmaki Makaurau, you are a city
where valued business and enterprise thrives;
let your good name traverse the world.

He kōrero mō tēnei tuhinga

About this document

This is Te Kaunihera o Tāmaki Makaurau/Auckland Council's plan for delivering services, and building infrastructure during the 2023/2024 financial year, the third year of the council's 10-year Budget 2021-2031 (The Recovery Budget, Long-term Plan or LTP).

Public consultation ran during February and March 2023. This included online feedback opportunities and events across the Auckland region. We received a total of 41,146 pieces of feedback, including 4,488 pieces of feedback at in-person events. This presents a significant consultation in Auckland Council's history to date. This plan was adopted by the council's Governing Body on 29 June 2023.

Volume 1

Our annual plan for 2023/2024

Section One contains our plan for financial year 2023/2024, including the approach to balancing the budget, our storm response and impacts on your rates. It also looks at improving outcomes for Māori in Tāmaki Makaurau.

Section Two contains regional projects, budgets and activities throughout the Auckland Council Group, including a breakdown of programmes and services reflecting the storm impacts.

Section Three contains the financial overview for the council group as a whole, key changes to rates and other fees, prospective financial statements for 2023/2024, rating policy overview, prospective funding impact statement and other key financial information.

Section Four contains information on The Tūpuna Maunga o Tāmaki Makaurau Authority.

Section Five outlines the structure of the council as well as ways to contact the council and a glossary of terms.

Volume 2

Local board information and agreements

Section One provides information on local boards and a summary of their planned expenditure for 2023/2024.

Section Two contains a local board agreement (outlining local activity initiatives and budgets for 2023/2024) for each of the 21 local boards.

Section Three contains the Allocation of Decision-making Responsibilities of Auckland Council's Governing Body and Local Boards agreement.

Section Four outlines the structure of the council as well as ways to contact the council and a glossary of terms.

Rārangi kōrero

Contents

He kupu nā te Koromatua

Message from the Mayor

This annual budget has been a tough challenge to solve, particularly because the budget hole kept getting bigger. Before we started consultation on my original budget proposal in March, we had the devastating events of the Anniversary Weekend floods and Cyclone Gabrielle. The tragedy of lives lost was compounded by the destruction of property and businesses.

Many of council's own properties were damaged, some destroyed. This meant we had to be more focused than ever on fixing council's finances. I am pleased that we took the courageous step to start addressing our Long-term budget issues in this Annual Budget 2023/2024 and not push a bigger problem into next year.

It's a start in the right direction and represents a balanced budget. I wanted to do more, move faster, and pay down more debt. But I had to compromise, as did the majority of councillors who voted for my final budget.

This budget creates the financial framework for the immediate fixes we need on our storm damaged infrastructure as well as making sure we are funding the planning and community resilience activity to respond to future storms. We know that our community groups were at the forefront of immediate help to Aucklanders in need and I want to ensure local communities will have what they need, when they need it.

There will be more proactive stream clearance, catch pit cleaning and other stormwater system maintenance, particularly in known flooding hotspots.

The council group will be delivering permanent savings of at least $83 million in 2023/2024. I listened to the community feedback that they valued the services for arts, culture, and community, including Citizens Advice Bureau, so I have reinstated that funding. We are making progress with government to try and deliver these services in partnership so there is a sustainable funding pathway that allows many of these organisations to transition away from just relying on council funding.

There are still some cuts, including to local board funding, that have been made. We can't just keep spending money we don't have, so everyone has to take a haircut.

I am pleased that since I sent my letters of expectation to council-controlled organisations (CCO's) telling them to cut costs using shared services, they have been quick to identify savings. This includes corporate office space, back-office functions, ICT and other areas where council activity is duplicated. This is the first step in getting back control of CCO's.

"This budget creates the financial framework for the immediate fixes we need on our storm damaged infrastructure as well as making sure we are funding the planning and community resilience activity to respond to future storms."

I promised to get Auckland moving. In particular, I challenged Auckland Transport (AT) not just to save money, which they have, but to start using technology to make the most of the infrastructure we already have. They are now trialing the use of transponders on buses to give them priority at traffic lights on certain routes, and looking at trialing dynamic lanes during peak traffic movements. All this fixes what we already have rather than building new and expensive infrastructure.

AT are also now making progress with temporary traffic management which should save everyone money and unclog our roads and footpaths of the road cones that have blighted our beautiful city for too long. However, I am not happy with how quickly they are moving with this. It could be another source of revenue for council if done right.

This budget allocates more money to slowly start bringing back bus services by paying drivers more and to run more routes that commuters actually want.

▲ Mayor of Auckland Wayne Brown visiting flood affected areas of Auckland.

There is also more money to patrol beaches in the Auckland region for Surf Lifesaving Northern Region and on our harbours for Coastguard New Zealand. This will keep Aucklanders safer when out enjoying our unique coastal environments.

Finally, time has a tendency to prove some predictions right and others wrong. I would rather have been proved wrong when it comes to the council's shares in Auckland International Airport Limited, but we now know that we will be getting less dividends from those shares – which I predicted. That means our financial challenge next year is worse than what it would have been if we had done what I originally proposed and sold all of the shares to pay down debt.

We can't ignore that we have a debt challenge ahead of us. Our auditors tell us that we need to be mindful of the risks over the horizon, such as the forecasted costs for City Rail Link (CRL), storm damage repairs, Making Space for Water, level crossing changes to make the most of CRL and more. This figure could easily top $3 billion, which will require us to borrow more and in the meantime we need to get our cost of interest down and create headroom in our balance sheet to absorb these risks.

These are the challenges facing us all as Aucklanders. Simply borrowing to plug budget holes got us into this mess. Borrowing to keep paying for our operational spending in the future will mean generations of Aucklanders will be paying for the mistakes we are making today. I want to ensure future generations only pay for the things that they actually benefit from.

Wayne Brown
Mayor of Auckland

Ngā tāngata o te Kāhui Hautū

Governing Body members

Auckland's 20 councillors, who represent 13 wards, along with the mayor make up the Governing Body.

Wayne Brown
Mayor

Desley Simpson JP
Deputy Mayor | Ōrākei

John Watson
Albany

Wayne Walker
Albany

Julie Fairey
Albert-Eden-Puketāpapa

Hon Christine Fletcher QSO
Albert-Eden-Puketāpapa

Andy Baker
Franklin Ward

Sharon Stewart QSM
Howick

Maurice Williamson
Howick

Lotu Fuli
Manukau

Alf Filipaina MNZM
Manukau

Angela Dalton
Manurewa-Papakura

Daniel Newman JP
Manurewa-Papakura

Josephine Bartley
Maungakiekie-Tāmaki

Chris Darby
North Shore

Richard Hills
North Shore

Greg Sayers
Rodney

Shane Henderson
Waitākere

Ken Turner
Waitākere

Mike Lee
Waitematā and Gulf

Kerrin Leoni
Whau

He Mahere Pūtea Taurite

A Balanced Budget

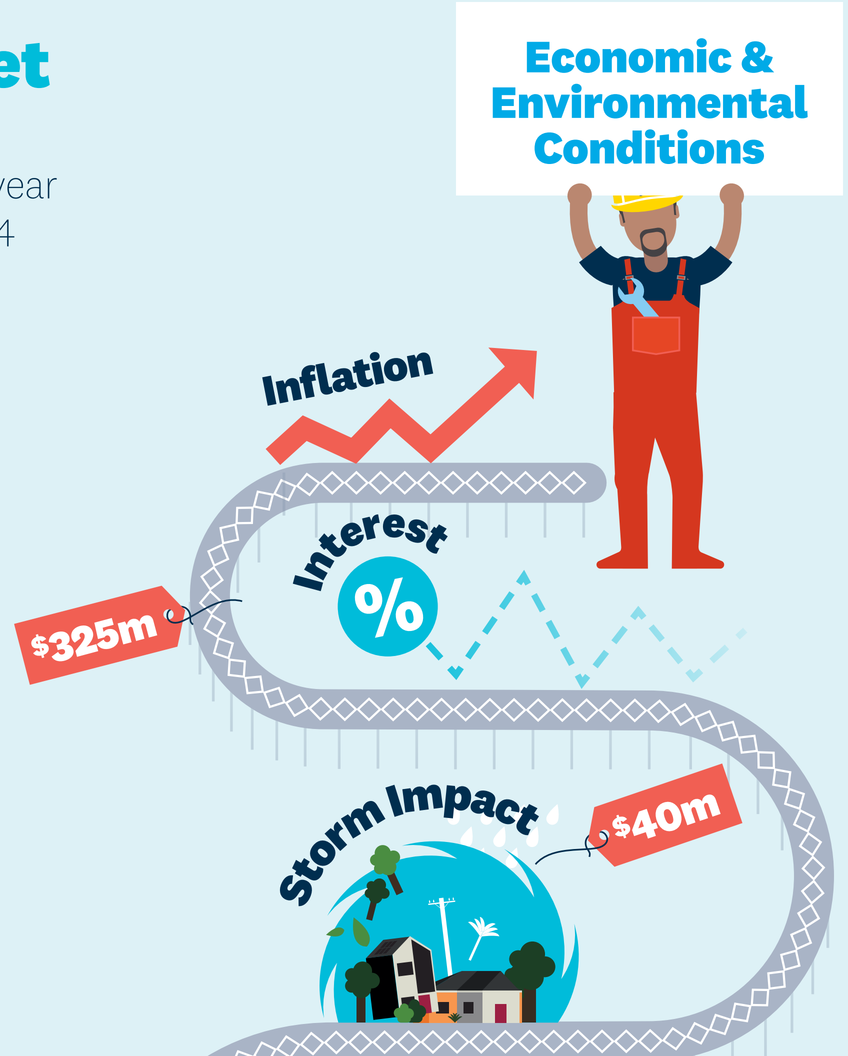
Auckland Council is required to produce a balanced budget each year and this Annual Budget 2023/2024 has required some tough choices.

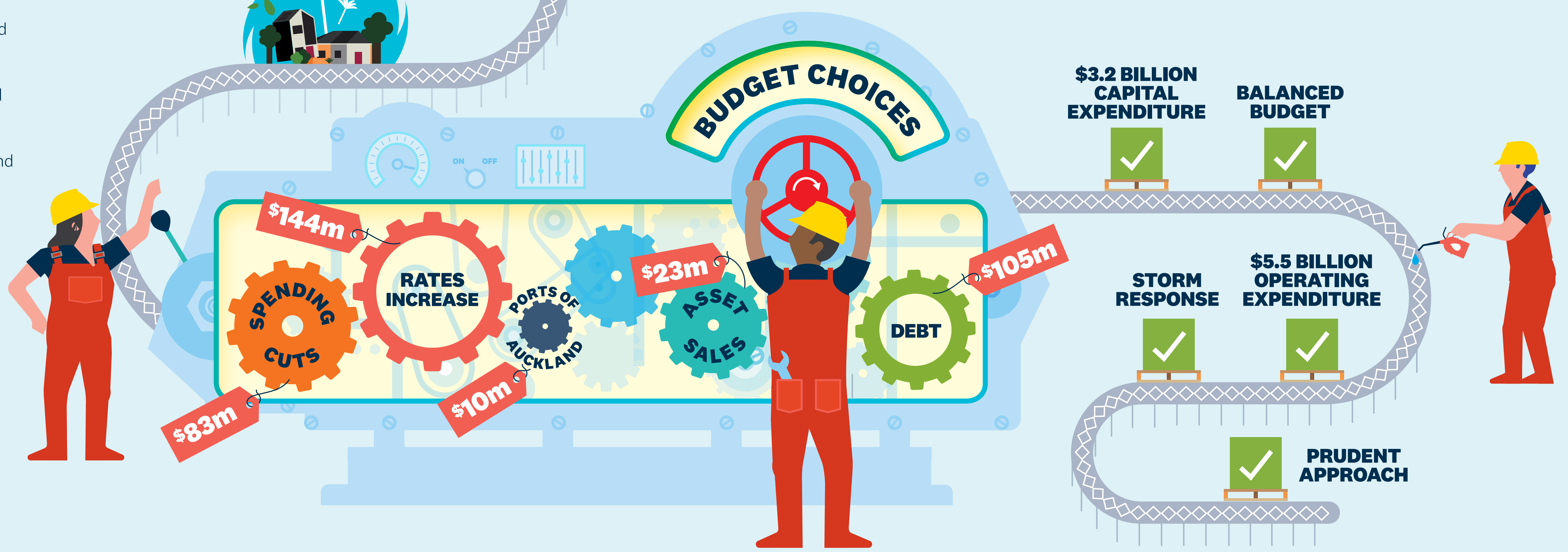
This involved using a range of budget levers, all working together like cogs in an engine, to close what would otherwise have been a $325 million ongoing operating budget shortfall, along with a $40 million gap to fund storm-related costs.

The specific measures to balance this budget are:

- a total rates increase of 7.7 per cent for the average value residential property
- a partial sale of the council's shareholding in Auckland International Airport Limited (AIAL) to pay down around $865 million of debt, with a net funding benefit of $115 million over the next eight years
- $83 million of further operating spend reductions, which goes above and beyond sizable existing savings targets
- $105 million of additional debt, including $20 million to fund one-off storm-related operating costs
- $10 million improvement in Ports of Auckland's net operating performance and dividend projections.

More information about the context is provided in **Section One: Balancing the Budget on page 14-15.**





While this budget protects the core services Aucklanders need, there will be impacts on levels of service including some reductions in local and regional services. In making these changes, the aim is to move towards creating a more simple, efficient and sustainable council that focuses on what really matters for Aucklanders.

This budget also responds to recent weather events by targeting specific extra funding to pay for:

- recovery coordination efforts
- increased maintenance of stormwater assets
- new investment in preventative maintenance for possible future storm events
- reprioritising previously planned investment for stormwater-related assets
- starting planning for investment into significant new assets and service level improvements to reduce the risk and impact of future storm events.

See **Storm Response** on page 20 for further details

Overall, given the ongoing uncertainty of changes in the economic environment and the climate, we have continued with our prudent and sustainable approach in this budget. Over the longer-term, we can consider a broader range of options, including reviewing capital investment and finding new ways to collaborate with central government and other external partners. This approach can involve a systemic look at the services we provide to the community, how they are delivered and council's role in delivering these, something we are considering as part of the next Long-term Plan.

Wāhanga tuatahi:
He Ara Whakatutuki Taurite

Section One: A Balanced Approach

Te Whakataurite i te mahere pūtea

1.1 Balancing the budget

As a growing city, Auckland Council has over time committed to an expanding range of services and assets. This has required more money to invest in, maintain and run. Our previous budgets planned for this, and signalled ongoing budget challenges for council to solve. Due to revenue impacts from the long tail of COVID-19, inflation and interest rate outcomes, it was noted in the Annual Budget 2022/2023 that the operating gap for the 2023/2024 financial year could be around $90-150 million a year. As it turned out, the economic impacts have been even more significant, resulting in the gap increasing to $325 million, with recent weather events also adding to the budget challenge.

Economic Change

The economic change has two main components:

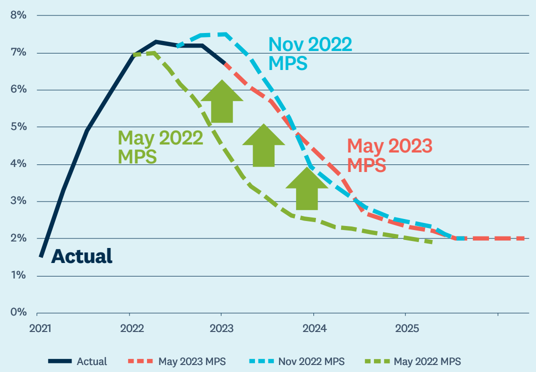
Inflation-related cost pressures

Over the past year the cost increases added a heavy burden on council's finances. With the consumer price index (CPI) rising, the change in New Zealand's inflation rate has been extraordinary. The CPI has jumped from under two per cent to seven per cent in a year and is forecast to continue to be high for a while, so we will have to adjust the ways we operate. This high rate of general inflation in the New Zealand economy is also reflected in the rise of the costs of investing, maintaining and operating the many assets and services provided for Aucklanders.

Many council contracts and agreements, including workforce, facility maintenance, utilities such as electricity, public transport and waste, are directly connected to inflation rate indices such as the CPI.

Costs have also increased where we have provided more services to more customers. Some of these cost increases, such as in regulatory or waste, are recovered through additional revenue, but overall the cost rises have caused the operating shortfall to widen.

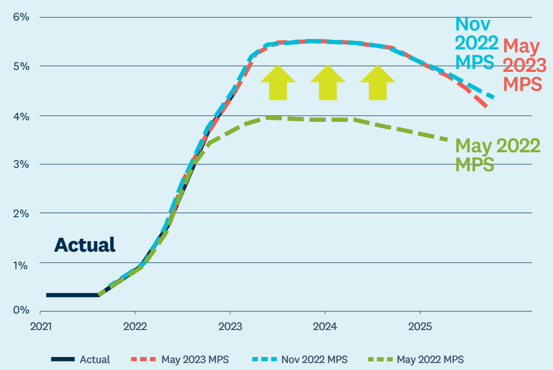
Inflation outlook



Interest Rate pressure

The Reserve Bank has a mandate to keep inflation between 1-3 percent and it uses interest rates as its main means of reducing inflation. The central bank increased the Official Cash Rate (OCR) on nine separate occasions to control inflation. In addition, like inflation, interest rates are forecast to stay higher for longer. This is illustrated in changes in the Reserve Bank interest rate forecasts in its monetary policy statement (MPS). The recent large rises in interest rates have increased financing costs for the council compared to the forecast in the 10-year Budget. These interest costs are necessary as council debt is used to spread the cost of capital across the generations. Future generations of Aucklanders will use the assets and services we are investing in now.

Official cash rate



Weather events

Auckland had several major storm events in January, February, and May 2023.

Our immediate priority was to focus on response and repair activities to keep Aucklanders safe. Going forward, there are several areas that require funding across the council group as we transition out of the emergency response phase, through recovery and to be better prepared for future events. The overall medium-term cost of the weather events has been estimated to be between $900 million and $1.2 billion.

To help with the response and recovery to these major storm events Auckland Council is implementing a $20 million storm response fund from 2023/2024, which will be funded from rates. See **Storm Response** on page 20.

All up, storm response costs (not including insurance changes) have added $40 million to the council's operating budgeting requirement, some of which is short-term in nature.

The Budget Shortfall

The financial impact of the latest economic factors has been to push up council's projected operating budget gap from a previously estimated $90-150 million to a forecast of $325 million ongoing operating gap, along with additional storm related operating costs of $40 million for 2023/2024.

Ngā Paearu e Whā

The Four Criteria

This budget balances the need for long-term solutions with the need for immediate fixes that can be implemented quickly. With appropriate long-term solutions that provide ongoing benefits, such as revenue growth or permanent cost reductions, we can best support long-term financial sustainability and avoid creating larger budget challenges in the future.

The four criteria we have used to build this budget are:

Credible

Building confidence in the council's financial management with ratepayers, residents, communities, businesses and investors.

Sustainable

Providing ongoing solutions, so we do not contribute to a larger budget challenge for this year and the years after.

Affordable

Avoiding unreasonable costs or shocks for ratepayers and service users, now and in the future. Substantial rates increases could create affordability challenges for some ratepayers, but other actions may just delay this impact and may result in larger rates increases within the next couple of years.

Implementable

Delivering benefits from the beginning of the new financial year starting 1 July 2023 as delays to benefits would only add to the challenge to close the budget gap for the next long-term plan.

Using any one budget option on its own would not have met our criteria.

The options have many limits and our choices have been restricted by many aspects. Policy limits restrict our use of debt and the lead time to make changes for the financial year restricted some of the available cost reductions. Particularly challenging were the changes to service levels that would have required lengthy contract negotiation or further consultation.

Tō Mātou Ara Whakatutuki mō te tau 2023/2024

Our Approach for 2023/2024

This budget provides a wide range of core services Aucklanders need, while preparing for some significant changes in the way council works. This requires the council to move towards a more simple, efficient and sustainable approach to providing services and investment for Aucklanders.

As indicated in the A Balanced Budget summary on page 10, our approach for balancing the budget uses four options, each of which work together like the cogs of an engine to mitigate, or reduce, what would otherwise be an ongoing operating shortfall. Those cogs are Spending Cuts, Rates, Assets Sales and Debt. For 2023/2024 the cogs will be engaged as follows:

Operating Spending Cuts

We are proceeding with some spending reductions such as simplifying and rationalising management portfolios and structures, improving the efficiency of our processes, reducing internal back office budgets, implementing group shared services and consolidating group strategy and policy activity. In addition to already significant savings targets, this budget reduces our operating spending by a further $83 million across Auckland Council and our council-controlled organisations. Achieving the full savings will require significant change in the way council operates across the group and impact some services that we deliver across regional services, local boards, Auckland Transport, Tātaki Auckland Unlimited and Eke Panuku. These are detailed in Section Two of this budget.

Debt

Council will take on $85 million of additional debt funding to pay for capital investment programmes, which will free up rates funding for the operating gap. There will also be $20 million of additional borrowing to fund one-off storm related operating costs.

Rates

An average general rates increase of 11 per cent for 2023/2024, with the following rating policy adjustments, will result in an overall 7.7 per cent rates increase for the average value residential property:

- pausing the Long-term Differential Strategy for one year and extending the time by which the target share of 25.8 per cent of rates to be raised from business properties is achieved to 2038/2039
- temporarily reducing the Natural Environment Targeted Rate by 48.8 per cent and Water Quality Targeted rate by 77.7 per cent for one year and utilising the money we have already collected from these targeted rates to continue to deliver these work programmes as planned in 2023/2024.

Asset Sales

Selling around 7 per cent of our 18.09 per cent shareholding in Auckland International Airport Limited (AIAL) and using the funds to repay debt. This will save an estimated net (after dividends) $23 million in interest payments in 2023/2024 and $115 million over the remaining term of the 10-year Budget 2021-2031. This is in addition to $70 million per annum of previously planned property asset sales.

Te Aro ki ngā Tau o Anamata mā te Mahere Pae Tawhiti

Addressing Future Years through the Long-Term Plan

Over the coming decade Auckland needs to invest more in improving flood resilience, access to the city through our transport system, maintenance and access to local community facilities and amenities, better access to the harbour and ongoing funding of committed capital investment.

There are capital investment costs to be managed including the City Rail Link (CRL) costs, costs of level crossings, renewal or replacement of storm-damaged infrastructure, climate resilience and mitigation actions, and growth and housing infrastructure costs. Council will need to strike a balance between managing these challenges and looking at opportunities for change.

The approach to the next 10-year Budget will involve enhanced political participation including establishing a political working group on Auckland Council investments to oversee a program of work to consider, and make recommendations to the Governing Body on matters to inform the 10-year Budget 2024-2034, including:

- council's ownership objectives for its remaining shareholding in AIAL (which includes how council could or should exercise its power as a minority shareholder);
- the long-term use of the funds realised from the sale of shares in AIAL, including considering which of the following options best improves the council's long-term financial position:
  A) permanently reduce the council's long-term debt-to-revenue limit to reflect the reduction of debt from the sale of Auckland International Airport Limited shares; or
  B) long-term investment in other funds or assets.
- any other steps that should be taken to improve council's approach in relation to its investments or non-service assets that could maximise their contribution to Auckland and to the council's long-term financial position, so it can provide for infrastructure and services expected by Aucklanders.

The approach to the 10-year Budget will include considering group financial responsibility and transparency rules as part of the financial strategy included in the 10-year budget 2024-2034, which will set standards in relation to budget responsibility, political oversight and capital expenditure.

The approach will also enable full consideration of options for revenue, expenditure, and assets, and provide for independent and contestable facilitation and advice.

Political governance and oversight groups will be used to consider key matters for development of the 10-year Budget 2024-2034, including:

- sustainable funding for cultural and social services and amenities, where there is a need to develop clearer direction on the council's priorities and modernise funding models in partnership with government;
- funding for infrastructure and growth, including the approach to development contributions and targeted rates.
- opportunities to increase non-rates revenue from council activities and assets.
- proactively working with our partners and other parties to seek sustainable funding models in partnership with government.

He Urupare mō te Āwhā

1.2 Storm Response

During the process of setting this budget, Auckland was hit by some devastating and tragic storm events.

This included a severe flooding event on January 27 which tragically resulted in the loss of lives, along with Cyclone Gabrielle in February and further flooding in May. We are grateful for the support of our communities who helped during these times and we send our deepest condolences to the families of those who lost their lives. As with any sudden or unexpected large-scale weather event, there are financial implications from the impacts of the storms. In addition, council has recognised the need to increase funding for storm-related events to fund proactive and reactive activities, enabling us to respond better to such events in the future. In the ongoing climate crisis, it is expected that severe weather events such as cyclones and floodings will become more frequent.

Cost of the storms

Our initial estimates suggest that the cost of the council's response to the flooding and cyclone events and returning assets to their previous service levels could cost between $900 million and $1.2 billion over the next few years. These estimates include some short-term impacts on revenue, operational costs such as immediate cleaning, maintenance and repairs, as well as capital costs to renew damaged assets.

Our response

This budget responds to the impact of the storms in a number of ways including:

- Auckland Council and Auckland Transport reprioritising capital expenditure towards the need to remediate damaged assets. Watercare's capital expenditure budget has increased to accommodate additional storm related capex.
- Additional operational expenditure in the short-term for reactive clearing and maintenance requirements if future heavy rainfall events impact assets that are already damaged.
- Additional operational expenditure for the Tāmaki Makaurau Recovery Office which was established to coordinate recovery efforts and processes in accordance with the Civil Defence Emergency Management Act 2002 and give support to our most impacted communities as they deal with the after-effects of the storms.
- Additional annual operating expenditure for the establishment of a Storm Response fund to improve our ability to prepare for and respond to future storm events, including additional stormwater maintenance and increasing local capabilities.

Storm Response Fund

This is an ongoing budget of $20 million per annum, to be funded from rates.

The storm response fund is focussed on actions that increase resilience for future storm events. These are the activities proposed for funding that will result in the following tangible actions on the ground:

Proactive maintenance and monitoring of our stormwater, road and parks assets to monitor more at risk locations than we currently do, so our networks are cleared of debris and blockages and less likely to cause problems. This includes:

- identifying and monitoring more flooding hot spots
- funding for ongoing maintenance
- doubling the street sump cleaning frequency
- inspections and compliance action in floodplains, streams, culverts and overland flow paths (for private and public land).

APPROXIMATE FUNDING ALLOCATION $7m

Strengthening Auckland Emergency Management so they and Civil Defence Centres (CDCs) are better prepared, stocked and resourced and more people are trained to respond in storm events. This includes:

- stocked shipping containers at more CDC locations
- a night shift duty team within Auckland Emergency Management
- training for local board members
- development and support of volunteer response teams across the region
- active and live monitoring of the stormwater and road networks and the development of early warning systems.

APPROXIMATE FUNDING ALLOCATION $6m

Provide people with better and targeted information about the risks they and their properties face. Provide information on what they can do to prepare for future storms.

Support communities to develop understanding of the changing natural hazard risks due to climate change, including:

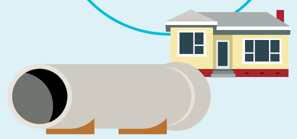
- development of local response plans
- working with specific high-risk communities and mana whenua to increase resilience
- increase understanding of property level hazard information (e.g. changes to Land Information Memorandums (LIM), guidance for small developments)
- community capability and understanding of natural hazards and climate change risks.

APPROXIMATE FUNDING ALLOCATION $4m

Coordination of capital works and land use planning so that we can make faster and financially sustainable decisions about assets that are vulnerable to being damaged in storm events. This includes:

- completing shoreline adaptation plans faster (for council land and assets)
- evaluating and mapping infrastructure resilience
- infrastructure resilience design standards
- updating climate change risk assessment and on-going monitoring of storm events and triggers for adaptation
- spatial assessment of priority risk areas including regional and location specific guidance to increase resilience.

APPROXIMATE FUNDING ALLOCATION $3m



Total	**$20m**

Ō reiti

1.3 Your rates

Your rates pay for a wide range of day-to-day services and support investment in Auckland's assets.

Our Annual Budget 2023/2024 includes a package of budget changes that will result in a total rates increase for the average value residential property of around 7.7 per cent or $253 a year ($4.87 a week).

To help with our budget challenge this year, the average increase in general rates across all existing properties will be 11 per cent rather than the 3.5 per cent set out in the 10-year Budget 2021-2031. To help manage the impact of the general rates increase (i.e., reduce the increase for the average value residential property) we have also made the following changes to our rates charges:

- reducing the Natural Environment Targeted Rate (NETR) by 48.8 per cent, and Water Quality Targeted Rate (WQTR) by 77.7 per cent, for one year and utilising the money we have already collected from these targeted rates to continue to deliver these work programmes in 2023/2024. This reduces rates for the average value residential property by around $77 ($54 for the WQTR and $23 for the NETR) and $369 for the average value business property.
- pausing the Long-term Differential Strategy (LTDS) for one year to reduce the impact that this strategy has on non-business ratepayers in 2023/2024. The general rates increase will be applied evenly across all ratepayers in 2023/2024, reducing the average amount of rates increase that non-business ratepayers would pay (residential by around $16) and increasing the average amount of rates that business would otherwise pay in 2023/2024 by around $212.

To ensure cost recovery of our waste activity there will be an increase of around $15 to the waste management targeted rates for standard services and an increase of around $33 to the large refuse rate.

The Climate Action Transport Targeted Rate (CATTR), previously known as the Climate Action Targeted Rate, will increase on average by 3.5 per cent as agreed to by the council in 2022.

The combined impact of changes to the general rates, the NETR, the WQTR, the CATTR, and the waste management targeted rates (standard services) will be a rates increase of around 7.7 per cent for the average value residential property and around 8.1 per cent for the average value business property.

The makeup of these increases is shown in the table below.

$	AVERAGE RESIDENTIAL	AVERAGE BUSINESS
Average CV	**$1,429,500**	**$3,853,000**
Total rates 2022/2023	**3,295.45**	**18,015.33**
Breakdown of changes to 2022/2023 total rates		
General rates increase	312.41	1,808.81
Change to Water Quality Targeted Rate	-54.47	-260.75
Change to Natural Environment Targeted Rate	-22.61	-108.73
Change to Waste Management Base Service rate	15.12	15.12
Change to Waste Management Standard Refuse rate	0.02	n/a
Change to Climate Action Transport Targeted Rate	2.53	9.79
Total rates 2023/2024	**3,548.45**	**19,479.57**
$Annual change	253.00	1,464.24
$Weekly change	4.87	28.16
Annual change per cent	7.68%	8.13%

We are increasing the waste management targeted rates to recover the increased cost of delivering our waste management services as a result of

- rising inflation in costs to deliver the services
- the rise in the Government levy on waste sent to landfill.

The prices for rubbish bin tags and rubbish bags for the council's kerbside collection in the remainder of the city are scheduled to rise by a similar rate (in stages).

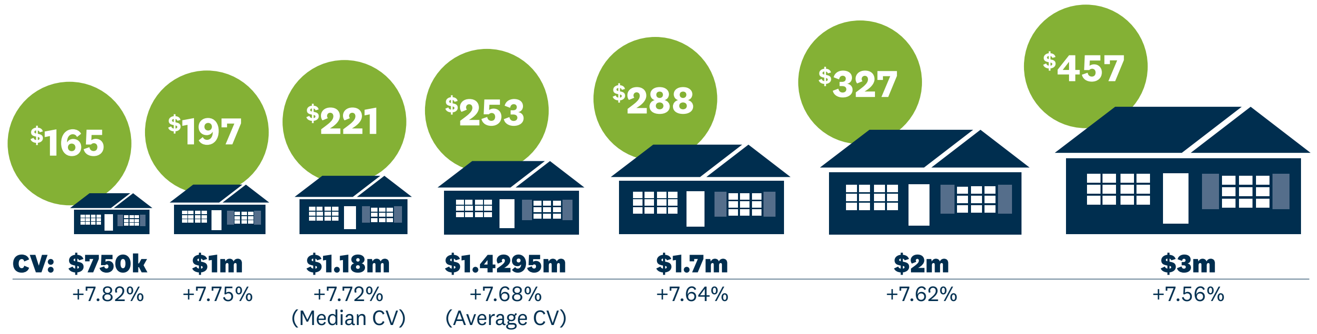
Resuming the full WQTR and NETR to ensure that these programmes continue within the planned timeframes would mean higher overall rates increases in 2024/2025 – an estimated additional 2.25 per cent for residential and 1.94 per cent for business than will otherwise be the case.

Resuming the LTDS in 2024/2025 would result in an:

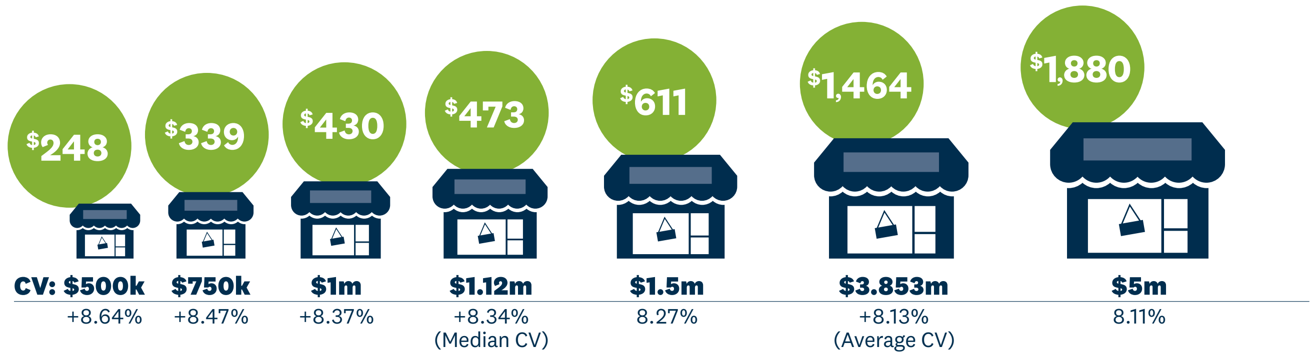
- increase in rates for residential and farm/lifestyle properties above the underlying general rates increase of around 0.5 per cent more each year
- decrease in rates for business properties below the underlying general rates increase of around 1.0 per cent less each year.

The following graphic illustrates the overall rates increase for residential and business ratepayers for a range of property values. The increases shown in the graphic are for demonstrative purposes only. To find out what your rates are for 2023/2024 please visit **https://www.aucklandcouncil.govt.nz/property-rates-valuations/pages/find-property-rates-valuation.aspx**

Estimated increases for residential ratepayers 2023/2024



Estimated increases for business ratepayers 2023/2024



The rates calculated above include general rates, the Water Quality Targeted Rate, the Natural Environment Targeted Rate, the Waste Management Base Service Rate, the Waste Management Standard Refuse Rate (included for residential properties only) and the Climate Action Transport Targeted Rate. We have included the Standard Refuse Rate for residential properties as it provides a useful proxy for these costs across the region including areas where this rate is not applied. It is not included for business properties as it only applies to some business properties in the former Auckland City Council area. A number of other changes have been made to our rating policy and may affect individual properties (see page 87 for more detail).

The rates shown above do not include water charges which are set by Watercare. To support a significant increase in capital investment over the next 10-years, Watercare's board of directors have resolved to increase water and wastewater tariffs by 9.5 per cent on 1 July 2023. You can see more information on the Watercare website **www.watercare.co.nz**.

Te whakapai ake i ngā putanga ki ngā Māori i Tāmaki Makaurau

1.4 Improving outcomes for Māori in Tāmaki Makaurau

Auckland Council Group's vision of "a Tāmaki Makaurau where Māori thrive" has wellbeing at its centre.

Auckland Council's 10-year budget allocated $150 million over 10 years towards the achievement of the Māori Identity and Wellbeing outcome and other sections of the Auckland Plan 2050. This outcome is also delivered through the everyday budgets and activities of Auckland Council and council-controlled organisations.

Auckland Council's delivery of Māori outcomes is measured in the Kia Ora Tāmaki Makaurau (KOTM) performance framework that applies to Auckland Council and council-controlled organisations. KOTM outlines a focus on 10 key wellbeing priorities – defined by Māori as areas that matter most to them – and how Auckland Council can contribute to these aspirations through its activities and budgets.

KOTM directs the Auckland Council group on supporting strong Māori communities, as well as enabling effective Māori participation and ensuring that council staff are empowered to deliver on outcomes for and with Māori. The framework supports the council in its long-term intention to move towards a more Māori-led approach.

In October 2022 Auckland Council developed an implementation strategy to improve how KOTM is delivered across the Auckland Council Group in 2023/2024 and beyond. The strategy prioritises groups of KOTM outcomes to direct our resources and efforts, including the investment of the Māori Outcomes Fund. The priority outcomes will be reviewed at least every three years in alignment with the Auckland Council 10-year Budget cycles.

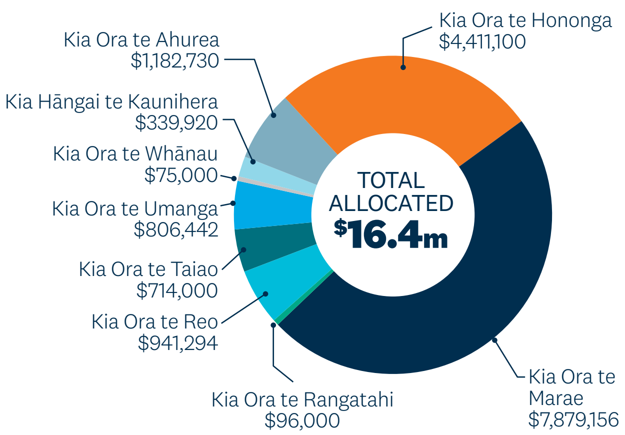
The initial priorities are: Kia ora te taiao; Kia ora te umanga; Kia ora te marae; Kia ora te hononga and Kia hāngai te kaunihera. The first three priorities support the need for climate action and ongoing economic recovery, and the importance of marae as centres of excellence for whānau Māori.

Kia ora te hononga is critical to enabling mana whenua and Māori capacity and involvement in decision making within the council group. Kia hāngai te kaunihera is also critical as this outcome aims to ensure that Auckland Council fulfils its commitments and legal obligations to Māori. This outcome is intentionally focused on building the internal capability of the organisation and ensuring that we have the correct approaches, systems and processes to deliver for Māori communities.

The performance Māori Outcomes Fund and KOTM is overseen by senior staff from council and council controlled organisations, and members of the Secretariat for the Independent Māori Statutory Board.

In 2023/2024 the budget for the Māori Outcomes Fund is approximately $16.4 million. This budget is in line with what was provided for 2023/2024 in the 10-year Budget 2021-2031.

Looking ahead to 2023/2024



Our 10 priorities

Kia Ora Te Marae: Marae Development

Aspiration: Marae are centres of excellence for whānau Māori and have an abundant presence in communities

Auckland Council contributes by investing in marae to be self-sustaining and thriving hubs for Māori and the wider community, particularly through supporting renewal or upgrades of marae infrastructure.

Kia Ora Te Umanga: Māori Business, Tourism and Employment

Aspiration: Intergenerational wealth is created through a thriving Māori economy

Auckland Council supports economic opportunities for Māori businesses and iwi organisations.

Kia Ora Te Kāinga: Papakāinga and Māori Housing

Aspiration: Whānau Māori live in warm, healthy and safe homes

Auckland Council provides expert advice, appropriate investment, and improved associated infrastructure.

Kia Ora Te Ahurea: Māori Identity and Culture

Aspiration: Tāmaki Makaurau is rich with Māori identity and culture

Auckland Council reflects and promotes Māori culture and identity within the environment, and values mātauranga Māori.

Kia Ora Te Rangatahi: Realising Rangatahi Potential

Aspiration: Rangatahi Māori realise their potential

Auckland Council supports rangatahi Māori in their career development and ensures they participate meaningfully and effectively in Council's decision-making processes.

Kia Ora Te Whānau: Whānau and Tamariki Wellbeing

Aspiration: Empowered whānau Māori across Tāmaki Makaurau

Auckland Council contributes by enabling whānau Māori to experience relevant and welcoming public facilities and services.

Kia Ora Te Taiao: Kaitiakitanga

Aspiration: Mana whenua exercise kaitiakitanga of te taiao (the natural environment) in Tāmaki Makaurau

Through Te Tiriti-based relationships with the council group, Māori exercise their responsibilities of tino rangatiratanga and kaitiakitanga to enhance the mauri (life force) of te taiao.

Kia Ora Te Reo: Te Reo Māori

Aspiration: Ko te reo Māori te mauri o te mana Māori

Auckland Council supports te reo Māori to be seen, heard, spoken, and learned throughout Tāmaki Makaurau.

Kia Hāngai Te Kaunihera: An Empowered Organisation

Aspiration: Council achieves outcomes and benefits for and with Māori

Auckland Council fulfils its commitments and legal obligations to Māori, derived from Te Tiriti o Waitangi, and has the capability to deliver Māori outcomes.

Kia Ora Te Hononga: Effective Māori Participation

Aspiration: Mana whenua and Māori are active partners, decision-makers and participants alongside Auckland Council.

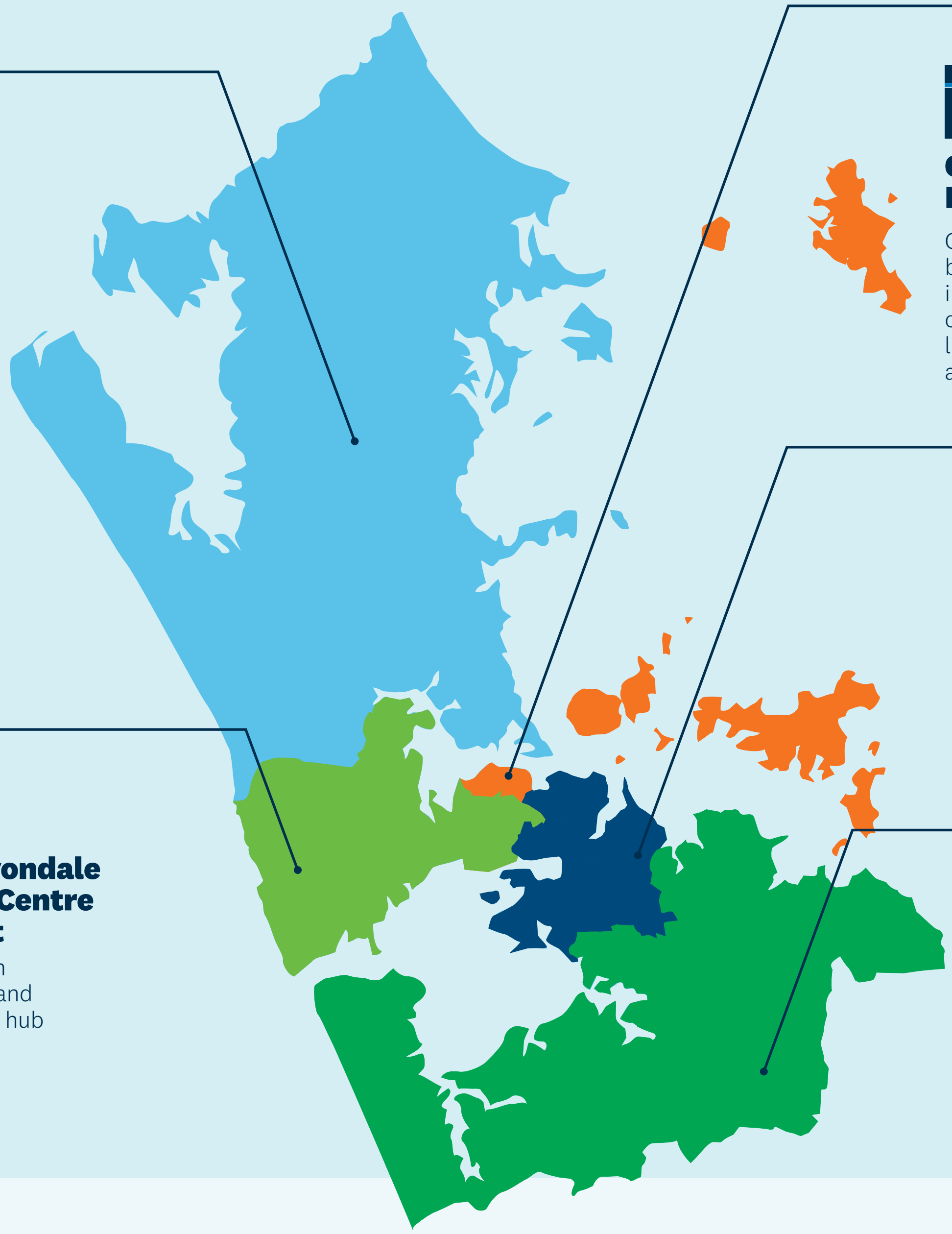
Auckland Council works to ensure mana whenua and Māori are active partners and participants at all levels of the council group's decision making.

Te Wāhanga Tuarua:
2023/2024 Ngā Miramiratanga
ā-Tahua Pūtea

Section Two: 2023/2024 Budget highlights

Ngā kaupapa matua e rere ana i te tau 2023/2024

2.1 Major projects in progress 2023/2024



North Auckland

Northern Seawall, Orewa Beach

To prevent erosion at the northern end of Orewa Beach

Tuff Crater Path

Renew track and signage at Tuff Crater Path including boardwalk replacement, new gravel and bank stabilisation

Mahurangi community building

Comprehensive renewal including library reconfiguration, toilet facilities and delivering on seismic assessment recommendations

Ōrewa library

Comprehensive renewal of roof, interior and fitout

West Auckland

Te Pae o Kura / Kelston Community Centre

Refurbish and upgrade the roof, building exterior and interior of the facility

West Wave Aquatic Centre

Renew components in the Main Pool, Leisure Pool and Recreation Halls, including heating and ventilation systems, lighting, and changing rooms

Te Hono / Avondale Community Centre replacement

Development of an integrated library and community centre hub

Central Auckland and Gulf Islands

Central Library

Comprehensive interior building refurbishment including the renewal of mechanical services, lighting, furniture, fixtures and equipment

Ponsonby Park

Staged development of a civic park space, Ponsonby Park, at 254 Ponsonby Road. This project is funded in part from the sale of properties in the Waitematā Local Board area

City Centre Programme

Delivering on the outcomes of the City Centre Masterplan to create a vibrant, accessible and inclusive city centre that contributes significantly to the Auckland region

East Auckland

Eastern Busway

Stage two – Pakuranga to Botany

Jubilee Bridge, Panmure

Comprehensive renewal to increase the greenway/ cycleway provision and incorporate an arts feature.

Michaels Avenue Reserve

Stage two — Renewal of carparks and playspace

South Auckland

Recreation facility upgrades

Manukau Sports Bowl field lighting and security, Franklin Pool and Leisure Centre, Manurewa Pool and Leisure Centre, Massey Park Aquatic Centre, Ōtara Pool and Leisure Centre, Aorere Park sports facilities and playspace, Clarks Beach Recreation Reserve skate park and play ground

Totara Park, Manurewa

Extensive renewal of bike tracks, pedestrian tracks and bridle trails

Region wide

City Rail Link (CRL)

Work to transform Auckland's public transport system continues. With the significant tunnelling now complete the project will move into the systems, control, integration, testing and commissioning phase and the stations will begin construction

Central Interceptor

Watercare's supersized tunnel will reduce wastewater overflows into central Auckland waterways

Sports field capacity development programme

Developing, upgrading and renewing sports field to increase sports field capacity across Auckland

Urban regeneration

Mixing residential and commercial opportunities to optimise the use of council land

Get Auckland Moving

Developing new travel solutions and improving public transport to maintaining current infrastructure and facilities

Land acquisitions

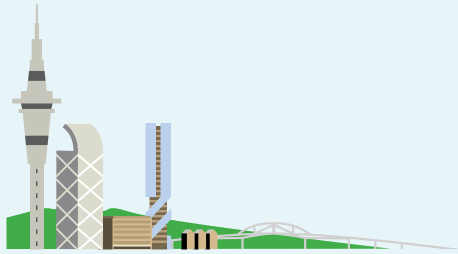
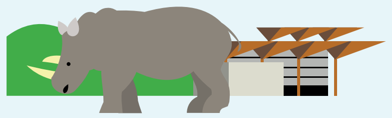
Acquiring land for parks and open spaces to contribute to Auckland's quality of life, as well as make better use of the parks we already have

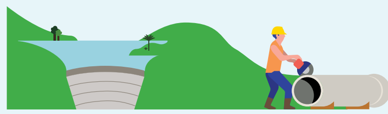
Ngā wāhi matua i whakapaua ai he pūtea

2.2 Key areas of spend

KEY

- Direct operating expenditure percentage against total
- Capital expenditure percentage against total

	OPEX Direct operating expenditure 2023/2024	CAPEX Capital expenditure 2023/2024	
Auckland Council 	$1,669 million 44% of total direct operating expenditure	$606 million 19% of total capital expenditure	▶ See pages 32-39 for more information
Auckland Transport 	$1,205 million 32% of total direct operating expenditure	$1,058 million 32% of total capital expenditure	▶ See pages 40-42 for more information
Tātaki Auckland Unlimited 	$181 million 5% of total direct operating expenditure	$67 million 2% of total capital expenditure	▶ See pages 43-45 for more information
Eke Panuku Development Auckland 	$85 million 2% of total direct operating expenditure	$77 million 2% of total capital expenditure	▶ See pages 46-48 for more information

	OPEX Direct operating expenditure 2023/2024	CAPEX Capital expenditure 2023/2024	
Watercare 	$396 million 11% of total direct operating expenditure	$1,086 million 33% of total capital expenditure	▶ See pages 49-51 for more information
Ports of Auckland Limited 	$222 million 6% of total direct operating expenditure	$44 million 1% of total capital expenditure	▶ See page 52 for more information
City Rail Link Limited 		$346 million 11% of total capital expenditure	▶ See page 52 for more information
Under-delivery assumption We assume $78 million will not be spent within the 2023/2024 and be carried forward to 2024/2025		($78) million	
TOTAL	$3,758M	$3,206M	

Te arotahitanga me te mahere a te hinonga o te rōpū ā-Kaunihera

2.3 Council group entity focus and plan

OPEX $1,669m

CAPEX $606m

Te Kaunihera o Tāmaki Makaurau

Auckland Council

Auckland Council delivers a wide range of services for our diverse communities and strives to create a sustainable and prosperous region.

Our key services are:

- **Customer and community services**, such as parks, reserves, libraries, community venues, swimming pools and recreation centres
- **Infrastructure and environmental services**, oversight and delivery of infrastructure development projects, waste collection, stormwater management and environmental programmes
- **Regulatory services** including consenting and licensing
- **Support services**, supporting elected members and the Auckland Council Group including our funding support for regional amenities.

Further information about each of these groups can be found below.

Customer and Community Services

We manage and maintain local and regional parks, streetscapes and litter bins, community venues, libraries, local arts centres, digital and customer services, local and regional events, social and economic development programmes, cemeteries and community grants and leases.

Many of these services are operated within council buildings or delivered via our contractors or partners. While many of these services are primarily funded from rates, other services generate commercial revenue or are supported by fees and user charges.

What we will deliver in 2023/2024

We will:

- continue most of the services currently provided by Customer and Community Services.
- invest in improving the customer experience via digital channels and process improvements and further investigate alternative ways of delivering services - including through partnerships and multi-use facilities.
- support climate change initiatives, including the urban ngahere strategy and helping implement change initiatives funded by the Natural Environment Targeted Rate.

- provide support for communities via economic and social development expertise, grants, events and programming
- work through improvements to the equity of funding to local boards, who have decision-making responsibility over local community services
- deliver the renewals of the Orewa Library and the West Wave Aquatic Centre
- develop Scott Point sustainable sports park.
- repair council assets following severe weather events, including in our regional parks and open spaces.

Storm Events

Auckland Council received over 4,500 requests for service from customers over the course of the Auckland Anniversary Floods and Cyclone Gabrielle, excluding slips and tree damage. This was equivalent to around 60 per cent of a normal year's number of requests.

Financial information

Direct operating performance and capital expenditure

$ MILLION	ANNUAL BUDGET 2023/2024
Direct expenditure	**649**
Employee benefits	220
Grants, contributions and sponsorship	48
Outsourced works	37
Repairs and maintenance	231
Other expenditure on activities[1]	108
Consultancy and professional services	5
Direct revenue	**115**
Fees and user charges	58
Operating grants and subsidies	13
Other revenue	44
Capital expenditure	**317**

[1]Other expenditure on activities primarily include utilities, consequential opex, and other administration expenses.

Capital Expenditure

PROGRAMME/PROJECT ($MILLION)	ANNUAL BUDGET 2023/2024
Community facilities Renewals - Local	135
Community facilities Renewals - Regional	33
Growth - Land Acquisition	40
Library collection renewals and other	19
Multi-year projects (incl. climate response sustainability, Ponsonby Park, Avondale and Manurewa community centre, and Haumaru Housing renewals)	56
Improvement of network sports fields and parks for growth	12
Improvement of regional parks, cemeteries, and crematoria	6
Locally Driven Initiatives (LDI) capex	4
Public art and culture	4
Pools and leisure centre renewals	2
Coastal Renewals & Slips	2
Other projects	4
Customer and Community Services[2]	**317**

[2]Within the Customer and Community Services capital programme, included within the above categories, is around $35 million of storm and flood recovery related capital costs.

Infrastructure and Environmental Services

We manage regional stormwater and waste services, closed landfills, and coastal asset renewals. We maintain and enhance the quality of Auckland's natural, cultural and built environment. We ensure Auckland grows sustainably and will meet the opportunities and challenges of the future.

Note that Auckland Council will continue to be responsible for delivering stormwater for 2023/2024, but this responsibility is expected to change from 1 July 2024 as part of central government's Water Services Reform Programme with the establishment of a new water services entity, separate from the council. See page 52 for more information on the Water Services Reform Programme.

What we will deliver in 2023/2024

We will:

- continue the Water Quality Targeted Rate programme including the western and eastern isthmus water quality improvement programme, the Kaipara Moana Remediation programme and the investigation and elimination of sources of wastewater entering our popular swimming beaches through the Safe Network programme.
- continue the Natural Environment Targeted Rate programme and implementation of the Regional Pest Management Plan including work to reduce risk of kauri dieback spread and maintaining a pest-free Hauraki Gulf Islands.
- deliver on the Waste Management and Minimisation Plan by reducing Auckland's waste to landfills, with the continued rollout of the:
  - food scraps collection to mainland urban households across the region
  - community recycling centres across the region
  - enforcement of the litter and illegal dumping initiative and continue to partner with industry to support minimisation of construction and demolition waste going to landfills.
- continue delivering on the City Centre Targeted Rate programme.
- respond to recent flood events by increasing road sweeping, catchpit cleaning and stream maintenance and work with communities and iwi on community-led flood resilience and education programmes.
- increase our capacity to deal with future storm events through infrastructure upgrades and nature-based solutions.

Storm Events

During the storm response, council staff have inspected 1,000+ landslides, 800km of coastline and high risk closed landfill sites. These inspections confirmed emergency works, remediation and repair requirements.

Financial information

Direct operating performance and capital expenditure

$ MILLION	ANNUAL BUDGET 2023/2024
Direct expenditure	**330**
Employee benefits	52
Grants, contributions and sponsorship	11
Outsourced works	196
Repairs and maintenance	27
Other expenditure on activities[1]	40
Consultancy and professional services	4
Direct revenue	**57**
Fees and user charges	30
Operating grants and subsidies	18
Other revenue	9
Capital expenditure	**215**

[1]Other expenditure on activities primarily include utility and other administration expenses.

Capital Expenditure

PROGRAMME/PROJECT ($MILLION)	ANNUAL BUDGET 2023/2024
University of Auckland Khyber Pass Road	13
Ports of Auckland Outfall Upgrade	6
Paerata Road Culvert Upgrade	8
Point Chevalier Separation	8
Growth	3
Flooding control	4
Environmental	1
Catchment & Asset Planning	12
Renewals	37
Water quality improvement	20
Flood recovery emergency & urgent works	22
Healthy Waters	**134**
Natural environment and climate change response programme	5
Environmental Services	**5**
Waste service bins	2
Food scrap service bins	6
Zero Waste Auckland (climate change response)	11
Other	1
Waste Solutions	**20**
Closed landfill and coastal landfill remediation	13
Coastal Asset Renewals	12
Other	1
Resilient land and coasts	**26**
City Centre Targeted Rate Projects, including Te Hā Noa Victoria Street	24
Tāmaki Transformation Project	3
Other (including climate change response)	3
Development Programme Office	**30**
Infrastructure and environmental services	**215**

Regulatory services

We protect our communities, and the built and natural environment through the fair and effective application of regulations. We are focussed on keeping Aucklanders safe and well through our consenting, licensing and compliance functions such as building consents, resource consents, alcohol licensing, and noise and animal management.

What we will deliver in 2023/2024

We will continue the Regulatory Services transformation strategy, Kōkiri Whakamua, which is to:

- improve customer and stakeholder experience by optimising our services through process reengineering, simplification and automation.
- improve delivery, focus on timeliness, provide value for money, increase transparency and digitisation of our consenting services.
- upskill and develop our kaimahi (employees) to provide a seamless and consistent customer experience.

Financial information

Direct operating performance and capital expenditure

$ MILLION	ANNUAL BUDGET 2023/2024
Direct expenditure	**172**
Employee benefits	157
Grants, contributions and sponsorship	-
Outsourced works	16
Repairs and maintenance	0.1
Other expenditure on activities[1]	(3)
Consultancy and professional services	2
Direct revenue	**204**
Fees and user charges	204
Operating grants and subsidies	-
Other revenue	0.1
Capital expenditure	**4**

[1]Other expenditure on activities primarily include software costs and other administration expenses. The negative figure is due to an adjustment for a corporate support cost savings target included in other expenditure.

Capital Expenditure

PROGRAMME/PROJECT ($MILLION)	ANNUAL BUDGET 2023/2024
Horizon 2 consenting system enhancements	4
Depots & animal shelter renewal	0.2
Regulatory minor assets	0.2
Regulatory services	**4**

Council support and others

We support Auckland Council to deliver services and elected representatives to make governance decisions. We ensure our policies are compliant with national standards. We provide emergency management for the city and grants for regional amenities such as the Auckland War Memorial Museum, Museum of Transport and Technology Auckland (MOTAT) and other cultural organisations covered in the Auckland Regional Amenities Funding Act.

What we will deliver in 2023/2024

We will:

- administer and coordinate the responsibilities of the Auckland Civil Defence Emergency Management (CDEM) Group under the CDEM Act 2002.
- provide funding for Coastguard New Zealand and additional funding for Surf Lifesaving Northern Region to increase patrol hours and introduce new services on unpatrolled beaches
- provide additional funding for crime prevention to make our streets and town centres safer for our communities
- implement and ensure Auckland's interests are represented in central government reforms including the Water Reform Programme, Resource Management Reform, National Policy Statement for Freshwater Management and Future for Local Government Review.
- implement Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan through forming regional partnerships and by embedding climate change into the council's planning and decision-making processes.
- look for sustainable cost savings from stopping or doing services differently, such as expanding group shared services, with a long-term view to enable further changes through the 10-year Budget 2024-2034.
- support the functional activities of the council to deliver the best value by progressing the Worksmart programme to create equitable and fit-for-purpose workspaces, enhancing the design of customer and community spaces and delivering significant financial savings.

Financial information

Direct operating performance and capital expenditure

$ MILLION	ANNUAL BUDGET 2023/2024
Direct expenditure	**518**
Employee benefits	232
Grants, contributions and sponsorship	104
Outsourced works	28
Repairs and maintenance	2
Other expenditure on activities[1]	117
Consultancy and professional services	35
Direct revenue	**57**
Fees and user charges	18
Operating grants and subsidies	30
Other revenue	9
Capital expenditure	**70**

[1]Other expenditure on activities primarily include computer software costs, utility and other administration expenses.

Capital Expenditure

PROGRAMME/PROJECT ($MILLION)	ANNUAL BUDGET 2023/2024
Corporate property (incl. WorkSmart programme, property and building renewals)	37
Information and communications technology	14
Vehicle renewal and decarbonisation	4
Business Change Fund	11
Other corporate support (incl. Built Heritage Protection Fund, AEM and RIMU equipment renewals)	4
Council support and others	**70**

What is changing

To help reduce costs to Aucklanders, we are implementing a number of savings for 2023/2024. This includes a $33 million reduction in operating costs for Auckland Council activities. This is on top of significant savings achieved in previous budgets and the annual $90 million savings target set in the 10-year Budget 2021-2031.

Reducing $7.9 million across a range of regional, community and social services

The council is saving an ongoing net $7.9 million from 2023/2024 in programmes across our regional services activities by:

- reducing some regional services, including in-person research services at libraries, environment/sustainability education programmes, support for school engagement on environmental issues and experience centres, such as Arataki and Ambury Farm
- slightly reducing funding for climate action related programmes funded by general rates, such as a minor adjustment to the Climate Action Grant, the Live Lightly programme, Communities in Need programme, and work on council land and marae.
- phasing out the funding provided to COMET, a council-controlled organisation that supports education and skills.

Other reductions in regional services in areas such as planning, environmental and waste services are:

- slightly reducing levels of service for noise control (30-minute stand down for daytime noise complaints)
- reducing response times for illegal dumping where specialised equipment is required (2023/2024 only)
- delaying stormwater asset management systems improvements until water reform is advanced.

Opportunities to deliver council services differently given council's aging asset base will be explored as part of the 10-year Budget 2024-2034. Potential savings in contractual arrangements can be explored when contracts are renewed or changed, or as part of a future Value for Money Section 17A review.

Withdrawal from the direct provision of Early Childhood Education (ECE) services as a regional service

The council plans to save around $1 million of net operating cost per annum from withdrawing from the direct provision of ECE as a regional service. Our existing role in this sector is limited, with only 300 children enrolled in Auckland Council delivered services across 6 of the 21 local boards. In Auckland there are over 60,000 children receiving services from over 1,400 other providers in Auckland.

As part of the final approved annual budget, local boards may continue the provision of ECE services through some of the current Kauri Kids centres, allowing them to operate as local services with decision making on the future of those centres sitting with the relevant local board areas.

A $4 million reduction to local board funding per annum for 2023/2024

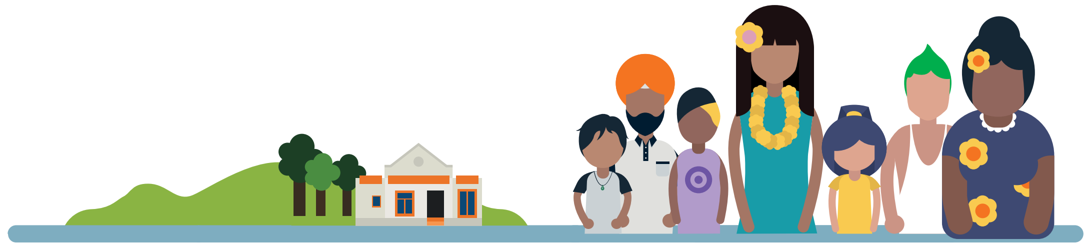
This may impact on local events, community grants, council facility opening hours, and community and environmental programmes. For some local boards this may include reductions in maintenance of open space.

For information on activities proposed to be delivered in each local board area, see Volume 2 of this annual budget document. Local Boards will be making final decisions on the specific cost reductions in July 2023.

Other Auckland Council cost reductions

Auckland Council is also saving $20 million in 2023/2024 from:

- strategy, planning and group shared services efficiencies – reducing the number of strategies, policies and plans across the Auckland Council Group by simplifying and consolidating strategy and policy activity and limiting new strategies. Accelerating work on shared services and consolidating corporate office spaces across the group.
- optimising and reducing some open space maintenance service levels, including the reduction of rubbish bins where opportunities for consolidation or alternate approaches are available and minor reductions in levels of service in garden and turf.
- increasing fees and user charges to better reflect costs associated with managing services, including fees for resource and building consents, bookable spaces and cemeteries.
- agreeing new funding agreements for the Auckland War Memorial Museum, Auckland Regional Amenities and MOTAT to achieve a $2 million saving.
- a $5 million savings target delegated to the CEO to be identified and achieved during the 2023/2024 financial year.



Auckland Transport
An Auckland Council Organisation

OPEX $1,205m

CAPEX $1,058m

Auckland Transport

Auckland Transport's (AT) everyday activities keep Auckland moving by planning, delivering, operating and maintaining Auckland's transport system[1] to meet the needs of current and future Aucklanders. Key activities that directly impact Aucklanders include operation and maintenance of the roading network, planning and contracting of public transport services, parking management and enforcement, and investing in improvements to the transport network including safety improvements.

What we will deliver in 2023/2024

AT aim to complete existing projects on time and budget, while low priority projects that are not underway will be paused to ensure existing and high priority projects can be progressed. Key projects and initiatives that AT will deliver include:

- storm recovery repair and rebuild works
- roading asset renewals
- working with KiwiRail to minimise disruptions from the planned rail closures
- the urban and rural road safety programmes
- purchasing additional trains to support the opening of the City Rail Link
- progressing the Eastern Busway – Pakuranga to Botany
- progressing the Northwestern Busway improvements
- progressing the delivery of public transport improvements funded by the Climate Action Transport Targeted Rate (CATTR) to reduce emissions
- progressing towards the goals set by Council in the Transport Emissions Reduction Plan within approved funding.

AT is committed to partnering with Māori to meet its statutory obligations under Te Tiriti o Waitangi and continue to engage meaningfully and regularly with Mana Whenua on operational matters, projects, programmes, strategies and plans.

[1]Excluding State Highways which are managed by Waka Kotahi, the transport agency of New Zealand Government), and the rail network – managed by KiwiRail

What is changing

AT developed a plan to deliver on the $32.5 million funding reductions, solutioned $24 million of existing cost challenges and identified a further $24 million of cost savings to reinvest into core services including:

- maintenance activity to mitigate inflationary impacts
- public transport contract costs to mitigate inflationary impacts and potentially enable reinstatement of some services
- progressing the National Ticketing System / Open Loop capability.

The final budget reduced the operating savings target by $10 million from $32.5 million to $22.5 million, with the $10 million reduction being reinvested into public transport services. With Waka Kotahi co-funding this allows for an additional $20.4 million public transport costs to progressively reinstate services once additional bus drivers are available and support an increase in bus driver wages to $30 per hour. This will reduce the large scale of cancellations. However, there is still significant funding uncertainty around the level of public transport co-funding available from the government beyond 30 June 2024.

AT also expect higher revenue following an increase in public transport fares by 6.5 per cent which took effect from April 2023. This fare increase is projected to increase revenue by $4 million. The potential also exists for a higher 2023/2024 patronage level.

AT is facing a challenging operating environment with higher costs for projects and services as well as constraints in the following years as they progress large capital programmes such as the Eastern Busway and purchase new electric trains and low emissions ferries while continuing to renew the network. As such AT will be unable to progress some projects previously planned in 2023/2024 which would also require funding in 2024/2025, such as parts of the Urban Cycleways and Connected Communities programme. However, AT will work with central government and council to seek opportunities for funding to progress these projects over time.

Storm Events

The Auckland Anniversary Floods and Cyclone Gabrielle caused over 1300 slips and more than 130 roads closures, which generated new capital investment needs. AT will redirect up to an estimated $150 million of capital expenditure originally planned for safety, Lake Road and Lincoln Road in 2023/2024 towards urgent asset renewals such as substantive roading repairs, especially rural sealed and unsealed roads.

Financial information

Direct operating performance and capital expenditure

$ MILLION	ANNUAL BUDGET 2023/2024
Direct expenditure	**1,205**
Employee benefits	173
Public transport operation costs	657
Contractor - maintenance	132
Professional services	33
Track and ferry access charges	45
Other expenditure on activities[1]	165
Direct revenue	**802**
Fees and user charges	264
Grants and subsidies[2]	477
Other direct revenue	61
Capital expenditure	**1,058**
Capital revenue subsidies[2]	**545**

[1]Other expenditure on activities primarily include operating lease expense, software costs, security, rates, utilities and other administration expenses

[2]Capital revenue subsidies include capital funding from central government primarily through Waka Kotahi.

Capital Expenditure

PROGRAMME/PROJECT ($MILLION)	ANNUAL BUDGET 2023/2024
Renewals	258
Flood/Storm Recovery	150
Other	10
Asset management - Resilience and recovery	**418**
Eastern Busway Stage 1	10
Eastern Busway Stages 2 to 4	162
EMU Rolling Stock and Stabling Tranche for CRL	86
CRL Day One - Level Crossing Removal	12
CRL Day One - Roadside Projects	8
Midtown Bus Improvements	8
Decarbonisation of the Ferry Fleet Stage 1	60
Northwest Bus Improvements	26
Rosedale and Constellation Bus Stations	8
Glenvar Road/East Coast Road intersection and corridor improvements	2
Wainui Improvements	6
Tāmaki Drive/Ngapipi Road safety improvements	6
Huapai Improvements	14
Committed and on critical path	**408**
Safety Programme	47
Customer and Business Technology	22
Open Loop Technology for buses	10
Network Performance	12
Intelligent Transport Systems	10
Public Transport Safety, Security and Amenity	14
Local Board Initiatives	7
Projects Funded by Rodney Transport Targeted Rate	11
Unsealed Road Improvements	6
Hill Street Intersection Improvement	1
New Footpaths Regional Programme	2
Supporting Growth Alliance	3
Airport to Botany Rapid Transit Route Protection	5
Supporting Growth - Post Lodgement and Property	15
Carrington Road Improvements	11
Essential programmes and ring fenced	**176**
Urban Cycleways Programme	32
Wynyard Quarter Integrated Road Programme	2
On-going Cycling Programme & Projects	14
Cycling and Corridor Improvement projects	**48**
Smaller projects and programmes[1]	**8**
Total	**1,058**

Note: total does not include an under-delivery assumption of $53 million for 2023/2024

OPEX $181m

CAPEX $67m

Tātaki Auckland Unlimited

Tātaki Auckland Unlimited (TAU), as Auckland's economic and cultural agency, manages and operates 18 regional facilities such as the Zoo, Art Gallery, Maritime Museum, Stadiums and Aotea Centre. TAU also creates a dynamic city by delivering a unified major events programme and regional events and festivals such as the Elemental AKL, Lantern, Pasifika and Diwali festivals. In addition, TAU plays a role in economic development by delivering programmes to support tourism, business events, investment and international education.

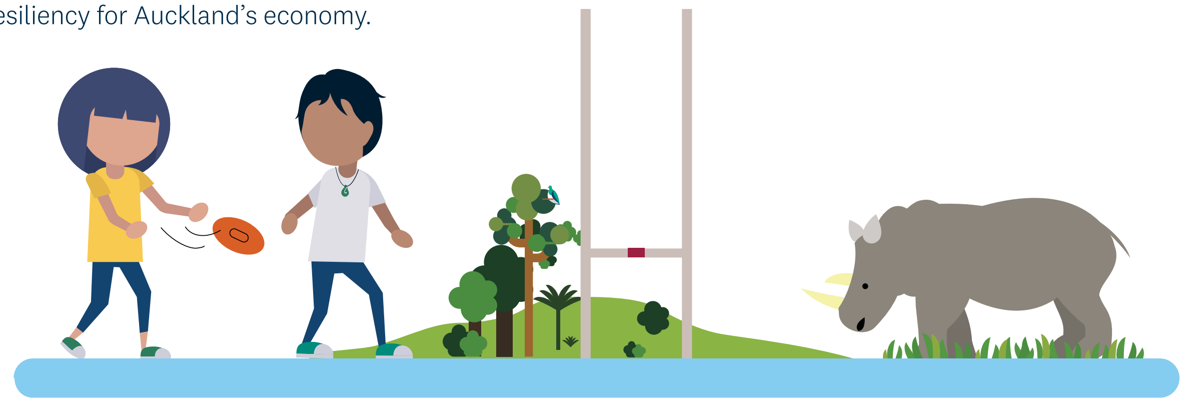
What we will deliver in 2023/2024

TAU will continue to support a programme of major events for Auckland including:

- the 2023 FIFA women's World Cup from 20 July – 11 August
- the Weightlifting World Masters Cup and Pacific Rainbow Games in early 2024
- the inaugural month-long Ocean festival, which is a series of on and off water events, including SailGP in early 2024
- the preparation for hosting the World Choir Games in early July 2024.

In addition, TAU will:

- deliver other highly valued cultural festivals and events for the people of Auckland such as the Elemental AKL, Lantern festivals, Pasifika, Diwali and Tāmaki Herenga Waka festivals
- focus on implementing a plan in partnership with Eden Park Trust and others to optimise Auckland's significant stadium operations
- progress the ongoing integration of Auckland's cultural institutions, including the institutions managed by TAU, plus the independent Auckland War Memorial Museum, MOTAT and Stardome Observatory facilities
- progress the heritage restoration of the Art Gallery roof
- progress remediation of flood damage at Western Springs Stadium and the Zoo
- continue delivery of the Future Zoo developments
- continue to deliver key initiatives such as those outlined in TAU's Māori outcomes plan, Te Mahere Aronga, and Climate Connect Aotearoa, which focuses on examining pathways towards de-carbonising and building resiliency for Auckland's economy.



What is changing

TAU had an existing $17 million savings target. The final annual budget 2023/2024 includes a further $17.5 million in operating savings from TAU in response to the financial challenge faced by the council group.

Work is already underway to achieve some initial savings though a comprehensive post-merger efficiency programme including driving revenue opportunities.

To achieve the full $34.5 million savings TAU will:

- continue to deliver a raft of efficiencies across the range of services, enabled mostly as a result of the ICT enhancements made post-merger over the last two years and resulting in cost reductions
- further leverage the council group capabilities for shared services in non-core areas to lower the overall costs
- reduce the level of arts and cultural programming capacity, including exhibitions
- generate additional revenue from existing sources, including enhanced ticketing options for memberships, food and beverage offerings and revised catering models
- create new revenue streams across Tātaki operations through the utilisation of new technologies to commercialise and create value such as Digital Auckland and the City-Wide Calendar. This also includes revenue from media assets, new sponsorships and naming rights, private art conservation services and creation of commercialised user guides
- condense Major Events activity to enable continued attraction, curation and delivery of major events to Auckland (such as FIFA, RWC 2020), contribute to sustained GDP growth, and enhanced visitor bed nights to Tāmaki Makaurau, until alternative funding avenues are identified and implemented.

Financial information

Direct operating performance and capital expenditure

$ MILLION	ANNUAL BUDGET 2023/2024
Direct expenditure	**181**
Employee benefits	78
Grants, contributions and sponsorship	8
Other expenditure on activities[1]	95
Direct revenue	**95**
Fees and user charges	54
Grants and subsidies	26
Other direct revenue	15
Capital expenditure	**67**

[1]Other expenses on activities primarily include event cost of sales, rates and property rental expense, consultancy and professional services, and repair and maintenance.

Capital Expenditure

PROGRAMME/PROJECT ($MILLION)	ANNUAL BUDGET 2023/2024
Auckland Art Gallery Heritage Restoration Project	17
Collection Storage and Acquisitions	2
Renewals - Critical infrastructure	16
Digital	2
Venue Event Services and Technical Operations	3
Venue Security Infrastructure	3
Renewals - Venue Renewals, including adaptation and resilience	22
TAU +	2
Total	**67**

Eke Panuku Development Auckland
An Auckland Council Organisation

OPEX $85m

CAPEX $77m

Eke Panuku Development Auckland

Eke Panuku leads urban regeneration across the region, focusing on 13 locations agreed upon with the council. It creates vibrant, liveable places with high-quality housing and well-designed town centres with good transport connections.

Eke Panuku also provides tenancy management and property maintenance for more than 1,200 properties that are not currently being used to deliver services to the community but are owned by Auckland Council. Of that total, around 400 properties are managed on behalf of Auckland Transport. In addition, Eke Panuku manages and operates the three council-owned marinas - Westhaven, Viaduct and Silo, carrying out operational activities such as leasing of berths, mooring of vessels, repairing and renewals of assets and carrying out new developments.

What we will deliver in 2023/2024

Eke Panuku will continue delivering the highest priority urban regeneration projects. The projects will have the greatest tangible benefits for ratepayers and provide the highest value for money. Eke Panuku is committed to providing placemaking opportunities to celebrate and showcase vibrant Māori culture including working with rangatahi and reflect mana whenua mātauranga and Māori design principles in public realm projects to showcase Māori identity.

Eke Panuku plan to complete the following.

- Waiwhararikì Anzac Square in the heart of Takapuna
- Te Ara Awataha – The Northcote's new greenway and 'day-lighted' stream
- The new Kōtuitui neighbourhood of around 30 homes in south of the Manukau centre.

Eke Panuku will progress:

- acquiring land to enable the stream, wetland and pathway network regeneration as a key component of the broader Te Whakaoranga o te Puhinui (Puhinui Stream regeneration)

- development projects with current and new development partners across Tamaki Makaurau
- the next stage planning of Wynyard Quarter's Transformation and north of Silo Park on Wynyard Point
- the partnership with NZ Super Fund to support urban regeneration outcomes
- effective delivery of the city centre programme, including the integration of City Rail Link stations.

Eke Panuku will also be working with the council group on:

- conceptual plans for the future use of port land as it is released from port purposes as part of a staged withdrawal of port-related activity over 2024-2039
- future financing and development options for Haumaru Housing, which provides social rental housing for older people, and agree the next steps for the portfolio.

What is changing

Eke Panuku will slow down the delivery of lower priority urban regeneration programmes in the town centres and waterfront to deliver $5 million of ongoing annual savings. This includes a capital deferral of $36 million originally planned for 2023/2024, which will result in significant reduction in planned urban regeneration investment in the waterfront, including events, activation, planning and design for future development activities.

As a result of this slowdown in the capital programme, Eke Panuku will reduce the consequential corporate costs, staff, and other resources used to plan and implement urban regeneration by $3.1 million, along with $1.9 million in interest savings. The programme's scope, scale and speed will reduce across all priority locations. Public realm projects and local events in town centres, such as Matariki festivals, weekend workshops for kids, Christmas and cultural new year celebrations and waterfront security, will be affected.

In addition to these urban regeneration savings, Eke Panuku will put on hold some work to optimise council-owned land for development under the Transit Oriented Development Programme with Auckland Transport, meaning there will be less staff support for identifying future urban regeneration and optimisation opportunities.

Financial information

Direct operating performance and capital expenditure

$ MILLION	ANNUAL BUDGET 2023/2024
Direct expenditure	**85**
Employee benefits	33
Rates and property rental	13
Other expenditures on activities[1]	9
Consultancy and professional Services	10
Repair and maintenance	13
Inter-entity time charge	7
Direct revenue	**63**
Fees and user charges	2
Other direct revenue	61
Capital expenditure	**77**

Note: operating financials above include both Eke Panuku's entity budgets as well as budgets for property portfolio management activities Eke Panuku undertakes on behalf of Auckland Council, which haven't been adjusted for inter-company eliminations.

[1] Other expenditures on activities primarily include operating lease expense, software costs, security, rates, utility and other administration expenses.

Capital Expenditure

PROGRAMME/PROJECT ($MILLION)	ANNUAL BUDGET 2023/2024
Waterfront	24
Manukau	4
Onehunga	5
Avondale	13
Henderson	1
Northcote	3
Panmure	3
Papatoetoe	2
Takapuna	3
Pukekohe	2
Transform and unlock programme	**60**
Regional Development	**9**
Renewals	**8**
Total	**77**

Watercare
An Auckland Council Organisation

OPEX $396m

CAPEX $1,086m

Watercare

Watercare is New Zealand's largest water utility company, providing water and wastewater services to 1.7 million Aucklanders. It supplies safe drinking water to homes and businesses in the Auckland region and returns high-quality treated wastewater back to the environment.

Note that Watercare Services Limited will continue to be responsible for delivering water and wastewater services for 2023/2024, but this responsibility is expected to change from 1 July 2024 as part of the central government's Water Services Reform Programme with the establishment of a new water services entity, separate from the council. See page 52 for more information on the Water Services Reform Programme.

What we will deliver in 2023/2024

The focus of Watercare will be to continue delivering safe drinking water and wastewater services to Auckland at minimum cost. Watercare supports the Auckland Water Strategy's commitment to partnering with Mana Whenua to achieve the vision of te Mauri o te Wai o Tāmaki Makaurau and working together to advance our core interests in water and the environment. Watercare will continue to invest heavily in the growth and renewal of Auckland water infrastructure next year. Significant programmes/projects underway are the:

- Central Interceptor – a 5 metre diameter tunnel that will carry wastewater from central Auckland to Māngere Wastewater Treatment Plant. The interceptor represents a major upgrade to Auckland's wastewater transmission system. It will reduce outflows into the harbour by 80 per cent. Tunnelling was completed under the Manukau Harbour to Hillsborough, with a total of 4.1km of tunnel and over 2500 concrete tunnel rings installed. Watercare is preparing the main Tunnel Boring Machine to start the next tunnelling phase, a 2km stretch from Hillsborough to Keith Hays Park in Mount Roskill.
- Substantial upgrades occurring in many city locations to cater to Auckland's rapid growth. Areas of focus for next year include new water and wastewater facilities for Helensville, Waiuku and Warkworth.

Watercare sought feedback from the community on its policy on funding local capacity network growth in early 2023 and will review the current model based on the feedback received and investigate opportunities to enhance the local network delivery and funding model.

Watercare will continue implementing its climate change initiatives and targets, including:

- reducing infrastructure emissions by 40 per cent by 2025
- reducing operational emissions by 50 per cent by 2030
- energy neutrality at major wastewater treatment plants by 2030
- net-zero emissions by 2050.

What is changing

The Watercare capital programme has increased by $313 million in 2023/2024 compared to the 10-year Budget 2021-2031 projection. The increase is driven by:

- $117 million for higher inflation driving increased infrastructure and construction costs
- $80 million for additional storm-related capital expenditure assumed to be fully funded by insurance recoveries
- $46 million for an increase in planning and design work to be future-ready and provide increased flexibility
- $70 million for additional projects to be partially funded by Kāinga Ora shovel ready funding.

Storm Events

Watercare plan to deliver $80 million of recovery work in 2023/2024 to repair damage caused by recent weather events and to improve resilience. An assessment of damage and prioritisation of repairs is ongoing. Most of this work will be funded through insurance claims. Watercare has set up a recovery programme and the Asset, Upgrades and Renewals team has been resourced and enabled to deliver the work.

Financial information

Direct operating performance and capital expenditure

$ MILLION	ANNUAL BUDGET 2023/2024
Direct expenditure	**396**
Employee benefits	80
Asset operating costs[1]	138
Maintenance	93
Consultancy and professional services	28
Other expenditure on activities[2]	57
Direct revenue	**981**
Fees and user charges	698
Other direct revenue	283
Capital expenditure	**1,086**
Capital subsidy and other revenue[3]	**132**

[1] Includes cost of energy, chemical, material, solid handling, fixed contracts and other plant operating services.
[2] Includes primarily building rent, software costs, insurance, shared services costs, rates and other administration expenses.
[3] Includes $80 million of insurance recoveries for the storm recovery related capital works and capital grant from Kāinga Ora.

Capital Expenditure

PROGRAMME/PROJECT ($MILLION)	ANNUAL BUDGET 2023/2024
Additional water sources	9
Ardmore projects	7
Huia 1 watermain replacement	33
Local Water Network Renewals	7
Network Metropolitan	10
North Harbour 2 Watermain	9
Onehunga Water Treatment Plant Capacity Upgrade	8
Other Water Networks	3
Redoubt Road Reservoir complex expansion	17
Waikato 50 and Waikato A water treatment plant	45
Waitākere Water Treatment Plant Renewals	5
Water Treatment Other Programmes	78
Water Tamaki Regeneration Limited and Kainga Ora Programme	33
Wellsford water supply	3
Westhaven Pump Station	7
Water supply	**274**
Biosolids - Puketutu Rehabilitation	15
Central Interceptor	269
Local Sewer Network Renewals	17
Mangere Wastewater Treatment Plant Capacity Upgrade	24
Northeast Sub-regional Wastewater Servicing	79
Northern Interceptor	17
Pukekohe Wastewater Treatment Plant upgrades	16
Rodney Hibiscus Coast Wastewater Servicing	23
Rosedale Wastewater Treatment Plant Upgrade	34
Southwest Sub-regional Wastewater Servicing	23
Southern Interceptor Augmentation	10
Trade Waste	0.2
Transmission Rising Main Renewals	17
Wastewater Treatment Other	15
Wastewater Network Other Programmes	64
Western Isthmus Programme	25
Wastewater Network Systems	10
Wastewater Tamaki Regeneration Limited and Kainga Ora Programme	46
Wastewater treatment	**704**
Shared Service Programmes	**28**
Storm recovery related capex expenditure	**80**
Total	**1,086**

City Rail Link

City Rail Link (CRL) is a rail link that will connect Britomart and Mt Eden stations with two new stations at Aotea and Karangahape Road via two 3.5km rail tunnels. It will provide a critical piece of infrastructure to support Auckland's economic growth, unlock development areas and support future population growth.

The CRL will enable the Auckland rail network to at least double rail capacity when it is completed, with trains running every 7 to 10 minutes at peak times for most stations, carrying up to 30,000 people an hour. This improvement to Auckland's transport network will enable improved economic growth for Auckland.

Auckland Council expects to invest $346 million in 2023/2024 for CRL Limited to progress construction of the underground stations at Aotea and Karangahape Road Square, redevelopment of the Mt Eden Station, and construction of the western rail link connection and rail systems.

The total cost to deliver the project is now expected to be $5.5 billion and Auckland Council and central government have now each agreed to fund half of this amount. Construction of the stations and supporting rail infrastructure is likely to be completed by the Link Alliance in November 2025. Once practical completion has been reached, KiwiRail and Auckland Transport will then carry out the additional work required to open the CRL to its first passengers.

The cost increase and delay have been primarily driven by the COVID-19 pandemic and associated lockdowns, which has resulted in staffing, supply chain and technical-related challenges associated with a project of this scale and complexity, and inflation in construction costs.

Ports of Auckland

Ports of Auckland Limited (POAL) is 100 per cent owned by Auckland Council and provides services such as container terminal handling, bulk cargo handling, freight hubs and cruise industry facilities.

POAL have committed to a $10 million improvement to operating performance next year, increasing the projected net profit to $52 million compared with $42 million in the current Statement of Corporate Intent. The additional $10 million will be achieved through:

- pricing adjustment to improve margins
- cost reductions across the organisation
- insurance / funding synergies from working with Auckland Council.

The Mayor, Auckland Council and Eke Panuku Development Auckland will also develop a plan for the progressive return of waterfront land for the use of all Aucklanders which will require POAL to plan for a phased consolidation of port operations. This is necessary to provide certainty to the port, businesses, the government and Aucklanders. It is a key part of delivering an integrated transport plan for Auckland and will inform government decision-making on the New Zealand freight and supply chain strategy.

Water Services Reform

As part of its Water Services Reform Programme (formerly known as Three Waters) the government has passed legislation to create new water entities that will operate drinking water, wastewater and stormwater networks. Services in these areas currently delivered by Auckland Council and Watercare are expected to be delivered by a new water services entity from 1 July 2024.

In line with our requirements under the legislation the council group are supporting the reform programme where necessary and working to assess the impacts. As these impacts become clearer, particularly through further legislation, any impacts on future plans will be incorporated. For more information on the reform programme see

www.dia.govt.nz/Three-Waters-Reform-Programme

Expenditure Control

The council's Expenditure Control and Procurement Committee is responsible for undertaking further review of revenue, capital and operating budgets. As part of this work programme, the committee has been tasked with identifying $5 million of operating expenditure savings for the council group for 2023/2024.

Te Wāhanga Tuatoru:
Ō mātou tahua pūtea

Section Three: Our finances

AK HAVE YOUR SAY

Te tirohanga whānui ki te pūtea

3.1 Financial overview

Introduction

Auckland Council's current financial strategy, as set out in our Recovery Budget, seeks to balance the need for investment in our city with ensuring the costs of that investment are acceptable. Addressing the significant demand for investment in Auckland requires a considered approach to the levers available to the council to provide an appropriate supply of investment capacity.

Changes to the economic environment since the setting of the council's 10-year budget and financial strategy had led to a fundamental imbalance between the money we collect each year to pay for day-to-day council services and the cost of providing those services. The actions taken by the council in setting this budget, particularly through cost reductions, rates increases, and asset sales, are key to addressing this challenge in a sustainable way.

This section provides a high-level overview of the key financial projections for the 2023/2024 financial year and explains how we fund our activities.

This should be read in conjunction with the prospective financial statements in section 3.2. All financial projections are informed by the significant forecasting assumptions included as notes to the financial statements.

Detail of how we fund our activities is set out in our prospective funding impact statement found in section 3.4.

Our budget for 2023/2024

Key financial projections

$ MILLION	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET (AMENDED) 2023/2024	ANNUAL BUDGET 2023/2024
Total capital investment	2,800	2,977	**3,206**
Total operating expenditure	5,110	4,969	**5,537**
Average general rates increase	3.50%	3.50%	**11.00%**
Rates revenue	2,281	2,385	**2,527**
Total operating funding sources	5,046	5,105	**5,399**
Total assets	65,863	66,693	**77,740**
Total borrowing	12,077	12,331	**11,903**
Total equity	49,283	48,423	**60,612**
Debt to revenue ratio	253%	250%	**230%**

Capital investment and prudent debt management

Capital expenditure is for purchasing, building, replacing or developing the city's assets (for example roads, libraries, parks and sports fields).

Our total capital expenditure programme for 2023/2024 is $2.860 billion, in addition we plan to invest $346 million in City Rail Link Limited. The total capital investment for Auckland over 2023/2024 is projected to be $3.2 billion.

DELIVERED BY	$ MILLION
Auckland Council	606
Auckland Transport	1,058
Watercare	1,086
Tātaki Auckland Unlimited Limited Group	67
Ports of Auckland Limited	44
Eke Panuku Development Auckland	77
Under-delivery assumption	(78)
Total capital expenditure	**2,860**
Investment in City Rail Link Limited	346
Total capital investment	**3,206**

Funding our capital investment

The following table shows how we plan to fund our capital expenditure and other capital outflows in 2023/2024, and aligns with the prospective funding impact statement included in section 3.4.

CAPITAL EXPENDITURE AND OTHER OUTFLOWS $ MILLION	ANNUAL BUDGET 2023/2024
Growth	859
Service level improvement	811
Renewals	1,190
Weathertightness claims	62
Investment in City Rail Link Limited	346
Working capital movements	(237)
Total	**3,031**

FUNDING SOURCES $ MILLION	ANNUAL BUDGET 2023/2024
Capital subsidies	617
Development contributions	269
Asset sales	164
Insurance recoveries	110
Operating cash surplus	1,155
Proceeds from Airport share sale	866
Reduction to borrowings	(150)
Total	**3,031**

Prudent debt

When considering prudent and sustainable levels of borrowings we must consider the costs of these borrowings both now and in the future. We must also consider how much capacity we leave to deal with future shocks. Higher borrowings can mean higher levels of financial risk and with this comes associated increases in interest and debt servicing costs. Excessive borrowing now may put greater pressure on future ratepayers.

As part of updating its financial strategy the council is required to set a prudential limit on its borrowing in each 10-year budget.

In the 10-year Budget 2021-2031 Auckland Council set a limit based on the relationship between debt and revenue. This limit is an indicator of the ability of council to cover its borrowing costs from its different revenue sources. We worked with our ratings agencies to consider an appropriate limit.

The council set a prudential limit of group debt being less than 290 per cent of group revenue. When assessing our debt to revenue ratio against this limit, a number of adjustments are made which are consistent with S&P Global's approach when they undertake their credit rating assessment. To maintain headroom to deal with future shocks the council aims to keep its debt levels below 270 per cent of revenue.

As the council updates its financial strategy for the 10-year Budget 2024-2034 we will need to consider both the way in which we measure prudent borrowing, and limits that balance financial sustainability with the need for planned investment and headroom for shocks.

Council debt projections

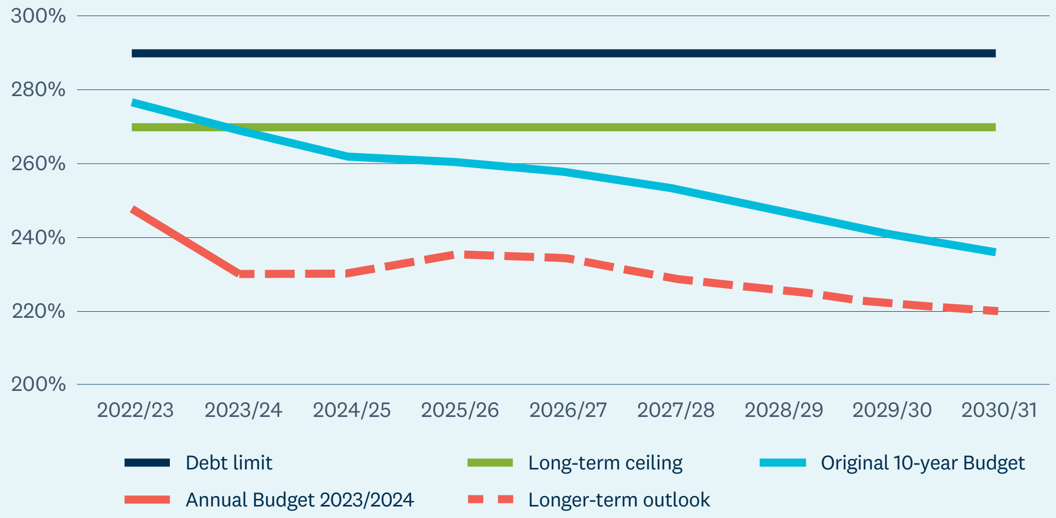
The projected level of borrowing for 2023/2024 is significantly below that included in the 10-year Budget 2021-2031. This is primarily due to delays in capital investment in the 2021-2024 period.

The chart below shows the projected debt-to-revenue path over the remainder of the 10-year budget period. This indicates that, based on decisions made to date (including the council's decision to fund additional costs related to the CRL project), the ratio will remain below 240 per cent and track towards 220 per cent.

When reviewing prudential debt limits in the update to the financial strategy as part of the 10-year Budget 2024-2034, the council will need to consider a number of future costs that are expected through the forthcoming 10-year Budget. These include:

- Transport investment including the removal of level crossings to support the benefits of the CRL
- Repairing storm-damaged infrastructure
- Improved climate resilience including blue-green networks and property purchases
- Construction cost inflation
- Infrastructure to support growth.

Debt to revenue ratio



Operating expenditure and sustainable financial management

It is forecast that the Auckland Council group will spend $5.5 billion in operating expenditure in 2023/2024. This covers the council's day-to-day operations and services, from collecting rubbish to maintaining parks and issuing building consents. It includes costs related to the capital expenditure programme such as interest, maintenance, and depreciation (a non-cash cost). The forecast spend for 2023/2024 is higher than had been projected in the 10-year Budget, primarily as a result of higher than expected inflation and interest rates.

The table below shows the operating funding the council forecasts to receive in 2023/2024, how this is applied to operating expenditure, and aligns with the prospective funding impact statement included in section 3.4.

The $5.4 billion of operating revenue sources covers $4.2 billion of cash operating expenditure, leaving a cash surplus of $1.2 billion to fund capital expenditure. This is in line with our Revenue and Financing Policy which includes a commitment to move to full funding of depreciation from operating revenues by 2028.

OPERATING EXPENDITURE $ MILLION	ANNUAL BUDGET 2023/2024
Staff	1,146
Interest	536
Other	2,562
Sub-total	**4,244**
Depreciation and amortisation	1,293
Total	**5,537**

OPERATING FUNDING SOURCES $ MILLION	ANNUAL BUDGET 2023/2024
Rates	2,527
Fees and user charges	1,646
Subsidies and grants	563
Other	663
Total	**5,399**

Sustainable financial management and balanced budget

Under the Local Government Act 2002, the council is required to ensure our operating revenues (under generally accepted accounting principles) are set at a level that is sufficient to meet operating expenditure for each financial year. As shown in section 3.5 we project to balance our budget in 2023/2024.

Operating a balanced budget represents responsible financial management as it ensures today's residents pay for the costs of delivering services today.

Looking ahead

While the council looked to largely address the ongoing operating funding gap in this budget through sustainable measures that increased revenue or reduced cost, a portion ($85 million) of the gap was addressed through funding more of the capital programme through debt, rather than operating funding. This use of debt only mitigates the $85 million for 2023/2024 and other budget mitigations of at least this amount will need to be found in future years.

The current 10-year budget indicates an overall average general rates increase to existing ratepayers for 2024/2025 of 3.5 per cent. Current estimates, however, indicate that, without significant other mitigating action, this will need to be notably higher. The key drivers of this are:

- Higher inflation environment – the current 10-year budget assumed inflation of 2 per cent for 2024/2025 and latest estimates from the RBNZ and other economists suggest this will be closer to 5 per cent.
- Postponed budget gap – the $85 million addressed for 2023/2024 through debt will need an ongoing, sustainable mitigation.

While this is indicative of the challenges the council will face, no council decisions have yet been made in relation to budgets or rates for the 2024/2025 financial year.

There will be a lot of factors to work though as part of the development of the 10-year Budget 2024-2034. Key operating budget risks include inflation and interest rates impacting on costs, economic and housing/development trends impacting on revenue, and the operating implications of the investment needs discussed in the section above. A longer-term planning horizon, however, also enables the council to consider a wider range of mitigating actions including more revenue levers, service reviews, asset optimisation, new funding tools, and finding new ways to partner with central government and other external parties.

Ngā matapae ā-pūtea

3.2 Prospective financial statements

Prospective statement of comprehensive revenue and expenditure

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET[1] 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Revenue					
Rates	2,277,224	2,380,967	2,524,291	143,324	1
Fees and user charges	1,476,858	1,781,236	1,646,497	(134,739)	2
Grants and subsidies	1,096,117	1,031,491	1,179,450	147,959	3
Development and financial contributions	265,252	268,545	268,545	(0)	
Other revenue	686,270	550,976	758,569	207,593	4
Vested assets	447,743	458,917	456,083	(2,834)	
Finance revenue measured using effective interest method	2,136	2,081	7,071	4,990	
Other finance revenue	720	820	774	(46)	
Total revenue	**6,252,320**	**6,475,033**	**6,841,280**	**366,247**	
Expenditure					
Employee benefits	1,087,292	1,062,822	1,146,181	83,359	5
Depreciation and amortisation	1,141,054	1,156,803	1,292,763	135,960	6
Grants, contributions and sponsorship	176,920	172,906	170,067	(2,839)	
Other operating expenses	2,200,034	2,104,642	2,391,795	287,153	7
Finance costs	504,518	471,545	536,241	64,696	8
Total expenditure	**5,109,818**	**4,968,718**	**5,537,048**	**568,329**	
Operating surplus/(deficit) before gains and losses	**1,142,502**	**1,506,315**	**1,304,232**	**(202,082)**	
Net other gains	0	(30,599)	(26,785)	3,814	
Share of surplus/(deficit) in associates and joint ventures	(8,748)	(10,763)	(6,864)	3,899	
Surplus/(deficit) before income tax	**1,133,754**	**1,464,953**	**1,270,584**	**(194,368)**	
Income tax expense	89,265	102,146	100,996	(1,150)	
Surplus/(deficit) after income tax	**1,044,489**	**1,362,807**	**1,169,588**	**(193,218)**	
Surplus after income tax is attributable to:					
Ratepayers of Auckland Council	1,044,489	1,362,807	1,169,588	(193,218)	
Other comprehensive revenue/ (expenditure)					
Net gain on revaluation of property, plant and equipment	183,530	1,455,521	3,590,178	2,134,657	9
Tax on revaluation of property, plant and equipment	0	(292,654)	(292,654)	0	
Total other comprehensive revenue	**183,530**	**1,162,867**	**3,297,525**	**2,134,658**	
Total comprehensive revenue/(expenditure)	**1,228,019**	**2,525,674**	**4,467,113**	**1,941,439**	

[1]The 10-year Budget comparator in these statements is the 10-year Budget 2021-2031 as amended on 9 June 2023 to provide for the partial sale of the council's shares in Auckland International Airport Limited.

Notes to previous table:

1. The increase is to reflect the decision on an average general rates increase, and rating policy adjustments, for an overall 7.7 per cent total rates increase for the average value residential property.
2. The decrease in fees and user charges is mainly due to lower public transport revenue (including new, government funded, concessions),a reclassification of some water and wastewater user charges to other revenue, and lower consenting revenues
3. The increase in subsidies and grants is mainly due to increased subsidies from Waka Kotahi to cover new public transport concessions, and to reflect changes in the projected timing of transport projects.
4. The increase in other revenue is mainly due to a reclassification of some water and wastewater fees and an increase in projected Watercare Infrastructure Growth Charges. The increase also includes a projection of storm-related insurance recoveries.
5. The increase in employee benefits is mainly due to higher forecast salary and wage inflation.
6. The increase in depreciation is mainly due to higher than expected revaluations of property, plant and equipment in 2021/2022 and 2022/2023.
7. Other operating expenses includes costs related to contracted services and maintenance, such as public transport services and maintenance of roads, water networks, parks and community facilities. The increase in other operating expenses is mainly due to cost pressures as a result of higher inflation and costs carried forward from the prior year for delayed projects.
8. The increase in finance cost is mainly due to a higher forecast interest rate than previously expected.
9. The higher projected revaluation gain is mainly due to the impacts of higher inflation on fair value calculations, with Auckland Transport assets being the largest contributor.

Prospective statement of financial position

Auckland Council group consolidated

$000 AS AT 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Assets					
Cash and cash equivalents	100,000	100,000	100,000	(0)	
Receivables and prepayments	591,324	615,249	651,589	36,340	1
Derivative financial instruments	948	3,000	732	(2,268)	
Other financial assets	76,954	88,000	59,507	(28,493)	1
Inventories	52,356	62,781	58,978	(3,803)	
Income tax receivable	4,142	3,000	2,328	(672)	
Non-current assets held-for-sale	173,667	135,786	135,785	(1)	
Total current assets	**999,391**	**1,007,816**	**1,008,919**	**1,103**	
Non-current assets					
Receivables and prepayments	78,415	52,781	56,006	3,225	
Derivative financial instruments	451,645	429,000	526,816	97,816	
Other financial assets	2,079,954	1,144,360	1,354,174	209,814	
Property, plant and equipment	58,899,137	60,514,524	71,864,783	11,350,259	
Intangible assets	801,952	823,655	260,956	(562,699)	2
Investment property	703,802	603,000	729,295	126,295	
Investments in associates and joint ventures	1,838,338	2,107,350	1,927,754	(179,596)	3
Other non-current assets	9,994	10,203	11,432	1,229	
Total non-current assets	**64,863,237**	**65,684,873**	**76,731,216**	**11,046,343**	1
Total assets	**65,862,628**	**66,692,689**	**77,740,135**	**11,047,446**	

$000 AS AT 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Liabilities					
Current liabilities					
Payables and accruals	1,068,877	1,141,855	1,258,574	116,719	1
Employee entitlements	121,635	135,385	134,041	(1,344)	
Borrowings	1,292,312	1,427,547	1,041,153	(386,394)	4
Derivative financial instruments	1,980	33,000	2,634	(30,366)	1
Provisions	97,021	54,029	114,251	60,222	5
Total current liabilities	**2,581,825**	**2,791,816**	**2,550,652**	**(241,164)**	
Non-current liabilities					
Payables and accruals	231,912	214,492	237,775	23,283	1
Employee entitlements	5,658	5,331	6,155	824	
Borrowings	10,784,241	10,903,949	10,861,942	(42,007)	4
Derivative financial instruments	683,366	1,683,000	637,180	(1,045,820)	1
Provisions	296,901	233,171	180,048	(53,123)	5
Deferred tax liabilities	1,995,283	2,437,710	2,654,182	216,472	1
Total non-current liabilities	**13,997,361**	**15,477,653**	**14,577,282**	**(900,371)**	
Total liabilities	**16,579,186**	**18,269,469**	**17,127,934**	**(1,141,534)**	
Net assets	**49,283,442**	**48,423,220**	**60,612,201**	**12,188,981**	
Equity					
Contributed equity	26,732,000	26,732,000	26,693,179	(38,821)	
Accumulated funds	7,204,150	7,849,706	8,371,818	522,112	
Reserves	15,347,292	13,841,514	25,547,204	11,705,690	
Total equity	**49,283,442**	**48,423,220**	**60,612,201**	**12,188,981**	1

Notes to previous table:

1. Variances are mainly due to the updating of opening balances to reflect balances in the audited 2021/2022 annual report.
2. The projected decrease in the value of intangible assets is mainly due to a policy change on the treatment of Software-as-a-Service arrangements as reported in the audited 2021/2022 annual report.
3. The decrease in investments in associates and joint venture is due to timing changes in the City Rail Link project funding.
4. The decrease in borrowings is mainly due to a lower than expected closing debt balance in 2021/2022 and changes to the timing of capital projects planned in the 10-year budget for 2022/2023 and 2023/2024. The decrease in borrowing is also partially offset by the decision to sell around 7 per cent of the council's shareholding in Auckland International Airport Limited which is less than forecast in the financial statements in the amended 10-year Budget 2021-2031.
5. The increase in provision is due to the updating of opening balances to reflect balances in the audited 2021/2022 annual report, partially offset with higher than expected weathertightness claim forecast.

Prospective statement of changes in equity

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Contributed equity					
Opening balance	**26,732,000**	**26,732,000**	**26,693,179**	**(38,821)**	1
Surplus after income tax	0	0	0	0	
Other comprehensive revenue	0	0	0	0	
Total comprehensive revenue	**0**	**0**	**0**	**0**	
Transfer to/ (from) reserves	0	0	0	0	
Balance as at 30 June	**26,732,000**	**26,732,000**	**26,693,179**	**(38,821)**	
Accumulated funds					
Opening balance	**6,155,473**	**6,137,982**	**6,855,642**	**717,660**	1
Surplus/ (deficit) after income tax	1,044,489	1,362,807	1,169,588	(193,218)	2
Other comprehensive revenue	0	0	0	0	
Total comprehensive revenue	**1,044,489**	**1,362,807**	**1,169,588**	**(193,218)**	
Transfer to/ (from) reserves	4,188	348,917	346,588	(2,330)	
Balance as at 30 June	**7,204,150**	**7,849,706**	**8,371,818**	**522,112**	
Reserves					
Opening balance	**15,167,950**	**13,027,563**	**22,596,267**	**9,568,704**	1
Surplus after income tax	0	0	0	0	
Other comprehensive revenue	183,530	1,162,868	3,297,525	2,134,657	3
Total comprehensive revenue	**183,530**	**1,162,868**	**3,297,525**	**2,134,657**	
Transfer to/ (from) reserves	(4,188)	(348,917)	(346,588)	2,330	
Balance as at 30 June	**15,347,292**	**13,841,514**	**25,547,204**	**11,705,690**	
Total equity					
Opening balance	**48,055,423**	**45,897,545**	**56,145,088**	**10,247,543**	
Surplus after income tax	1,044,489	1,362,807	1,169,588	(193,218)	
Other comprehensive revenue	183,530	1,162,868	3,297,525	2,134,657	
Total comprehensive revenue	**1,228,019**	**2,525,675**	**4,467,113**	**1,941,438**	
Transfer to/ (from) reserves	0	0	0	0	
Balance as at 30 June	**49,283,442**	**48,423,220**	**60,612,201**	**12,188,981**	

Notes to previous table:

1. Variances are mainly due to the updating of opening balances to reflect balances in the audited 2021/2022 annual report.
2. The variance reflects the updated projections included in the prospective statement of comprehensive revenue and expenditure.
3. The increase is mainly due to higher than projected asset revaluations since the setting of the 10-year budget, with Auckland Transport assets being the largest contributor.

Prospective statement of cash flows

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Cash flows from operating activities					
Receipts from rates revenue	2,277,225	2,380,968	2,524,291	143,323	
Receipts from grants and other services	3,464,984	3,586,524	3,797,953	211,429	
Interest received	2,856	2,901	7,845	4,944	
Dividends received	8,699	32,115	36,092	3,977	
Payments to suppliers and employees	(3,477,875)	(3,314,748)	(3,625,178)	(310,430)	
Income tax refund/(paid)	0	0	0	0	
Interest paid	(503,383)	(470,661)	(535,664)	(65,002)	
Net cash inflow from operating activities	**1,772,506**	**2,217,099**	**2,205,340**	**(11,759)**	1
Cash flows from investing activities					
Sale of property, plant and equipment, investment property and intangible assets	106,238	173,666	164,207	(9,459)	
Purchase of property, plant and equipment, investment property and intangible assets	(2,166,964)	(2,682,946)	(2,717,048)	(34,102)	2
Acquisition of other financial assets	(7,433)	(5,236)	(25,491)	(20,255)	3
Proceeds from Sale of other financial assets	0	989,371	866,039	(123,332)	4
Investment in joint associates and ventures	(514,000)	(244,000)	(346,000)	(102,000)	5
Advances to external parties	0	0	0	0	
Proceeds from community loan repayments	3,138	3,350	2,462	(888)	
Net cash outflow from investing activities	**(2,579,021)**	**(1,765,795)**	**(2,055,830)**	**(290,036)**	
Cash flows from financing activities					
Proceeds from borrowings	2,012,523	1,925,413	904,720	(1,020,693)	
Repayment of borrowings	(1,206,008)	(2,376,717)	(1,054,230)	1,322,487	
Net cash inflow from financing activities	806,515	(451,304)	(149,510)	301,795	6
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	0	0	(0)	(0)	
Opening cash and cash equivalents and bank overdrafts	100,000	100,000	100,000	0	
Closing cash and cash equivalents and bank overdrafts	**100,000**	**100,000**	**100,000**	**(0)**	

Notes to previous table:

1. The variance in cash flows from operating activities reflects the updated projections included in the prospective statement of comprehensive revenue and expenditure
2. The increase in purchase of property, plant and equipment is mainly due to changes in the timing of capital expenditure, with projects being carried forward from previous years.
3. The increase is mainly due to increase in self-insurance fund.
4. The reduction is due to the decision to sell around 7 per cent of the council's shareholding in Auckland International Airport Limited which is less than forecast in the financial statements in the amended 10-year Budget 2021-2031.
5. The increase is due to changes in the forecast timing of investment in the City Rail Link project.
6. The decrease in borrowings is mainly due to under-delivery of capital projects in 2022/2023 and deferrals of 2023/2024 capital projects into future years. The decrease in borrowing is also partially offset by the decision to sell around 7 per cent of the council's shareholding in Auckland International Airport Limited which is less than forecast in the financial statements in the amended 10-year Budget 2021-2031.

Notes to the prospective financial statements

Note 1: Statement of significant accounting policies

Basis of reporting

Auckland Council (the council) is a local authority domiciled in New Zealand and governed by the Local Government Act 2002 (LGA 2002), the Local Government (Auckland Council) Act 2009 (LGACA 2009) and Local Government (Rating) Act 2002. The council is an FMC Reporting entity under the Financial Markets Conducts Act (FMCA) 2013. The council's principal address is 135 Albert Street, Auckland Central, New Zealand.

The Auckland Council Group (the group) consists of the council, its subsidiaries, associates, and joint ventures. A summary of subsidiaries (including substantive council-controlled organisations, or CCOs[2]) is provided in the table below. All group entities are domiciled in New Zealand. The council considers that presenting group information enhances transparency of information about cost of services provided to Auckland ratepayers and enables ratepayers to make more informed decisions about the impact of delivering the Auckland Plan.

The primary objective of the group and the council is to provide services and facilities to the Auckland community for social benefit rather than to make a financial return. Accordingly, the council has designated itself and the Group as public benefit entities (PBEs) and applies New Zealand Tier 1 Public Benefit Entity accounting standards (PBE Accounting Standards). These standards are based on International Public Sector Accounting Standards (IPSAS), with amendments for the New Zealand environment.

The Group and council have a balance date of 30 June and these prospective financial statements are for the period from 1 July 2023 to 30 June 2024. The actual results achieved for the period covered by this plan are likely to vary from the information presented in this document, and these variances may be material. The Group and council do not intend to update the prospective financial statements after publication.

The prospective financial statements have been prepared to ensure accountability of the group and the council to the Auckland community. Information in the financial statements may not be suitable for use in any other context.

The governing body is responsible for the prospective financial statements included in this plan, including the appropriateness of the significant forecasting assumptions these are based on, and the other disclosures in the document.

Basis of preparation

These consolidated prospective financial statements are prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the LGA 2002, the LGACA 2009 and the Local Government (Financial Reporting and Prudence) Regulations 2014 and comply with PBE Accounting Standards;
- on a historical cost basis, except for certain financial instruments which have been measured at fair value, certain classes of property, plant and equipment and investment property which have been subsequently measured at fair value;
- on a going concern basis and the accounting policies have been applied consistently throughout the periods; and
- in New Zealand dollars (NZD), rounded to the nearest million dollars, unless otherwise stated.

They were adopted by the Governing Body of Auckland Council on 29 June 2023.

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST.

The preparation of the financial statements requires judgements, estimates and assumptions. Application is based on future expectations as well as historical experience and other factors, as appropriate to the particular circumstances. Judgements and estimates which are considered material to understanding the performance of the group include:

- Property, plant and equipment
- Derivative financial instruments
- Provisions
- Investment in other entities

Refer to note 2 for significant forecasting assumptions.

[2] Section 4(1) of the LGACA 2009 defines substantive CCOs as a CCO that is either wholly owned or wholly controlled by Auckland Council and either is responsible for the delivery of a significant service or activity on behalf of Auckland Council; or owns or manages assets with a value of more than $10 million. It includes Auckland Transport and excludes entities exempted from CCO status.

Comparative information

The Annual Plan 2022/2023 adopted by the council on 29 June 2022 and the amended 10-year Budget 2021-2031 adopted by the council on 9 June 2023 have been provided as a comparator for these consolidated prospective financial statements. The closing balance in this comparative differs from the opening position used to prepare these consolidated prospective financial statements which is based on the most up-to-date forecast information.

Basis of consolidation

The consolidated financial statements include the forecasts of Auckland Council and its CCOs and subsidiaries.

CCOs and subsidiaries are entities controlled by the group. Control is achieved when the group has the power to govern their financial and operating policies. In order to establish control, the controlling entity presently have exercisable power to govern decision making to be able to benefit from the activities of the other entity.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements from the date the group gains control until the date the group ceases to control the subsidiary.

The accounting policies of controlled entities are consistent with the policies adopted by the controlling entity, or if not, adjustments are made to the consolidated financial statements to bring alignment of subsidiaries with the group's accounting policies. All intra-group balances, transactions, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

PBE Combinations involving entities under common control

PBE Combinations involving entities under common control are accounted for by applying the modified pooling of interest method which involves the following:

- the assets and liabilities of the combining entities are reflected at their carrying amounts reported in the combined financial statements of the resulting entity;
- licenses and similar rights granted by one combining operation to another combining operation will not be eliminated and continue to be recognised as an intangible asset;
- tax forgiven as part of the terms of an amalgamation, if any, shall be derecognised prior to amalgamation;
- employee benefits (or assets, if any) related to the combining shall be recognised in accordance with PBE IPSAS 39 Employee Benefits;
- no adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities
- no additional goodwill is recognised as a result of the combination;
- any difference between the consideration paid/transferred and the equity "acquired" is reflected within the equity as merger reserve; and
- the statement of comprehensive revenue and expenditure and statement of cash flows reflect the results of the combining entities from the point when the combination took place.

The substantive CCOs and subsidiaries within the Group comprise the following:

NAME	PRINCIPAL ACTIVITY AND NATURE OF RELATIONSHIP WHERE THERE IS NO DIRECT OWNERSHIP	CCO	PERCENTAGE OWNERSHIP %	
			2022/ 2023	2023/ 2024
Auckland Transport	Owns the public transport network and manages the transport infrastructure and services in Auckland. **Auckland Transport is a body corporate with perpetual succession and is treated under the LGACA 2009 as if the council is its sole shareholder.*	Yes	*	*
Eke Panuku Development Auckland Limited (formerly Panuku Development Auckland Limited)	Facilitates the redevelopment of urban locations. Contributes to accommodating residential and commercial growth. Optimises the council's property portfolio.	Yes	100	100
Ports of Auckland Limited	Owns and operates Auckland's port which provides container bulk cargo handling, freight hubs, cruise industry facilities, and other services.	No	100	100
Tataki Auckland Unlimited Limited	Manages projects for economic development, tourism and events promotion in the Auckland region.	Yes	100	100
Tataki Auckland Unlimited Trust	Supports and promotes the engagement of the Auckland community in arts, culture, heritage, leisure, sports and entertainment activities and develops, owns and manages the venues for these activities. ** Tataki Auckland Unlimited Trust (previously known as Regional Facilities Auckland Trust) is a charitable trust of which Tataki Auckland Unlimited Limited, a 100% owned subsidiary of the council, is the sole trustee.*	Yes	*	*
Watercare Services Limited	Provides water and wastewater services and owns and operates water and wastewater infrastructure.	Yes	100	100

Significant restrictions

Despite Auckland Council's ability to control its subsidiaries, there are significant restrictions on the ability to access the assets of Tataki Auckland Unlimited Trust and Watercare Services Limited.

- Tataki Auckland Unlimited Trust is a charitable trust, and as a result, Auckland Council is unable to access its assets.
- In terms of the Local Government (Auckland Council) Act 2009 section 57, Auckland Council may not receive a dividend or distribution of surpluses from Watercare Services Limited.

Implementation of new and amended standards

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. The group has adopted PBE FRS 48 in the prospective financial statement and there is no impact .

Standards issued but not yet effective

2022 Omnibus Amendments to PBE Standards, issued June 2022

The 2022 Omnibus Amendments include several general updates and amendments to a number of Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. These are not expected to have any significant impact on the group financial statements.

Summary of significant accounting policies

ITEM	POLICY
Prospective statement of comprehensive revenue and expenditure	
Revenue	The Auckland Council Group (the group) and Auckland Council (the council) receive their revenue from exchange and non-exchange transactions. Exchange transaction revenue arises when the group and the council directly provide goods or services to a third party and receive approximately equal value in return. Non-exchange transaction revenue arises when the group and the council receive value from another party without having to directly provide goods or services of equal value. Non-exchange revenue comprises rates and transfer revenue. Transfer revenue includes grants, subsidies, fees and user charges derived from activities that are partially funded by rates. The group and the council's significant items of revenue are recognised and measured as follows:

Type	Recognition & measurement
Rates	Rates are set annually by resolution of the council and relate to a particular financial year in accordance with the Local Government (Rating) Act 2002. Rates comprise general and targeted rates and are stated net of rates remissions. Rates revenue is recognised at the date of issuance of ratings notice and is measured at the present value of cash received or receivable.
Grants and subsidies	Grants and subsidies are recognised when they become receivable unless there is an obligation in substance to return the funds if conditions of the grants and subsidies are not met. If there is such an obligation, the grants and subsidies are initially recorded in the statement of financial position when received at fair value as grants and subsidies received in advance. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount is recognised as revenue.
Development contributions	Development contributions are charged for new property developments to contribute to the group's costs of building supporting infrastructure such as stormwater, roads and footpaths. Revenue is recognised at the later of the point when the group is entitled to issue an invoice to developers for the contribution in accordance with milestones set out in the development contributions policy, and the point at which the group can provide the service for which the contribution was charged. The timing of recognition is dependent on the type of consent granted and the nature of the development.
Vested assets	Vested asset revenue represents infrastructure received from property developers who construct the infrastructure as a condition of development. Vested asset revenue is recognised when control of the asset is transferred to the group and the council and is measured at the fair value of the asset received.
Finance revenue	Finance revenue comprises interest revenue and realised gains from the early closeout of derivatives. Revenue is recognised using the effective interest method.
Dividend revenue	Dividend revenue is recognised when the group and the council's right to receive the dividend is established.
Fees and user charges	
Water and wastewater	Water revenue comprises the amounts received and receivable at balance date for water supplied to customers in the ordinary course of business. Wastewater revenue is a combination of a fixed charge and a volumetric charge based on a percentage of water used. Water and wastewater revenue includes estimated unbilled amounts for unread meters at balance date. As meter reading is cyclical, management applies judgment when estimating the daily average water consumption of customers between meter readings. Unbilled amounts from the last bill reading date to the end of the month are recognised as revenue.
Sale of goods	When the substantial risks and rewards of ownership have been passed to the buyer.
Port operations	Revenue from port operations includes revenue from marine services, ship exchange, berthage, goods wharfage, and collection and transport of containers. Revenue is recognised when the services are provided, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.
Consents	Building consents provide approval for specific building works on a specific site, and resource consents provide approval for projects that impact the environment or others. Consent revenue is recognised when consents are provided at the fair value of the amount receivable.
Licences and permits	On receipt of application as these are non-refundable.
Other revenue	
Infrastructure growth charge revenue	Infrastructure growth charge revenue is recognised when payment is received for approved connections.
Regional fuel tax	Regional fuel tax is a tax of 10 cents per litre of fuel (plus GST) which is collected to fund transport projects. Revenue is recognised when the supply of fuel occurs in the Auckland region at the fair value of the amount received or receivable.

ITEM	POLICY
Expenditure	
Employee benefits	Employee entitlements for salaries and wages, annual leave, long service leave and other similar benefits are recognised as an expense and liability when they accrue to employees.
Grants and subsidies	Discretionary grants and subsidies are recognised as expenses when the group and the council have advised their decision to pay and when the attached conditions, if any, are satisfied. Non-discretionary grants are recognised as expenses on receipt of an application that meets the specified criteria.
Finance Costs	Finance costs include interest expense, amounts paid or payable on interest rate swaps, amortised borrowing costs, net realised losses on the early close-out of derivatives and costs directly incurred in managing funding. Interest on debt and finance leases is recognised using the effective interest method.
Income tax	Income from the council and some CCOs is exempt from income tax under the Income Tax Act 2007, except for certain income received from CCOs and port-related commercial undertakings. Income tax comprises current tax and deferred tax calculated using the tax rate that has been enacted or substantively enacted by the balance date. Income tax is charged or credited to the surplus or deficit, except when it relates to items that are recognised in other comprehensive revenue and expenditure or directly in equity. Current tax is the amount of income tax payable or refundable in the current period, plus any adjustments to income tax payable in respect of prior periods. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Refer to Note F2 for information on deferred tax assets and liabilities. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.
Operating Leases	Lessee The group and the council lease property, plant and equipment from third parties in the normal course of business with lease terms varying from 1 month to 71 years. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the lease term. Lessor The group and the council lease certain property, plant and equipment to third parties including land and buildings and some commercial and residential property. The leases have non-cancellable periods ranging from 1 month to 99 years with subsequent renewals negotiated with the lessee. Rental revenue (net of any incentives given to lessees) is recognised as revenue on a straight-line basis over the lease term
Prospective statement of financial position	
Cash and cash equivalents	Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments, net of bank overdraft classified under current liabilities. The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Receivables and prepayments	Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision for impairment of receivables The provision for impairment of receivables is determined based on an expected credit loss model. In assessing credit losses for receivables, the group and the council apply the simplified approach and record lifetime ECL on receivables. Lifetime ECLs result from all possible default events over the expected life of a receivable. The group and the council use the provision matrix based on historical credit loss experience upon initial recognition of the receivable, using reasonable assumptions and any available customer information. In assessing ECLs on receivables the group and the council consider both quantitative and qualitative inputs. Quantitative data includes past collection rates, ageing of receivables, and trading outlook. Qualitative inputs include past trading history with the group and the council. To measure the ECL, all receivables have been grouped based on shared credit risk characteristics and the days overdue. Expected loss rates are applied based on payment profiles and corresponding historical credit losses experienced within the year. Expected loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their debt.
Derivative financial instruments	The group and the council use derivative financial instruments, such as forward foreign currency contracts and interest rate swaps to mitigate risks associated with foreign currency and interest rate fluctuations. The group and the council do not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit, except for the effective portion of derivatives designated in cash flow hedges. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative assets and derivative liabilities are classified as current when the maturity is 12 months or less from balance date or non-current when the maturity is more than 12 months from balance date. Cash flow hedges The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised directly in other comprehensive revenue and expenditure. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. On derecognition, amounts accumulated in cash flow hedge reserve are transferred to surplus or deficit. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in cash flow hedge reserve is recognised immediately in the surplus or deficit. When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognised in other comprehensive revenue and expenditure are transferred to the initial cost of the carrying amount of the non-financial asset or liability.
Other financial assets	The group and the council's other financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Other financial assets of the Group include unit trusts, loans to related parties, credit support annex, bonds, borrower notes, community loans and listed and unlisted shares. Impairment of loans to related parties Impairment of loans to related parties reflect the group and the council's expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group and the council expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL). Fair value and classification of financial instruments For those financial instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy: Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the Group is the bid price at reporting date. Level 2- Inputs other than quoted prices included within level 1 using observable market inputs for the asset or liability, either directly or indirectly. Level 3- Inputs for the asset or liability that are not based on observable market data. For the purpose of measurement, the group and the council's financial assets and liabilities are classified into categories. The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

CATEGORIES	SUBSEQUENT MEASUREMENT	TREATMENT OF GAINS AND LOSSES
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Financial assets at amortised cost	Amortised cost less provision for impairment	Surplus or deficit
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit
Financial guarantees	Higher of expected credit loss and amount initially recognised less, cumulative amortisation	Surplus or deficit

	Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied. Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net-basis for like items.
Non-current assets held for sale	Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses, if any, are recognised in the surplus or deficit. Increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

The property, plant and equipment of the group and the council are classified into three categories:

- **Infrastructure assets** include land under roads and systems and networks integral to the city's infrastructure. These assets are intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded.
- **Operational assets** include property, plant and equipment used to provide core council services, either as a community service, for administration, or as a business activity. Other operational assets include landfills, motor vehicles, office equipment, library books and furniture and fittings.
- **Restricted assets** include property and improvements where the use or transfer of title outside the group or the council is legally restricted.

Initial recognition and subsequent measurement

Property, plant and equipment is initially recognised at cost, unless acquired through a non-exchange transaction, in which case the asset is recognised at fair value at the date of acquisition. The cost of third party constructed assets generally comprises the sum of costs invoiced by the third party. The cost of self-constructed assets comprises purchase costs, time allocations and excludes, where material, any abnormal costs and internal surpluses.

Subsequent costs that extend or expand the asset's future economic benefits and service potential are capitalised. After initial recognition, certain classes of property, plant and equipment are revalued. Work in progress is recognised at cost less impairment, if any, and is not depreciated.

Depreciation

Depreciation is provided on all property, plant and equipment except for land, works of art and specified cultural heritage assets. Depreciation is calculated to write down the cost or revalued amount of the assets on a straight-line basis over their useful economic lives

Useful lives

The useful lives used to calculate the depreciation of property, plant and equipment are as follows:

ASSET CLASS	ESTIMATED USEFUL LIFE (YEARS)	ASSET CLASS	ESTIMATED USEFUL LIFE (YEARS)
INFRASTRUCTURE		**OPERATIONAL (CONTINUED)**	
Land and road formation	Indefinite	Bus stations and shelters	10 – 60
Roads	5 – 100	Marinas	9 – 45
Water and wastewater	10 – 201	Rolling stock	5 – 35
Machinery	3 – 200	Wharves	5 – 100
Stormwater	29 – 110	Works of art	Indefinite
Other infrastructure	3 – 87	Other operational assets	1 – 83
OPERATIONAL		**RESTRICTED**	
Land	Indefinite	Parks and reserves	Indefinite
Building	10 – 100	Buildings	5 – 100
Specialised sporting and cultural venues	3 – 100	Improvements	2 – 50
Train stations	7 – 100	Specified and cultural heritage assets	Indefinite

Disposals

Gains and losses on the disposal of property, plant and equipment are recognised in surplus or deficit. Any amounts included in the asset revaluation reserve in respect of the disposed assets are transferred to accumulated funds on disposal.

Impairment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in surplus or deficit for the amount by which the carrying amount of property, plant and equipment exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows. For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost.

Revaluation

Infrastructure assets (except land), restricted assets (except improvements and specified cultural and heritage assets) and operational assets (except other operational assets) are revalued with sufficient regularity, and at least every five years to ensure that their carrying amounts do not differ materially from fair value. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then those asset classes are revalued. Revaluations are accounted for on an asset class basis.

Net revaluation gains are recognised in other comprehensive revenue and expenditure and are accumulated in the asset revaluation reserve in equity for each class of asset. Revaluation losses that result in a debit balance in an asset class's revaluation reserve are recognised in surplus or deficit. Any subsequent gain on revaluation is recognised first in surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expenditure.

Intangible assets

Initial recognition and subsequent measurement

Purchased intangible assets are initially recognised at cost. For internally generated intangible assets, the cost includes direct employee costs, a reasonable portion of overhead and other direct costs that are incurred within the development phase of the asset. Intangible assets acquired at no cost are initially recognised at fair value where they can be reliably measured. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation

Amortisation is provided on intangible assets, except rights to acquire, and is calculated to write down the cost of the assets on a straight-line basis over their useful economic lives.

Useful lives

The useful lives used to calculate the amortisation of intangible assets are as follows:

CLASS OF INTANGIBLE ASSET	ESTIMATED USEFUL LIFE (YEARS)
Community rights	4 – 35
Computer software	3 – 15
Intellectual property	3 – 35
Other intangible assets	61– 85

Disposals

Gains and losses from the disposal of intangible assets are recognised in surplus or deficit.

Impairment

Intangible assets are tested annually for impairment. An impairment loss is recognised in surplus or deficit for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows. For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost.

Investment property

Investment property includes land, commercial buildings and water space licences held to generate income. Investment property is initially recognised at cost and subsequently measured at fair value. Valuations are undertaken, annually by independent registered valuers with appropriate recognised professional qualifications and recent experience in Auckland and in investment properties. Gains or losses arising from changes in fair value are included in surplus or deficit. Investment properties are valued individually and not depreciated.

Investment in joint ventures and associates

Investments in associates and joint ventures are accounted for using the equity method in the group and the council financial statements. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the surplus or deficit of the associate or joint venture after the date of acquisition. Distributions received reduce the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with the group.

Payables and accruals

Current payables and accruals represent amounts payable within 12 months of balance date and are recognised at cost. Current payables and accruals are non-interest bearing and normally settled on 30-day terms; therefore, the carrying value approximates fair value.

Non-current payables and accruals represent amounts payable more than 12 months from balance date and are measured at the present value of the estimated future cash outflows.

Employee entitlements

Employee entitlements to be settled within 12 months of balance date are reported at the amount expected to be paid. All other employee benefits are reported within non-current liabilities and are measured at the present value of estimated future cash outflows.

Borrowings	Borrowings are initially recognised at face value plus transaction costs and are subsequently measured at amortised cost using the effective interest method. Foreign currency borrowings are translated into NZD using the spot rates at balance date. Foreign exchange gains and losses resulting from the settlement of borrowings and from translation are recognised in the surplus or deficit.
Provisions	Provisions are recognised in the statement of financial position where the group and the council have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably. Provisions are measured at the present value of the expected future cash outflows required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance cost in surplus or deficit. Financial guarantees Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of: • the amount determined in accordance with the expected credit loss model under PBE IFRS 9 Financial Instruments; and • the amount initially recognised less, where appropriate, the cumulative amount of amortisation recognised in accordance with the principles of PBE IPSAS 9 Revenue from Exchange Transactions. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.
Contingent Assets and liabilities	A contingent liability is a possible or present obligation that arises from past events, but is not recognised because an outflow of resources is not probable or inability to measure reliably. A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by one or more uncertain future events not wholly within the control of the entity. The group and the council do not recognise contingent liabilities and contingent assets in the financial statements due to their uncertainty or because they cannot be reliably measured. However, they are disclosed as follows: • Contingent liabilities are disclosed unless the possibility that these will crystallise is remote; and • Contingent assets are only disclosed when it is probable that they will crystallise. Contingent liabilities and assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.
Related party transactions	Related parties include subsidiaries, associates, joint ventures, key management personnel, the elected representatives of the council and their close family members and entities controlled by them. Close family members include spouses or domestic partners, children and dependants. Apart from the disclosure of key management personnel remuneration, transactions with related parties that are on an arm's length basis are not disclosed.
Ratepayer equity	Ratepayer equity is the Auckland community's interest in the Group. Ratepayer equity has been classified into various components to identify those portions of equity held for specific purposes. Contributed equity is the net asset and liability position excluding restricted reserves at the time the council was formed.

Note 2: Significant forecasting assumptions

The budget forecasts and projections that underpin these prospective financial statements rely on a number of key forecasting assumptions. The significant forecasting assumptions for this annual budget are based on the assumptions published in the 10-year Budget 2021-2031 and only those that have been adjusted for this budget are listed below.

Uncertainty

The level of uncertainty for each assumption refers to the difficulty of predicting outcomes because of limited or inexact knowledge. The council cannot control all of the variables that affect future outcomes, such as the wider economy and changes in legislation.

- Low level of uncertainty – information available to council point to a high likelihood of the assumption being accurate and/ or most of the variables are under council's control.
- Moderate level of uncertainty – council has most of the information available on the assumption but variables outside of council's control may still affect the accuracy of the assumption.
- High level of uncertainty – council has some of the information on the assumption but there is a high likelihood that variables outside of council's control will impact on the accuracy of the assumption.

Assumptions updated for Annual Budget 2023/2024

ASSUMPTION DATA FOR ANNUAL BUDGET 2023/2024 AND SOURCE	RISKS AND IMPACTS
Growth in the rating base	
Growth in the rating base is driven by property development, including new buildings and subdivisions, which increase the size of the rating base over which the rates requirement is spread. The council looks at projections for these factors and makes adjustment for prudence and timing lags. This is used, alongside the agreed average rates increase to existing ratepayers, to project the total rates revenue. The council projects a growth in its rating base for 2023/2024 of 1.73 per cent.	**Risk** - that development growth occurs at a different pace than projected **Level of uncertainty** – High **Impacts** - If development occurs more slowly than projected, the recovery period will be extended, and the delay may need to be covered by additional borrowing. It may also be that the capital programme needs to be slowed. If development occurs earlier than projected revenue levels will increase, and the capital programme may need to be accelerated to support the development.
Development contribution revenue	
Auckland Council's current Financial Strategy and Revenue and Financing Policy states that growth-related infrastructure investment should be funded from development contributions. The council adopted a new Development Contributions Policy in December 2021 to enable the fair recovery of this investment. This policy came into effect from January 2022. The council adopted an amendment to its Development Contributions Policy on 27 April 2023, with the changes to the policy to take effect from 1 June 2023. This draft budget assumes development contributions revenue in line with what was included in the Recovery Budget 2021-2031. For 2023/2024 the budget assumes revenue of $269 million.	**Risk** - that development growth occurs at a different pace than projected **Level of uncertainty** – High **Impacts** - If development occurs more slowly than projected, the recovery period will be extended, and the delay may need to be covered by additional borrowing. It may also be that the capital programme needs to be slowed. If development occurs earlier than projected revenue levels will increase, and the capital programme may need to be accelerated to support the development.

ASSUMPTION DATA FOR ANNUAL BUDGET 2023/2024 AND SOURCE	RISKS AND IMPACTS
Inflation	
A key feature of the rapidly changing global economy has been rising inflation rates. There is no single "council inflation figure" that is automatically applied to all budgets. However, to ensure a consistent view of overall economic trends Auckland Council uses a number of information sources (both internal and external) to inform projections of inflationary impacts on its costs and revenues. The projections included in the budget are particularly informed by inflation reported by Statistics NZ and the inflation projections included in the Reserve Bank of New Zealand's November 2022 Monetary Policy Statement. These included annual movements in the Consumer Price Index (CPI) of 7.2 per cent for the year to December 2022, 6.7 per cent for the year to March 2023, and then projected to fall towards a long-term average of 2 per cent. The inflationary pressures faced by the council group are different to those faced by household consumers, and are also very different for different types of activities across the council group. When operational staff assess their budgets they consider business specific inflationary pressures, contractual arrangements, and supply chain pressures.	**Risk** - Actual inflation is different from forecast inflation **Level of uncertainty** – High **Impacts** - If inflation is higher than projected the cost of providing services would be higher than planned. If inflation is lower than projected the cost of providing services would be lower. An additional 1 per cent of inflation could add around $20 million of net operating pressure, depending on how it flows through to specific cost and revenue lines.
Government transport funding	
The Auckland Transport Alignment Project (ATAP) was established in 2015 to improve local and central government collaboration on transport planning and funding for Auckland. Our assumptions for this plan are based on the commitments made through the latest ATAP process (2021), subsequent decisions made by Waka Kotahi NZ Transport Agency and historical funding levels. In this budget we have assumed the council will receive funding from government, primarily through Waka Kotahi, of $477 million of operating subsidies and $545 million of capital subsidies.	**Risk** – That assumed funding levels cannot be achieved through Waka Kotahi processes. **Level of uncertainty** – High **Impacts** – If the capital contribution level is lower than assumed, then transport capital expenditure would be less than projected. Conversely, if the level of capital contribution is higher than assumed this would enable an increase in transport capital expenditure. If the level of operating subsidy available increases this would reduce the amount of rates funding required for operating costs and free up this funding to invest in additional infrastructure or services. A reduction may necessitate reduced services or investment, or additional funding from another source such as increased borrowing or rates.
Capital project projections	
Projections around cost and timing for individual capital projects are based on the best available information at the time of adoption and are set at the expected total project cost. The council has assumed at a group-level that $78 million capital expenditure will not be delivered in 2023/2024 and will be delivered in a future financial year. This has been assessed by considering previous delivery rates and the nature of this years capital programme.	**Risk** – That the costs or timing of projects is different from that forecast. **Level of uncertainty** – High **Impact** – If the costs are lower than projected this will result in lower council borrowing. If costs are higher than projected then action will be needed to manage funding capacity. It is proposed that the group manage its capital programme within existing, 10-year Budget 2021-2031, envelopes and therefore the timing of other projects may need to be changed. Variance to the timing of projects will both impact the project's funding requirement and could impact levels of service indicated in the 10-year Budget.

ASSUMPTION DATA FOR ANNUAL BUDGET 2023/2024 AND SOURCE	RISKS AND IMPACTS
Interest rates	
The council's treasury department has provided interest rate projections based on an assessment of market rates and anticipated borrowing requirements. The council manages its interest rate exposure to provide some certainty for cost of its borrowings over the short to medium term. The council has assumed that it maintains its AA/Aa2 credit rating in preparing the interest rate projections. For the 2023/2024 year the forecast average interest rate on council borrowing is 4.54 per cent.	**Risk** – Prevailing interest rates differ significantly from those forecasted **Level of uncertainty** – High **Impacts** – Increases in interest rates flow through to higher debt servicing costs and higher rates funding requirements. For every 1.0 percentage point change in market interest rates, the council's debt servicing costs for 2023/2024 would change by around $20 million, due to the level of interest rate hedging currently in place. The impact in subsequent years would be higher due to lower level of interest rate hedging and the higher overall levels of borrowing. For every one notch change from the current credit rating we would expect a change in interest rates of between 0.05 per cent and 0.15 per cent per annum.
Weathertightness and other building defect claims	
The council has considered the financial impact of weathertightness and other building defect claims, including those already lodged and potential claims. On the basis of an actuarial assessment, a provision was established on 1 November 2010 for future weathertightness claims. Based on an updated assessment completed in August 2022, the council is forecasting claim payments of $62 million in 2023/2024. The cost of funding these settlements should not fall unfairly on ratepayers in the year of settlement. Rather than burdening current ratepayers with the full impact of these settlements, it is assumed they will be funded from borrowings and the repayment of these borrowings spread over 30 years.	**Risk** – The council's exposure to claims is different than the potential liability forecasted in this plan. **Level of uncertainty** – Moderate **Impacts** – If claims are higher or lower than forecast, then the council's levels of borrowing and the associated borrowing costs will also be higher or lower than forecast. Depending on how large the variance is, it may affect future forecast rate requirements.
Asset sales	
Asset recycling is an important lever for the council as it allows capital to be re-invested in assets that support more strategically important activities. This budget includes an asset recycling target of $70 million for 2023/2024. On top of the general asset recycling target the council has budgeted for $60 million of returns from some specific asset sales projects in 2023/2024. These include realising value from parking buildings as a part of the off-street parking strategy (agreed to as a funding source for the 2019 cost increase to CRL), and the sale of a long-term lease for the Bledisloe Building. In addition to these the council also plans to dispose of property assets as part of its property and urban development activities (including Panuku's Unlock and Transform programmes). In this budget we are including $34 million of income from this.	**Risk** - That sufficient disposals are not identified or realised to achieve the targets set. **Level of uncertainty** – Moderate **Impacts** - If the level of asset sales is higher or lower than forecast it will result in changes to the level and pace, of capital investment that the council can prudently undertake.
Airport share sale	
The council has agreed to sell part of its shareholding in Auckland International Airport Limited (AIAL) equivalent to 7% of the total shares (103,097,466 shares). The budget includes projected sale proceeds of $866 million based on the share price as at 17 April 2023 ($8.66 per share), and a provision for a 3% lower realisation value to allow for the size of the transaction. The share price is subject to market movements. The council has assumed the sale of shares and reduction of debt will occur on 1 July 2023. The actual date and method of sale will depend on market conditions. Maximising sale price will be weighed against the interest costs of delaying sale for too long. Professional advice will guide that decision to maximise overall benefit to council.	**Risks** – That the proceeds from sale or the transaction date differ significantly from the assumption. **Level of uncertainty** – High **Impacts** – If the share price is greater than assumed and/or the transaction impact is less, the net proceeds will be greater than $866 million. This will enable the council to reduce debt further and make additional interest savings. If the share price is less than assumed and/or the transaction impact is greater, the net proceeds will be less than $866 million. This will not enable the council to reduce debt by as much and the resulting interest savings will be lower. If the transaction is executed after 1 July 2023 the projected debt reduction will be delayed and the full projected interest savings for 2023/2024 may not be achieved. If the transaction was delayed by one month, then the interest benefits would be reduced by around $3 million.

Note 3: Reconciliation between Prospective Statement of comprehensive revenue and expenditure and Prospective funding impact statement

This statement is prepared on a group basis. This statement should be read in conjunction with the Prospective Funding Impact Statement (group consolidated).

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE
Operating surplus/ (deficit) after income tax per Prospective Statement of comprehensive revenue	**1,044,489**	**1,362,807**	**1,169,588**	**(193,219)**
Items recognised as income in Statement of comprehensive revenue and as capital expenditure funding sources in Funding Impact Statement:				
Capital subsidies	(501,661)	(649,340)	(617,099)	32,241
Insurance recovery revenue funding capital projects	0	0	(110,000)	(110,000)
Development contributions	(265,252)	(268,545)	(268,545)	0
Non-cash items recognised in Statement of comprehensive revenue and not included in Funding Impact Statement:				
Depreciation	1,141,054	1,156,803	1,292,763	135,960
Depreciation of make good provision added back in funding impact statement	0	0	(315)	(315)
Discounting of provisions	1,135	884	(1,082)	(1,966)
Recognition of revenue from vested assets	(447,743)	(458,917)	(456,083)	2,834
Un-realised fair value gains and losses	(1,061)	(1,082)	892	1,974
				0
Other reconciling items:				0
Retro-fit your home targeted rate included in funding impact statement but not recognised as revenue in the statement of comprehensive income	3,928	3,874	3,044	(830)
Retro-fit your home targeted rate interest component recognised as revenue in the statement of comprehensive income	(790)	(524)	(582)	(58)
Share of equity accounted (surplus) /deficit from associates not distributed by way of dividends to Auckland Council	15,117	15,063	15,049	(14)
Income tax recognised in statement of comprehensive revenue not included in the funding impact statement	89,265	102,146	100,996	(1,150)
Net other gains recognised in statement of comprehensive revenue not included in the funding impact statement	0	30,599	26,785	(3,814)
Operating funding surplus/ (deficit) per Prospective Funding Impact Statement	**1,078,481**	**1,293,768**	**1,155,413**	**(138,355)**

Note 4: Reserve funds

Auckland Council group

The Local Government Act 2002 requires the Annual Plan to identify each reserve set aside by the council, the purpose of each fund, the activities to which each fund relates and funding flows for the period of the plan.

RESERVE	PURPOSE	ACTIVITIES
Cash flow hedge reserve	Gains from revaluation of the Diversified Financial Assets portfolio	Organisational support
Available-for-sale investment revaluation reserve	Accumulated gains from asset revaluation	Organisational support
Share of associates' reserves	Recognition in group accounts of associates' reserves	Investment
Asset revaluation reserve	Accumulated gains from asset revaluation	Various
RESTRICT EQUITY RESERVES		
Statutory funds (Off street parking)	Funds accumulated under legislation (primarily related to subdivisions or off-street parking).	Parking and enforcement
Trust and bequests	These trusts are primarily related to assets held by council. The trust deeds restrict council's action in relation to these assets.	Various
Regional fuel tax reserve	Fuel tax collected for specific transport projects.	Roads and footpaths and Public transport and travel demand management
Other restricted equity	Reserve funds related to particular projects or assets whereby council is restricted in its decision-making ability.	Various
TARGETED RATES RESERVES		
Central City targeted rate reserve	Targeted rate collected for enhancement of central business district as a place to work, live, visit and do business.	Regional planning
Riverhaven Drive targeted rate reserve	Targeted rate being collected to recover the costs of the construction of a road.	Roads and footpaths
Jackson Crescent wastewater targeted rate reserve	Targeted rate collected to recover the cost of the council providing financial assistance to connect to a wastewater scheme.	Wastewater treatment and disposal
Point Wells wastewater targeted rate reserve	Targeted rate collected to recover the cost of the council providing financial assistance to connect to a wastewater scheme.	Wastewater treatment and disposal
Harbourview Orangihina Park targeted rate reserve	Targeted rate collected for development of Harbourview Orangihina Park.	Regional community services
Open space/ Volcanic cones	Legacy targeted rates. No longer levied.	Regional community services
Water quality targeted rate reserve	Targeted Rate collected to help fund the capital costs of investment in cleaning up Auckland's waterways.	Stormwater management
Natural environment targeted rate reserve	Targeted Rate collected to help fund the capital and operating costs of investment to deliver enhanced environmental outcomes.	Development Auckland
Accommodation provider targeted rate reserve	A targeted rate that helps fund the costs of visitor attraction, major events and destination and marketing.	Economic growth and visitor economy
Rodney Local Board transport targeted rate reserve	A targeted rate that helps fund the capital and operating costs of additional transport investment and services.	Roads and footpaths and Public transport and travel demand management
Climate Action Transport Targeted Rate reserve[1]	A targeted rate that helps fund capital and operating costs of investment to reduce Auckland's greenhouse gas emissions and increase the urban ngahere.	Various
Electricity network resilience targeted rate reserve	Funding tree management programme around the Vector overhead electricity supply network.	Regional community services

[1]Previously Climate Action Targeted Rate reserve.

The funding flows for these reserves are:

$000	ANNUAL REPORT 30 JUNE 2022	DEPOSITS	WITHDRAWALS	BUDGET 30 JUNE 2023	DEPOSITS	WITHDRAWALS	ANNUAL PLAN 30 JUNE 2024
Cash flow hedge reserve	8,519	0	0	8,519	0	0	8,519
Available-for-sale investment revaluation reserve	347,308	0	0	347,308	0	0	347,308
Share of associates' reserves	0	0	0	0	0	0	0
Asset revaluation reserve	20,950,717	783,985	0	21,734,702	3,022,254	0	24,756,957
RESTRICTED EQUITY RESERVES							
Statutory funds	4,083	0	(100)	3,983	0	(249)	3,734
Trust and bequests	1,473	34	(152)	1,355	74	(98)	1,331
Regional fuel tax reserve	286,551	150,000	(138,034)	298,517	150,000	(182,231)	266,286
Other restricted equity	46,579	18,040	(21,246)	43,373	32,230	(23,821)	51,782
Total restricted equity	338,686	168,074	(159,532)	347,228	182,304	(206,399)	323,133
TARGETED RATES RESERVES							
Central City targeted rate reserve	61,582	27,397	(22,217)	66,762	28,910	(19,779)	75,893
Riverhaven Drive targeted rate reserve	(296)	62	0	(234)	60	0	(174)
Jackson Crescent wastewater targeted rate reserve	(1)	2	0	1	2	0	2
Point Wells wastewater targeted rate reserve	(18)	11	0	(7)	9	0	2
Open space/ Volcanic cones	2,399	78	0	2,477	132	(150)	2,459
Water quality targeted rate reserve	33,101	47,431	(19,828)	60,704	11,138	(43,610)	28,232
Natural environment targeted rate reserve	20,206	31,073	(36,542)	14,737	16,177	(30,892)	22
Accommodation provider targeted rate reserve	0	0	0	0	0	0	0
Rodney Local Board transport targeted rate reserve	4,250	4,896	(5,307)	3,839	4,587	(21,795)	(13,369)
Electricity network resilience targeted rate	2,648	10,500	(9,000)	4,148	10,500	(10,500)	4,148
Climate action transport targeted rate reserve	0	45,250	(39,166)	6,084	47,608	(39,619)	14,073
Total targeted rates reserves	123,871	166,699	(132,060)	158,510	119,123	(166,345)	111,288
TOTAL RESERVES	**21,769,101**	**1,118,758**	**(291,592)**	**22,596,267**	**3,323,681**	**(372,744)**	**25,547,204**

Note 5: Auckland Council (parent) financial statements

Prospective statement of comprehensive revenue and expenditure

Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Revenue					
Rates	2,290,007	2,393,969	2,535,907	141,938	1
Fees and user charges	327,145	335,935	312,133	(23,802)	2
Grants and subsidies	219,407	24,437	79,615	55,178	3
Development and financial contributions	265,252	268,545	268,545	(0)	
Other revenue	263,954	295,898	345,485	49,587	4
Vested assets	107,205	109,713	124,701	14,988	5
Finance revenue measured using effective interest method	30,537	30,070	34,879	4,809	
Other finance revenue	116,305	126,629	151,434	24,805	6
Total revenue	**3,619,812**	**3,585,196**	**3,852,699**	**267,503**	
Expenditure					
Employee benefits	620,447	600,703	661,845	61,142	7
Depreciation and amortisation	327,624	331,836	353,499	21,663	8
Grants, contributions and sponsorship	1,216,696	1,253,053	1,291,870	38,817	9
Other operating expenses	824,716	772,218	880,814	108,596	10
Finance costs	485,834	452,420	527,569	75,149	11
Total expenditure	**3,475,317**	**3,410,230**	**3,715,597**	**305,367**	
Operating surplus/(deficit) before gains and losses	**144,495**	**174,966**	**137,102**	**(37,864)**	
Net other gains	0	(30,599)	(26,785)	3,814	
Share of surplus/(deficit) in associates and joint ventures	(10,834)	(13,293)	(9,408)	3,885	
Surplus/(deficit) before income tax	**133,661**	**131,074**	**100,909**	**(30,165)**	
Income tax expense	0	0	0	0	
Surplus/(deficit) after income tax	**133,661**	**132,449**	**100,909**	**(31,540)**	
Other comprehensive revenue/ (expenditure)					
Fair value movement on revaluation of financial assets held at fair value through other comprehensive revenue and expenditure	0	0			
Net gain on revaluation of property, plant and equipment	0	292,182	421,603	129,421	12
Total other comprehensive revenue	**0**	**292,182**	**421,603**	**129,421**	
Total comprehensive revenue/(expenditure)	**133,661**	**423,256**	**522,512**	**99,257**	

Notes to previous table:

1. The increase is to reflect the decision on an average general rates increase and rating policy adjustments for an overall 7.7 per cent rates increase.
2. The reduction in fees and user charges mainly due to lower than forecast consenting revenue.
3. The increase in subsidies and grants is mainly due to a carry-forward of funding for projects that were deferred from 2022/2023.
4. The increase in other revenue is mainly due to storm-related insurance recoveries.
5. The increase is due to higher than previously forecast assets to be received from developers.
6. The increase in finance revenue is mainly due to a higher forecast interest rate, as well as moving majority of Ports of Auckland Limited debt to be managed by Auckland Council Parent.
7. The increase in employee benefits is mainly due to higher forecast salary and wage inflation.
8. The increase in depreciation is mainly due to higher than expected revaluations of property, plant and equipment in 2021/2022.

9. The increase in grants, contributions and sponsorship is due to higher operating funding to CCOs as a result of inflation and cost pressures, partially offset by lower funding to CCOs for capital projects due to a lower capital programme
10. The increase in other operating expenses is mainly due to cost pressures as a result of higher inflation, additional costs from additional statutory requirements as well as costs carried forward from the prior year for delayed projects.
11. The increase in finance cost is mainly due to a higher forecast interest rate than previously expected, as well as moving majority of Ports of Auckland Limited debt to be managed by Auckland Council Parent.
12. The higher projected revaluation gain is mainly due to the impacts of higher inflation on fair value calculations.

Prospective statement of financial position

Auckland Council parent

$000 AS AT 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Assets					
Cash and cash equivalents	80,000	80,000	80,000	(0)	
Receivables and prepayments	326,868	415,843	546,477	130,634	1
Derivative financial instruments	1,482	3,000	1,008	(1,992)	
Other financial assets	81,506	92,000	63,860	(28,140)	1
Inventories	17,312	15,154	19,512	4,358	
Income tax receivable	0	0	0	0	
Non-current assets held-for-sale	173,666	135,786	135,785	(1)	
Total current assets	**680,834**	**741,783**	**846,642**	**104,859**	
Non-current assets					
Receivables and prepayments	39,270	23,307	25,874	2,567	
Derivative financial instruments	451,660	429,000	527,796	98,796	
Other financial assets	5,343,466	4,388,495	5,168,002	779,507	
Property, plant and equipment	18,674,109	18,319,598	21,998,901	3,679,303	
Intangible assets	265,064	327,116	96,179	(230,937)	2
Investment property	561,556	485,000	593,110	108,110	
Investments in subsidiaries	19,692,817	19,681,000	19,956,613	275,613	
Investments in associates and joint ventures	1,833,821	2,098,166	1,921,247	(176,919)	3
Other non-current assets	4,412	6,203	4,838	(1,365)	
Total non-current assets	**46,866,175**	**45,757,885**	**50,292,560**	**4,534,675**	1
Total assets	**47,547,009**	**46,499,668**	**51,139,202**	**4,639,534**	

$000 AS AT 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Liabilities					
Current liabilities					
Payables and accruals	1,001,693	775,728	1,264,810	489,082	1
Employee entitlements	65,950	72,084	69,560	(2,524)	
Borrowings	1,301,764	1,443,917	1,068,393	(375,524)	4
Derivative financial instruments	910	31,000	2,677	(28,323)	1
Provisions	64,976	42,029	93,177	51,148	5
Total current liabilities	**2,435,293**	**2,364,758**	**2,498,617**	**133,859**	
Non-current liabilities					
Payables and accruals	174,657	140,926	219,238	78,312	1
Employee entitlements	1,367	1,045	1,198	153	
Borrowings	10,287,760	10,402,344	10,665,701	263,357	4
Derivative financial instruments	679,945	1,678,000	637,204	(1,040,796)	1
Provisions	277,678	213,171	167,324	(45,847)	5
Total non-current liabilities	**11,421,407**	**12,435,486**	**11,690,665**	**(744,821)**	
Total liabilities	**13,856,700**	**14,800,244**	**14,189,282**	**(610,962)**	
Net assets	**33,690,309**	**31,699,424**	**36,949,919**	**5,250,495**	
Equity					
Contributed equity	26,577,614	26,569,000	26,538,778	(30,222)	
Accumulated funds	760,366	(16,473)	1,081,025	1,097,498	
Reserves	6,352,329	5,146,897	9,330,116	4,183,219	
Total ratepayers equity	**33,690,309**	**31,699,424**	**36,949,919**	**5,250,495**	1
Minority interests	0		0	0	
Total equity	**33,690,309**	**31,699,424**	**36,949,919**	**5,250,495**	

Notes to previous table:

1. Variances are mainly due to the updating of opening balances to reflect the audited 2021/2022 annual report.
2. The projected decrease in the value of intangible assets is mainly due to a policy change on the treatment of Software-as-a-Service arrangements as reported in the audited 2021/2022 annual report.
3. The decrease in investments in associates and joint venture is due to timing changes in the City Rail Link project funding.
4. The decrease in borrowings is mainly due to a lower than expected closing debt balance in 2021/2022 and changes to the timing of capital projects planned in the 10-year budget for 2022/2023 and 2023/2024. The decrease in borrowing is also partially offset by the decision to sell around 7 per cent of the council's shareholding in Auckland International Airport Limited which is less than forecast in the financial statements in the amended 10-year Budget 2021-2031.
5. The increase in provision is due to the updating of opening balances to reflect balances in the audited 2021/2022 annual report, partially offset with higher than expected weathertightness claim forecast.

Prospective statement of changes in equity

Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Contributed equity					
Opening balance	**26,577,614**	**26,569,000**	**26,538,778**	**(30,222)**	1
Surplus after income tax	0	0	0	0	
Other comprehensive revenue	0	0	0	0	
Total comprehensive revenue	0	0	0	0	
Transfer to/ (from) reserves	0	0	0	0	
Balance as at 30 June	**26,577,614**	**26,569,000**	**26,538,778**	**(30,222)**	
Accumulated funds					
Opening balance	**622,517**	**(496,464)**	**633,529**	**1,129,993**	**1**
Surplus/ (deficit) after income tax	133,661	131,074	100,909	(30,165)	2
Other comprehensive revenue	0	0	0	0	
Total comprehensive revenue	**133,661**	**131,074**	**100,909**	**(30,165)**	
Transfer to/ (from) reserves	4,188	348,917	346,588	(2,329)	
Balance as at 30 June	**760,366**	**(16,473)**	**1,081,025**	**1,097,498**	
Reserves					
Opening balance	**6,356,517**	**5,203,632**	**9,255,100**	**4,051,468**	**1**
Surplus after income tax	0	0	0	0	
Other comprehensive revenue	0	292,182	421,603	129,421	3
Total comprehensive revenue	**0**	**292,182**	**421,603**	**129,421**	
Transfer to/ (from) reserves	(4,188)	(348,917)	(346,588)	2,329	
Balance as at 30 June	**6,352,329**	**5,146,897**	**9,330,116**	**4,183,218**	
Total equity					
Opening balance	**33,556,648**	**31,276,168**	**36,427,407**	**5,151,239**	
Surplus after income tax	133,661	131,074	100,909	(30,165)	
Other comprehensive revenue	0	292,182	421,603	129,421	
Total comprehensive revenue	**133,661**	**423,256**	**522,512**	**99,256**	
Transfer to/ (from) reserves	0	0	0	0	
Balance as at 30 June	**33,690,309**	**31,699,424**	**36,949,919**	**5,250,495**	

Notes to previous table:

1. Variances are mainly due to the updating of opening balances to reflect balances in the audited 2021/2022 annual report.
2. For variances in surplus/(deficit) after income tax refer to notes on the Prospective statement of comprehensive revenue and expenditure.
3. The increase in reserves is mainly due to higher asset revaluations in prior years, than projected when the 10-year budget was set.

Prospective statement of cash flows

Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE	NOTES
Cash flows from operating activities					
Receipts from rates revenue	2,290,008	2,393,971	2,535,907	141,936	
Receipts from grants and other services	1,008,613	843,357	913,688	70,331	
Interest received	146,842	156,699	186,313	29,614	
Dividends received	18,450	59,489	66,539	7,050	
Payments to suppliers and employees	(2,557,182)	(2,576,585)	(2,591,166)	(14,581)	
Interest paid	(484,699)	(451,536)	(526,677)	(75,141)	
Net cash inflow from operating activities	**422,032**	**425,395**	**584,604**	**159,209**	1
Cash flows from investing activities					
Proceeds from Sale of other financial assets	0	989,371	866,039	(123,332)	2
Acquisition of other financial assets	(7,433)	(5,236)	(25,491)	(20,255)	3
Advances of loans to related parties	(257,874)	(254,483)	(441,567)	(187,084)	4
Sale of property, plant and equipment, investment property and intangible assets	106,238	173,666	114,207	(59,459)	5
Purchase of property, plant and equipment, investment property and intangible assets	(575,443)	(638,027)	(604,744)	33,283	6
Proceeds from community loan repayments	2,348	2,826	2,462	(364)	
Investment in associates and joint ventures	(514,000)	(244,000)	(346,000)	(102,000)	7
Advances to external parties	0	0	0	0	
Net cash outflow from investing activities	**(1,246,164)**	**24,117**	**(435,094)**	**(459,211)**	
Cash flows from financing activities					
Proceeds from borrowings	2,125,896	2,003,234	932,497	(1,070,737)	
Repayment of borrowings	(1,301,764)	(2,452,746)	(1,082,006)	1,370,740	
Net cash inflow from financing activities	**824,132**	**(449,512)**	**(149,510)**	**300,003**	8
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	0	0	(0)	(0)	
Opening cash and cash equivalents and bank overdrafts	80,000	80,000	80,000	(0)	
Closing cash and cash equivalents and bank overdrafts	**80,000**	**80,000**	**80,000**	**(0)**	

Notes to previous table:

1. The variance in cash flows from operating activities reflects the updated projections included in the prospective statement of comprehensive revenue and expenditure
2. The reduction is due to the decision to sell around 7% of the council's shareholding in Auckland International Airport Limited which is less than forecast in the financial statements in the amended 10-year Budget 2021-2031.
3. The increase is mainly due to an increase in the self-insurance fund.
4. The increase is mainly due to an increase in Watercare's capital programme in response to the storm-related capital costs.
5. The decrease is mainly due to the reclassification of some projected sales between the parent and CCOs.
6. The decrease in purchase of property, plant and equipment is as a result of timing of capital projects.
7. The increase is due to changes in the forecast timing of investment in the City Rail Link project.
8. The decrease in borrowings is mainly due to under-delivery of capital projects in 2022/2023 and deferrals of 2023/2024 capital projects into future years. The decrease in borrowing is also partially offset by the decision to sell around 7% of the council's shareholding in Auckland International Airport Limited which is less than forecast in the financial statements in the amended 10-year Budget 2021-2031.

Note 6: Depreciation and amortisation by group of activity

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL BUDGET 2022/2023	10-YEAR BUDGET 2023/2024	ANNUAL BUDGET 2023/2024	VARIANCE
Roads and Footpaths	341,240	340,827	442,942	102,115
Public Transport and travel demand management	102,470	128,732	106,044	(22,688)
Wastewater	153,330	147,061	161,725	14,664
Water supply	119,973	113,053	128,365	15,312
Stormwater	81,051	79,785	91,466	11,681
Local Council Services	7,965	2,385	11,256	8,871
Regionally delivered council services	266,351	273,344	271,943	(1,401)
Council controlled services	68,674	71,616	78,707	7,091
	1,141,054	**1,156,803**	**1,292,448**	**135,645**

Ngā whakatau e pā ana ki ngā reiti, ki ngā utu ā-paremata me ngā utu ā-ratonga

3.3 Decisions around rates, fees and charges

Key issues

Our Annual Budget 2023/2024 consultation document proposed a package of budget changes that would have resulted in a total rates increase for the average value residential property of 4.66 per cent or $154 a year (around $3 a week). The consultation document also signalled a higher rates increase might be needed to fund storm response activity.

This included a proposed general rates increase of 7.0 per cent and to help manage the impact of the general rates increase (i.e. reduce the increase for residential properties) we also proposed:

- reducing the Natural Environment Targeted Rate (NETR) and Water Quality Targeted Rate (WQTR) by around two thirds for one year and utilising the money we have already collected from these targeted rates to continue to deliver these work programmes in 2023/2024. This would reduce the rates for the average value residential property by around $77 ($46 for the Water Quality Targeted Rate and $31 for the Natural Environment Targeted Rate). The rates for the average value business property would be $376 lower.
- pausing the Long-term Differential Strategy (LTDS) for one year to reduce the impact that this strategy has on non-business ratepayers in 2023/2024. This would reduce the rates for the average value residential property by around $15 (0.5 per cent). The rates for the average value business property would increase by around $205 (1.1 per cent).

After considering feedback, additional budget pressures identified since the consultation, updated property data, and forecasts for the NETR and WQTR reserve balances, we have decided to

- set an 11 per cent overall average increase in general rates to existing ratepayers for 2023/2024
- reduce the Natural Environment Targeted Rate (NETR) by 48.8 per cent, and Water Quality Targeted Rate (WQTR) by 77.7 per cent, for one year and utilising the money we have already collected from these targeted rates to continue to deliver these work programmes in 2023/2024. This reduces rates for the average value residential property by around $77 ($54 for the WQTR and $23 for the NETR) and $369 for the average value business property.
- pausing the Long-term Differential Strategy (LTDS) for one year to reduce the impact that this strategy has on non-business ratepayers in 2023/2024. The general rates increase will be applied evenly across all ratepayers in 2023/2024, reducing the average amount of rates increase that non-business ratepayers would pay (residential by around $16) and increasing the average amount of rates that business would otherwise pay in 2023/2024 by around $212.

The combined changes result in a total rates increase for the average value residential property of around 7.7 per cent or $253 a year ($4.87 a week). See the “Your Rates” section on page 22 for more information on these decisions and how they impact residential and business properties in 2023/2024.

Other changes to rates and fees

This year, we also consulted with Aucklanders on a number of other changes to rates and fees. After considering feedback we made the following decisions which have been incorporated into this budget. We made these decisions to ensure we recovered our costs for these services, to reflect the roll out of new services, and to respond to our budget challenge this year.

POLICY ITEM	DECISIONS
Changes to Waste Management Targeted Rates and Charges	As part of our plan to standardise our waste management collection services across the region, and to maintain cost recovery, we will make the following changes to our waste management charges: • a combined increase in the refuse rate and base waste management rates of 4.8 per cent for a standard waste service, representing a 0.5 per cent increase in total rates. • rolling out the food scraps service to Auckland's remaining urban and semi-urban parts and that the food scraps targeted rate will be extended to those areas where the service is being introduced on a pro rata basis, reflecting the approximate number of months the service is available in each area. • splitting the base service rate into two separate rates. This includes a standard recycling targeted rate of $96.18 and a minimum base service targeted rate of $59.39 • introducing the option of 80 litre bin refuse service to properties in the former districts of Auckland City Council (ACC) and Manukau City Council (MCC), funded by a targeted rate of $143.71. • increasing the targeted rate for the 240 litre bin refuse service in the former ACC and MCC districts to $287.03 (166 per cent of the proposed standard refuse targeted rate of $172.91 for a 120 litre bin). • introducing a $40 fee for swapping to a different size bin. • extending our waste management services to the commercial areas in the former Manukau City, with Howick, Hunter's Corner and Papatoetoe starting to receive our services from 2023/2024 on an opt-in basis for commercial properties. A full list of our waste changes for 2023/2024 can be found in the Waste Management Targeted Rate section of the Rating Mechanism set out in this document.
Accommodation Provider Targeted Rate (APTR)	The 10-year Budget 2021-2031 assumed that $15.1 million from the APTR and associated expenditure would be reinstated from 2023/2024. On 12 May 2023 the Supreme Court overturned the Court of Appeal decision and found the council's decision to apply the rate was valid. There was not enough time to consider reinstating the APTR prior to adoption of the Annual Budget 2023/2024. The next opportunity is as part of the 10-year Budget 2024-2034. We have decided to reduce Tātaki Auckland Unlimited's expenditure for visitor attraction and major events for 2023/2024 as the funding from the APTR was not available. Additional general rates funding for expenditure on visitor attraction and major events is not a priority given the significant budget pressures that we are facing.
Climate Action Transport Targeted Rate	We have decided to partially reprioritise $10.5 million of additional bus service expenditure that was planned to be funded by the Climate Action Transport Targeted Rate (CATTR). This ensures that we can continue to deliver the climate and service outcomes for which the CATTR was established while helping manage the financial challenges that we are now facing.
Rodney Drainage Districts Targeted Rate	We have decided not to proceed with the changes consulted on as part of the Annual Budget 2023/2024. We will review the targeted rate boundaries and cost of providing the service as part of the 10-year Budget 2024-2034 process.
Swimming Pool/ Spa Pool Fencing Compliance Targeted Rate	We have decided to increase the Swimming Pool/Spa Pool Fencing Compliance Targeted Rate from $46.67 to $63.33 to reflect the actual cost of this service.
Silverdale Business Improvement District	Following a successful ballot of affected businesses, we have decided to establish the Business Improvement District (BID) and BID targeted rate for Silverdale.

POLICY ITEM	DECISIONS
Regulatory and other fee changes	We have decided to make changes to the following regulatory fees to increase transparency and cover the full cost of providing these services: • increase to dog registration fee by $1 above inflation adjustment for additional promotion of responsible dog ownership and desexing in areas with high volume dog attacks. • increase Building Consent separation application base fee - for multiple dwellings into individual records at customer request from $575 to $1,050. • increase to Building Consent Qualified Partner workstream fee from $150 to $200. • increase Independent Qualified Persons registration fee from $362 to $400 with 3-yearly renewal proposed to increase from $204 to $250. • increase Resource Consent Premium Qualified Partner applications from between $230 and $575 to $805. • increase Producer statement author fees – registration as author from $362 to $750, high risk registration from $210 to $250, and 3-yearly renewal from $210 to $250. • change Building Warrant of Fitness renewal from a base fee of $157 to a fixed fee of $255. • increase in the swimming pool follow up inspection fee from $140 to $190. • replace current Resource Consent pre-application deposit fee of $505 with new fees for Specialist only ($540) and Planner led ($860) services. • increase in fees for other regulatory services to reflect the time and cost to undertake the activity, such as Building Consenting, Resource Consenting, Engineering Applications, Environmental Health, Land Information Memorandum and micro-mobility operator fees • to adjust cemetery fees with a refinement to the framework of charges for burial plots and adjustments to the charges for cremation services and chapel hire • to standardise fees for the use of bookable spaces in council-controlled pool and leisure facilities. A full list can be found on the councils website: Consenting and property information fees and charges (**https://www.aucklandcouncil.govt.nz/pages/search.aspx?k=fees%20and%20charges**).
Community Occupancy Guidelines	We have decided to amend the Community Occupancy Guidelines to further enable our 21 local boards to adjust the maintenance and administration costs recovered in community leases.

More details of the consultation feedback and the final decisions can be found:
https://akhaveyoursay.aucklandcouncil.govt.nz/hub-page/annual-budget-2023-2024

Other policy changes

Alongside the development of our Annual Budget, we also consulted on changes to the two financial policies listed in the table below. After considering feedback, we have decided on the following key changes.

POLICY ITEM	DECISIONS
Revenue and Financing Policy	The Governing Body agreed to change the council's Revenue and Financing Policy to enable the Long-term Differential Strategy to be paused for one year and to extend the time at which the target share of 25.8 per cent of rates to be raised from business properties is achieved to 2038/2039. You can find out more about this policy at: **https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-policies/Pages/revenue-and-financing-policy.aspx**
Māori Land Rates Remission and Postponement Policy	We have amended our Māori Land Rates Remission and Postponement Policy to provide a partial remission of rates to general title papakāinga, where that land is: • protected from being sold out of Māori ownership • for the sole use of hapū/iwi. This remission recognises the similarities between such properties, and papakāinga on Māori freehold land. The remission applies a discount similar to what is applied to Māori freehold land (up to 10 per cent of the rateable land value) You can find out more about this policy at: **https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-policies/Pages/maori-land-rates-remission-and-postponement-policy.aspx**

Te tauākī mō te Pānga ā-Haumi Pūtea, tae noa ki te tikanga whai reiti

3.4 Funding impact statement including rating mechanism

Prospective consolidated funding impact statement

Auckland Council group consolidated

FINANCIAL YEAR ENDING 30 JUNE $000	ANNUAL PLAN 2022/2023	10-YEAR BUDGET 2023/2024 (AMENDED)	ANNUAL PLAN 2023/2024	VARIANCE FROM 10-YEAR BUDGET 2023/2024
Sources of operating funding:				
General rates, UAGCs, rates penalties	1,970,064	2,082,551	2,224,766	142,215
Targeted rates	311,088	302,291	302,569	278
Subsidies and grants for operating purposes	594,456	382,151	562,352	180,201
Fees and charges	1,476,859	1,781,236	1,646,497	(134,739)
Interest and dividends from investments	5,186	30,717	35,752	5,035
Local authorities fuel tax, fines, infringement fees and other receipts	688,456	525,852	627,183	101,331
Total operating funding	**5,046,109**	**5,104,798**	**5,399,119**	**294,321**
Applications of operating funding:				
Payment to staff and suppliers	3,464,241	3,340,366	3,708,358	367,992
Finance costs	503,387	470,663	535,349	64,686
Other operating funding applications	-	-	-	-
Total applications of operating funding	**3,967,628**	**3,811,029**	**4,243,707**	**432,678**
Surplus (deficit) of operating funding	**1,078,481**	**1,293,769**	**1,155,413**	**(138,356)**
Sources of capital funding:				
Subsidies and grants for capital expenditure	501,662	649,339	617,099	(32,240)
Development and financial contributions	265,251	268,546	268,545	(1)
Increase (decrease) in debt	843,263	(451,306)	(149,510)	301,797
Gross proceeds from sale of assets	106,238	173,666	164,207	(9,459)
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	110,000	110,000
Total sources of capital funding	**1,716,414**	**640,245**	**1,010,340**	**370,096**
Application of capital funding:				
Capital expenditure:				
- to meet additional demand	739,882	724,629	858,943	134,314
- to improve the level of service	820,975	1,007,039	811,263	(195,776)
- to replace existing assets	724,838	1,001,508	1,190,226	188,718
Increase (decrease) in reserves	109,504	14,115	62,302	48,187
Increase (decrease) in investments	399,696	(813,277)	(756,981)	56,296
Total applications of capital funding	**2,794,895**	**1,934,014**	**2,165,753**	**231,739**
Surplus (deficit) of capital funding	**(1,078,481)**	**(1,293,769)**	**(1,155,413)**	**138,356**
Funding balance	**0**	**0**	**0**	**0**

Rating mechanism

This section sets out how the council sets its rates. It explains the basis on which rating liability will be assessed. In addition, it covers the council's early payment discount policy.

Background

The council's general rate is made up of the Uniform Annual General Charge (UAGC) and the value-based general rate. Revenue from the general rate is used to fund the council activities that are deemed to generally and equally benefit Auckland and that part of activities that are not funded by other sources.

Rating base information

The following table sets out the forecast rating base for Auckland Council as at 30 June 2023.

Capital value ($)	1,044,191,091,903
Land value ($)	720,968,175,031
Rating units	609,845
Separately used or inhabited parts of a property	693,815

How the increase in the rate requirement is applied

The increase in the general rate requirement is split to maintain the proportion of the UAGC at around 13.4 per cent of the total general rate (UAGC plus value based general rate). This is achieved by applying the general rates increase to the UAGC and rounding to the nearest dollar.

Uniform annual general charge (UAGC) and other fixed rates

The UAGC is a fixed rate that is used to fund general council activities. The council will apply the UAGC to all rateable land in the region per separately used or inhabited part of a rating unit (SUIP). The definition of a separately used or inhabited part of a rating unit is set out in the following section.

Where two or more rating units are contiguous or separated only by a road, railway, drain, water race, river, or stream, are owned by the same person or persons, and are used jointly as a single unit, those rating units will be treated as a single rating unit and only one uniform annual general charge will be applied.

A UAGC of $529 (including GST) will be applied per SUIP for 2023/2024. This is estimated to produce around $310.2 million (excluding GST) for 2023/2024.

The following targeted rates to be set by the council also have a fixed rate component, as described below in this Funding Impact Statement:

- waste management targeted rates
- part of some Business Improvement District targeted rates
- city centre targeted rate for residential properties
- electricity network resilience targeted rate
- Point Wells wastewater targeted rate
- Jackson Crescent wastewater targeted rate
- Riverhaven Drive targeted rate
- Waitākere rural sewerage targeted rate
- Ōtara-Papatoetoe swimming pool targeted rate
- Māngere-Ōtāhuhu swimming pool targeted rate
- Rodney Local Board Transport targeted rate
- swimming/spa pool compliance targeted rate.

Funds raised by uniform fixed rates, which include the UAGC and any targeted rate set on a uniform fixed basis[1] set per rating unit or per SUIP, cannot exceed 30 per cent of total rates revenue sought by the council for the year (under Section 21 of Local Government (Rating) Act 2002).

[1]Except rates set solely for water supply or sewerage disposal.

The definition of a separately used or inhabited part of a rating unit

The council defines a separately used or inhabited part (SUIP) of a rating unit as 'any part of a rating unit that is separately used or inhabited by the ratepayer, or by any other person having a right to use or inhabit that part by virtue of a tenancy, lease, licence or any other agreement'. For the purposes of this definition, parts of a rating unit will be treated as separately used if they come within different differential categories, which are based on use. An example would be a rating unit that has a shop on the ground floor (which would be rated as business) and a residence upstairs (rated as residential).

Rating units used for commercial accommodation purposes, such as motels and hotels, will be treated for rating purposes as having one separately used or inhabited part, unless there are multiple businesses within the rating unit or another rating differential applies. Examples of how this might apply in practice are as follows:

- a business operating a motel on a rating unit will be treated for rating purposes as a single separately used or inhabited part. If that rating unit also includes a residential unit, in which the manager or owner resides, then the rating unit will be treated for rating purposes as having two separately used or inhabited parts
- a hotel will be treated for rating purposes as a single separately used or inhabited part, irrespective of the number of rooms. If, on the premises, there is a florist business and a souvenir business, then the rating unit will be treated for rating purposes as having three separately used or inhabited parts
- a residential house with a minor dwelling or granny flat would be treated for rating purposes as having two separately used or inhabited parts
- a residential house where part of the house contains a self-contained flat will be treated as having one separately used or inhabited part, where:
  - The flat is internally accessible from the main house
  - Both parts are used together as a single family home.

A similar approach applies to universities, hospitals, rest homes and storage container businesses. Vacant land will be treated for rating purposes as having one separately used or inhabited part.

Rating units that have licence to occupy titles, such as some retirement villages or rest homes, will be treated as having a separately used or inhabited part for each part of the property covered by a licence to occupy.

The above definition applies for the purposes of the UAGC as well as any targeted rate which is set on a "per SUIP" basis.

Value-based general rate

The value-based general rate will apply to all rateable land in the region and will be assessed on capital value and is determined by multiplying the capital value of a rating unit by the rate per dollar that applies to that rating unit's differential category.

Rates differentials

General and targeted rates can be charged on a differential basis. This means that a differential is applied to the rate or rates so that some ratepayers may pay more or less than others with the same value rating unit.

The differential for urban residential land is set at 1.00. Business attracts higher rates differentials than residential land. Lower differentials are applied to rural, farm/lifestyle and no road access land.

The council defines its rates differential categories using location and the use to which the land is put. When determining the use to which the land is put, the council will consider information it holds concerning the actual use of the land, and the land use classification that council has determined applies to the property under the Rating Valuation Rules.

Where there is no actual use of the land (i.e. the land is vacant), the council considers the location of the land and the highest and best use of the land to determine the appropriate rates differential. Highest and best use is determined by the activities that are permitted, controlled, or discretionary for the area in which the land is situated, and the rules to which the land is subject under an operative district plan or regional plan under the Resource Management Act 1991.

Effective from 1 July 2021, the council changed its definition of the Urban Rating Area to align with the rules in the Auckland Unitary Plan. Also from 1 July 2021, all land inside the Urban Rating Area that is used for lifestyle or rural industry purposes (excluding mineral extraction) is treated as urban residential for rating purposes. As a result of these changes, some rating units moved from paying rural or farm and lifestyle rates to paying urban rates. To reduce the impact on these rating units these changes in rates were transitioned over three years, ending 2023/2024. From 2023/2024 these rating units will pay full urban rates.

The definition for each rates differential category is listed in the table below. For clarity, where different parts of a rating unit fall within different differential categories then rates will be assessed for each part according to the differential category of that part. Where relevant, each part will also be classified as being a separate SUIP (see definition above).

Rates differential definitions

DIFFERENTIAL GROUP	DEFINITION
Urban business	Land in the Urban Rating Area that is used for commercial, industrial, transport, utility, public communal – licensed or mineral extraction purposes. Also includes any land that is used for community services, but which is used for commercial, or governmental purposes, or which is covered by a liquor licence. Also includes land in the Urban Rating Area, where a residence is let out on a short-term basis, via online web-based accommodation services that offer short-term rental accommodation via peer-to-peer online marketplace such as Airbnb and Bookabach, for more than 180 nights in the 12 months ending 30 June of the previous financial year.
Urban residential	Land in the Urban Rating Area that is used exclusively or almost exclusively, for residential purposes, and includes tenanted residential land, rest homes and geriatric hospitals. It excludes hotels, motels, serviced apartments, boarding houses and hostels.1 Land used for community services and used by a not for profit ratepayer for the benefit of the community will be charged the residential rate (this does not include land covered by a liquor licence). Also includes any land in the Urban Rating Area that is used for lifestyle or rural industry purposes, excluding mineral extraction[3,4]
Rural business	Land outside the Urban Rating Area that is used for commercial, industrial, transport, utility network[2], or public communal – licensed or mineral extraction purposes. Also includes any land that is used for community services, but which is used for commercial, or governmental purposes, or which is covered by a liquor licence. Also includes land outside the Urban Rating Area where a residence is let out on a short-term basis, via online web-based accommodation services that offer short-term rental accommodation via peer-to-peer online marketplace such as Airbnb and Bookabach for more than 180 nights in the 12 months ending 30 June of the previous financial year.
Rural residential	Land outside the Urban Rating Area that is used exclusively or almost exclusively for residential purposes, and includes tenanted residential land, rest homes and geriatric hospitals. It excludes hotels, motels, serviced apartments, boarding houses and hostels[1]. Land used for community services and used by a not for profit ratepayer for the benefit of the community will be charged the residential rate (this does not include land covered by a liquor licence).[4]
Farm and lifestyle	Any land outside the Urban Rating Area that is used for lifestyle or rural industry purposes, excluding mineral extraction[3].
No road access	Includes all land (irrespective of use) for which direct or indirect access by road is unavailable or not provided for, and all land situated on the islands of Ihumoana, Kaikoura, Karamuramu, Kauwahia, Kawau, Little Barrier, Mokohinau, Motahaku, Motuketekete, Motutapu, Motuihe, Pakatoa, Pakihi, Ponui, Rabbit, Rakitu, Rangiahua, Rotoroa and The Noises
Zero-rated	Includes land on all Hauraki Gulf islands and Manukau Harbour other than Waiheke, Great Barrier and the islands named in the definition of No road access. Also includes land used by religious organisations for: • housing for religious leaders which is onsite or adjacent to the place of religious worship • halls and gymnasiums used for community not-for-profit purposes • not-for-profit childcare for the benefit of the community • libraries • offices that are onsite and which exist for religious purposes • non-commercial op-shops operating from the same title • car parks serving multiple land uses but for which the primary purpose is for religious purposes.
Urban moderate-occupancy online accommodation provider	Land in the Urban Rating Area where a residence is let out on a short-term basis, via online web-based accommodation services that offer short-term rental accommodation via peer-to-peer online marketplace such as Airbnb and Bookabach, for more than 135 nights and less than 181 nights in the 12 months ending 30 June of the previous financial year.

DIFFERENTIAL GROUP	DEFINITION
Rural moderate-occupancy online accommodation provider	Land outside the Urban Rating Area where a residence is let out on a short-term basis, via online web-based accommodation that offer short-term rental accommodation services via peer-to-peer online marketplace such as Airbnb and Bookabach, for more than 135 nights and less than 181 nights in the 12 months ending 30 June of the previous financial year.
Urban medium-occupancy online accommodation provider	Land in the Urban Rating Area where a residence is let out on a short-term basis, via online web-based accommodation services that offer short-term rental accommodation via peer-to-peer online marketplace such as Airbnb and Bookabach, for more than 28 nights and less than 136 nights in the 12 months ending 30 June of the previous financial year.
Rural medium-occupancy online accommodation provider	Land outside the Urban Rating Area where a residence is let out on a short-term basis, via online web-based accommodation services that offer short-term rental accommodation via peer-to-peer online marketplace such as Airbnb and Bookabach, for more than 28 nights and less than 136 nights in the 12 months ending 30 June of the previous financial year.

Notes to table:

1. Hotels, motels, serviced apartments, boarding houses and hostels will be rated as business except when the land is used exclusively or almost exclusively for residential purposes. Ratepayers must provide proof of long-term stay (at least 90 days) as at 30 June of the previous financial year. Proof should be in the form of a residential tenancy agreement or similar documentation.
2. Utility networks are classed as rural business differential. However, all other utility rating units are categorised based on their land use and location.
3. To be considered "lifestyle," land must be in a rural or semi-rural area, must be predominantly used for residential purposes, must be larger than an ordinary residential allotment, and must be used for some small-scale non-commercial rural activity.
4. Separate rating units used as an access way to residential properties will be treated for rating purposes as residential use.

Urban Rating Area

The council has updated the Urban Rating Area to align with the rules in the Unitary Plan. Effective from 1 July 2021, the Urban Rating Area includes all land within the Rural Urban Boundary as identified in the Unitary Plan, excluding any land that is:

- zoned Future Urban (with the exception of the land in the Hall's Farm and Ockleston Landing Urban Rating Area)
- within Warkworth
- rural zoned land on Waiheke Island.

The Long-term Differential Strategy (LTDS)

The council has previously decided that the appropriate share of general rates raised from business properties is 25.8 per cent (UAGC and value-based general rate combined), which is substantially lower than the current level. The purpose of the LTDS is to gradually lower the share of general rates paid by business properties over time. The council has temporarily paused this move to lower business rates in 2023/2024. The council intends to resume lowering business rates in 2024/2025, as part of the shift from 31 per cent in 2022/2023 to 25.8 per cent in 2038/2039. The differential will be reduced in equal steps each year to manage the affordability impact of the shift in the rates incidence to the non-business sector. This approach to the business differential removes the impact on the split of rates between business and non-business properties that changes in property values have resulting from the triennial region-wide revaluation.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2023/2024. This is estimated to produce around $1,935 million (excluding GST) for 2023/2024.

Value-based general rate differentials for 2023/2024

PROPERTY CATEGORY	EFFECTIVE RELATIVE DIFFERENTIAL RATIO FOR GENERAL RATE FOR 2023/2024	RATE IN THE DOLLAR FOR 2023/2024 (INCLUDING GST) ($)	SHARE OF VALUE-BASED GENERAL RATE (EXCLUDING GST) ($)	SHARE OF VALUE-BASED GENERAL RATE (%)
Urban business	2.6279	0.00474136	619,656,431	32.0%
Urban residential	1.0000	0.00180422	1,126,270,686	58.2%
Rural business	2.3651	0.00426722	47,130,334	2.4%
Rural residential	0.9000	0.00162380	55,779,469	2.9%
Farm and lifestyle	0.8000	0.00144338	84,313,652	4.4%
No road access	0.2500	0.00045106	277,629	Less than 0.1%
Zero-rated[1]	0.0000	0.00000000	0	0.0%
Urban moderate-occupancy online accommodation provider	1.8140	0.00327279	41,833	Less than 0.1%
Rural moderate-occupancy online accommodation provider	1.6326	0.00294551	18,288	Less than 0.1%
Urban medium-occupancy online accommodation provider	1.4070	0.00253850	1,089,918	0.1%
Rural medium-occupancy online accommodation provider	1.2663	0.00228465	495,563	Less than 0.1%

Note to table:

1. Rating units within the Zero-rated differential category are liable for the UAGC only, which is automatically remitted through the Rates Remission and Postponement Policy.

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the value-based general rates requirement determined on their share of the city's land value rather than a share of the city's capital value as applies for other properties.

Targeted rates

The council does not have a lump sum contribution policy and will not invite lump sum contributions for any targeted rate. Unless otherwise stated, the targeted rates described below will be used as sources of funding for each year until 2030/2031.

Water Quality Targeted Rate

Background

The council is funding an additional investment from 2018/2019 to 2030/2031 to clean up Auckland's waterways. The rate will fund expenditure within the following activities: Stormwater Management.

Activities to be funded

The Water Quality Targeted Rate (WQTR) will be used to help fund the capital costs of investment in cleaning up Auckland's waterways.

How the rate will be assessed

A differentiated targeted rate will be applied on the capital value of all rateable land except land categorised as zero-rated as defined for rating purposes. The business differential ratio is set so that around 25.8 per cent of the revenue requirement comes from businesses. A targeted rate of $0.00002022 (including GST) per dollar of capital value will be applied to all rateable land categorised as business (Urban business, and Rural business) as defined for rating purposes, and $0.00001147 (including GST) per dollar of capital value to all rateable land not categorised as business (Urban residential, Rural residential, Farm and lifestyle, Urban moderate-occupancy online accommodation provider, Rural moderate-occupancy online accommodation provider, Urban medium-occupancy online accommodation provider, Rural medium-occupancy online accommodation provider, and no road access) as defined for rating purposes. This is estimated to produce around $11.1 million (excluding GST) for 2023/2024, $2.87 million from business and $8.26 million from non-business.

Natural Environment Targeted Rate

Background

The council is funding an additional investment from 2018/2019 to 2030/2031 to enhance Auckland's natural environment. The rate will fund expenditure within the following activities: Regional environmental services.

Activities to be funded

The Natural Environment Targeted Rate (NETR) will be used to help fund the capital and operating costs of investment to deliver enhanced environmental outcomes.

How the rate will be assessed

A differentiated targeted rate will be applied on the capital value of all rateable land except land categorised as zero-rated as defined for rating purposes. The business differential ratio is set so that around 25.8 per cent of the revenue requirement comes from businesses. A targeted rate of $0.00002936 (including GST) per dollar of capital value will be applied to all rateable land categorised as business (Urban business, and Rural business) as defined for rating purposes, and $0.00001666 (including GST) per dollar of capital value to all rateable land not categorised as business (Urban residential, Rural residential, Farm and lifestyle, Urban moderate-occupancy online accommodation provider, Rural moderate-occupancy online accommodation provider, Urban medium-occupancy online accommodation provider, Rural medium-occupancy online accommodation provider, and No road access) as defined for rating purposes. This is estimated to produce around $16.2 million (excluding GST) for 2023/2024, $4.2 million from business and $12 million from non-business.

Climate Action Transport Targeted Rate

Background

The council is funding an additional investment from 2022/2023 to 2031/2032 to reduce Auckland's greenhouse gas emissions and increase the urban ngahere. The rate will fund expenditure within the following activities: Regional environmental services; Roads and footpaths; Public transport and travel management.

Activities to be funded

The Climate Action Transport Targeted Rate (CATTR) will be used to help fund the capital and operating costs of investment to fund the acceleration of regional climate action, by extending the regional networks for public transport, active transport and urban ngahere.

A differentiated targeted rate will be applied on the capital value of all rateable land except land categorised as zero-rated as defined for rating purposes. The business differential ratio is set so that around 25.8 per cent of the revenue requirement comes from businesses. Within the business category and the non-business category the rate will be further differentiated on the same basis as the value-based general rate.

The following table sets out the Climate Action Transport Targeted Rates to be applied in 2023/2024. This is estimated to produce around $47.6 million (excluding GST) for 2023/2024.

PROPERTY CATEGORY	RATE IN THE DOLLAR FOR 2023/2024 (INCLUDING GST) ($)	SHARE OF CLIMATE ACTION TRANSPORT TARGETED RATE (EXCLUDING GST) ($)
Urban business	0.00008708	11,415,037
Urban residential	0.00005010	31,369,086
Rural business	0.00007837	868,193
Rural residential	0.00004509	1,553,578
Farm and lifestyle	0.00004008	2,348,312
No road access	0.00001253	7,736
Zero-rated[1]	0.00000000	0
Urban moderate-occupancy online accommodation provider	0.00009088	1,165
Rural moderate-occupancy online accommodation provider	0.00008179	509
Urban medium-occupancy online accommodation provider	0.00007049	30,357
Rural medium-occupancy online accommodation provider	0.00006344	13,802

Waste Management targeted rates

Background

The benefit of the provision of waste management services in public areas e.g. public litter bins is funded through the general rate. Privately generated waste is funded through a mixture of targeted rates and pay as you throw charges. The funding method for privately generated waste will be standardised in 2024/2025 when a region-wide targeted rate will be introduced to fund the refuse collection across Auckland.

The refuse, recycling, inorganic collection and other waste management services in Auckland are being standardised under the Waste Management and Minimisation Plan (WMMP). The food scraps collection service is currently available in the former Papakura District, North Shore City and Waitākere City. This is scheduled to be rolled out to the whole of urban and semi-urban Auckland by November 2023.

The Waste management targeted rates for 2023/2024 include:

- a region-wide minimum rate to cover the cost of the base service including inorganic collection, resource recovery centres, the Hauraki Gulf Islands subsidy and other regional waste services
- a region-wide standard recycling rate to cover the cost of recycling collection
- a refuse rate that applies in the former Auckland City and the former Manukau City to fund refuse bin collection based on the size of the bin (80 litre, 120 litre, or 240 litre)
- a food scraps rate which has been calculated approximately in proportion to the number of months the service is available during 2023/2024 to cover the cost of the food scraps collection
- additional rates may apply to properties that request additional recycling or refuse services.

The council is implementing the Auckland WMMP. Information on the plan can be found on the council's website.

Activities to be funded

The targeted rates for waste management are used to fund refuse collection and disposal services (including the inorganic refuse collection), recycling, food scraps collection, waste transfer stations and resource recovery centres within the solid waste and environmental services activity.

How the rates will be assessed

For the purpose of assessing the liability of the waste management targeted rates:

- a residential SUIP means a part of a rating unit with a land use that is residential and is not vacant or carpark
- a lifestyle SUIP means a part of a rating unit with a land use that is lifestyle and is not vacant.

See the UAGC section prior for the council's definition of a SUIP.

For land outside of the district of the former Auckland City Council where a service is provided or available, the targeted rates for the standard recycling service, the standard refuse service (for the former Manukau City) and the food scraps service will be charged to all residential and lifestyle SUIPs. The standard recycling service includes one 240 litre recycling bin (or equivalent). The standard refuse service includes one 120 litre refuse bin (or equivalent).

For land within the district of the former Auckland City Council, the targeted rate for the standard recycling service and the standard refuse service will be charged based on the number and type of services supplied or available to each rating unit, and the targeted rate for the food scraps service will be charged to all residential and lifestyle SUIPs where the service is or will be available in 2023/2024. For rating units made up of one SUIP (residential or lifestyle), the council will provide one recycling collection service, one refuse collection service and one food scraps collection service. For rating units made up of more than one residential or lifestyle SUIP, the council will provide one recycling collection service, one refuse collection service and one food scraps collection service for each residential or lifestyle SUIP the rating unit contains except where the rating unit did not receive a refuse or a recycling service (or both) for each of its residential or lifestyle SUIPs in 2022/2023 due to an existing opt-out arrangement, in which case the council will provide the same service as was provided at 30 June 2023, unless informed by the owner of the rating unit to increase the number of services (that is, at least one recycling collection service and one refuse collection service for the rating unit), in addition to the relevant food scraps service that will apply in 2023/2024.

The council will provide the same service as was provided at 30 June 2023 to all SUIPs that are not residential or lifestyle, and apply the targeted rate charges accordingly for 2023/2024, unless informed by the owner of the rating unit before 1 July 2023 to opt out.

All land which has an approved alternative service (opt-out) will be charged based on number of services provided.

For land within the former districts of Auckland City and Manukau City, a large refuse rate will apply if a 240-litre refuse bin is supplied instead of the standard 120-litre bin.

For land within the former district of Auckland City and Manukau City, a small refuse rate will apply, instead of the standard refuse rate, if an 80 litre refuse bin is supplied instead of the standard 120 litre bin.

For all land across Auckland, an additional recycling rate will apply if an additional recycling service is supplied.

For all land across Auckland, a minimum base service rate will apply to all eligible SUIPs.

See sample properties at the end of this section for examples on how these apply.

In the future, the waste management targeted rates may be adjusted to reflect changes in the nature of services and the costs of providing waste management services to reflect the implementation of the Auckland Waste Management and Minimisation Plan.

The following table sets out the waste management targeted rates to be applied in 2023/2024. This is estimated to produce around $158 million (excluding GST) for 2023/2024.

Waste management targeted rates

SERVICE	DIFFERENTIAL GROUP	AMOUNT OF TARGETED RATE FOR 2023/2024 (INCLUDING GST) $	CHARGING BASIS	SHARE OF TARGETED RATE (EXCLUDING GST) ($)
Minimum base service	All rating units	59.39	Per SUIP	32,345,610
Standard recycling	Rating units in the former Auckland City with approved opt-out arrangement in place	96.18	Per service provided	49,479,775
	All other rating units, where a service is available		Per SUIP	
Standard refuse (120 litre bin or equivalent)	Rating units in the former Auckland City with approved opt-out arrangement in place	172.91	Per service provided	40,177,568
	All other rating units in the former Auckland City and Manukau City, where a service is available		Per SUIP, except for any SUIP which is provided with either a large refuse or a small refuse service	
Large refuse (240 litre bin)	Rating units in the former Auckland City and Manukau City	287.03	Per service provided	5,342,085
Small refuse (80 litre bin)	Rating units in the former Auckland City and Manukau City	143.71	Per service provided	355,610
Additional recycling	All rating units	96.18	Per service provided	179,747
Food scraps (where a service is or will be available in 2023/2024)	Rating units in the former Papakura District, North Shore City and Waitākere City	77.20	Per SUIP	12,410,872
	Rating units in the former Auckland City group A	64.33	Per SUIP	5,525,350
	Rating units in the former Auckland City group B	70.77	Per SUIP	4,796,885
	Rating units in the former Manukau City	54.68	Per SUIP	5,533,393
	Rating units in the former Franklin District and Rodney District	51.47	Per SUIP	1,821,465

For the avoidance of doubt, properties that opt out of one or more council services will be rated as below:

- land which has an approved alternative refuse service will be charged the standard recycling rate ($96.18), the food scraps rate (varies depending on location) and the minimum base service rate ($59.39)
- land which has an approved alternative recycling service will be charged the standard refuse rate ($172.91), the food scraps rate (varies depending on location) and the minimum base service rate ($59.39)
- land which has an approved alternative food scraps service will be charged the standard recycling rate ($96.18), the standard refuse rate ($172.91), and the minimum base service rate ($59.39)
- land which has approved alternative refuse, recycling and food scraps services will be charged the minimum base service rate ($59.39).

For maps of the areas where the Food Scraps Targeted Rate will apply, go to **www.aucklandcouncil.govt.nz/ratingmaps**

City Centre Targeted Rate

Background

The City Centre targeted rate will be used to help fund the development and revitalisation of the city centre. The rate applies to business and residential land in the City Centre area.

Activities to be funded

The City Centre redevelopment programme aims to enhance the city centre as a place to work, live, visit and do business. It achieves this by providing a high-quality urban environment, promoting the competitive advantages of the city centre as a business location, and promoting the city centre as a place for high-quality education, research and development. The programme intends to reinforce and promote the city centre as a centre for arts and culture, with a unique identity as the heart and soul of Auckland. The rate will fund expenditure within the following activities: Regional planning; Roads and footpaths; Local community services.

The targeted rate will continue until 2030/2031 to cover capital and operating expenditure generated by the projects in the City Centre redevelopment programme. The depreciation and consequential operating costs of capital works are funded from general rates.

How the rate will be assessed

A differentiated targeted rate will be applied to business and residential land, as defined for rating purposes, in the city centre. You can view a map of the city centre area at **www.aucklandcouncil.govt.nz/ratingmaps** or at any Auckland Council library or service centre.

A rate in the dollar of $0.00116674 (including GST) of rateable capital value will be applied to urban business land in 2023/2024. This is estimated to produce around $24.4 million (excluding GST) for 2023/2024.

A fixed rate of $69.25 (including GST) per SUIP (see UAGC section prior for the council's definition of a SUIP) will be applied to urban residential, urban moderate-occupancy online accommodation provider, and urban medium-occupancy online accommodation provider land in 2023/2024. This is estimated to produce around $1.3 million (excluding GST) for 2023/2024.

Rodney Local Board Transport Targeted Rate

Background

The council is funding additional transport investment to deliver improved transport outcomes in the Rodney Local Board area. The rate will fund expenditure within the following activities: Roads and footpaths and public transport and travel demand management.

Activities to be funded

The Rodney Local Board Transport Targeted Rate (RLBTTR) will be used to help fund the capital and operating costs of additional transport investment and services.

How the rate will be assessed

The targeted rate will be applied as an amount per SUIP (see UAGC section prior for the council's definition of a SUIP) on all rateable land in the Rodney Local Board area except land categorised as zero-rated as defined for rating purposes. The amount of the targeted rate will be $150 (including GST) per SUIP. This is estimated to produce around $4.8 million (excluding GST) for 2023/2024.

Electricity Network Resilience Targeted Rate

Background

Auckland Council undertakes management of Auckland Council-owned trees under or near Vector's power lines. Tree maintenance near powerlines improves public safety around power lines, reduces power outages, and improves the resilience of public trees. The council also undertakes tree planting to support the Auckland Urban Ngahere (Forest) Strategy. The rate will fund expenditure within the following activities: Regional community services.

Activities to be funded

The Electricity Network Resilience Targeted Rate will be used to help fund the operating costs of:

- management of Auckland Council-owned trees under or near power lines
- additional tree planting activity to increase canopy cover as provided for in the Auckland Urban Ngahere (Forest) Strategy.

How the rate will be assessed

The targeted rate will be applied as a fixed charge of $12,075,000 (including GST) for 2023/2024 on Vector's electricity network utility rating unit where tree management service is provided. This is estimated to produce around $10.5 million (excluding GST) for 2023/2024.

Rodney Drainage Districts Targeted Rate

Auckland Council is responsible for maintaining the public drainage assets in the drainage districts of Te Arai and Okahukura in northern Rodney. The Rodney drainage districts targeted rate will be used to fund the capital and operating costs of maintaining the drainage assets. A management plan will be developed to establish the levels of service for the drainage district assets. The rate will fund expenditure within the following activities: Stormwater management.

The targeted rate will be applied to all rating units that are located entirely or partially within the drainage districts of Te Arai and Okahukura as defined in the former Rodney County Council drainage district maps. The table below sets out the differentiated rates that apply based on location of the land. This is estimated to produce around $65,800 (excluding GST) for 2023/2024.

DRAINAGE DISTRICT	RATE FOR EACH SQUARE METRE OF CLASS A LAND FOR 2023/2024 (INCLUDING GST) ($)	RATE FOR EACH SQUARE METRE OF CLASS B LAND FOR 2023/2024 (INCLUDING GST) ($)	RATE FOR EACH SQUARE METRE OF CLASS C LAND FOR 2023/2024 (INCLUDING GST) ($)
Te Arai	0.00212374	0.00106187	0.00000000
Okahukura	0.00304001	0.00152001	0.00000000

For maps that show where Class A, B and C land is located, go to **www.aucklandcouncil.govt.nz/ratingmaps**.

Business Improvement District Targeted Rates

Background

Business Improvement Districts (BID) are areas within Auckland where local businesses have agreed to work together, with support from the council, to improve their business environment and attract new businesses and customers. The funding for these initiatives comes from BID targeted rates, which the businesses within a set boundary have voted and agreed to pay to fund BID projects and activities.

Activities to be funded

The main objectives of the BID programmes are to enhance the physical environment, promote business attraction, retention and development, and increase employment and local business investment in BID areas. The programmes may also involve activities intended to identify and reinforce the unique identity of a place and to promote that identity as part of its development. The rate will fund expenditure within the following activities: Local planning and development.

How the rates will be assessed

The BID targeted rates will be applied to business land, as defined for rating purposes, that is located in defined areas in commercial centres outlined in the following table. For maps of the areas where the BID rates will apply, go to **www.aucklandcouncil.govt.nz/ratingmaps**.

The BID targeted rates will be assessed using a fixed rate and value-based rate on the capital value of the property. Each BID area may recommend to council that part of its budget be funded from a fixed rate of up to $575 (including GST) per rating unit. The remaining budget requirement will be funded from a value-based rate for each area and be applied as a rate in the dollar. There will be different rates for each BID programme.

The table below sets out the budgets and the rates for each BID area that the council will apply in 2023/2024. This is estimated to produce around $21.7 million (excluding GST) in targeted rates revenue for 2023/2024.

Business Improvement Districts fixed rates per rating unit and rates in the dollar of capital value

BID AREA	AMOUNT OF BID GRANT 2023/2024 (EXCLUDING GST) ($)	AMOUNT OF BID TARGETED RATE REVENUE 2023/2024	AMOUNT TO BE FUNDED BY FIXED CHARGE FOR 2022/2023 (EXCLUDING GST) ($)	FIXED RATE PER RATING UNIT FOR 2023/2024 (INCLUDING GST) ($)	AMOUNT TO BE FUNDED BY PROPERTY VALUE RATE BASED ON THE CAPITAL VALUE OF THE RATING UNIT FOR 2023/2024 (EXCLUDING GST) ($)	RATE IN THE DOLLAR FOR 2023/2024 TO BE MULTIPLIED BY THE CAPITAL VALUE OF THE RATING UNIT (INCLUDING GST) ($)
Avondale	154,000	153,747	0	0.00	153,747	0.00099486
Birkenhead	216,063	214,674	0	0.00	214,674	0.00082731
Blockhouse Bay	72,600	72,600	0	0.00	72,600	0.00151207
Browns Bay	160,000	160,146	0	0.00	160,146	0.00043909
Central Park Henderson	432,000	434,060	222,173	250.00	211,887	0.00008002
Devonport	135,450	136,957	16,739	250.00	120,218	0.00064840
Dominion Road	255,000	255,486	0	0.00	255,486	0.00046146
Ellerslie	182,000	182,000	0	0.00	182,000	0.00170042
Glen Eden	95,000	95,022	0	0.00	95,022	0.00072926
Glen Innes	170,000	170,000	0	0.00	170,000	0.00080472
Greater East Tāmaki	588,600	590,569	338,462	195.00	252,107	0.00002836
Heart of the City	5,021,745	4,992,866	0	0.00	4,992,866	0.00035260
Howick	191,947	193,564	0	0.00	193,564	0.00085842
Hunters Corner	132,920	132,852	0	0.00	132,852	0.00051989
Karangahape Road	504,074	490,323	0	0.00	490,323	0.00043551
Kingsland	245,068	242,820	0	0.00	242,820	0.00035763
Mairangi Bay	79,000	79,000	5,000	250.00	74,000	0.00124130
Māngere Bridge	33,075	33,075	0	0.00	33,075	0.00105995
Māngere East Village	6,100	6,100	0	0.00	6,100	0.00017332
Māngere Town	314,155	314,155	0	0.00	314,155	0.00299617
Manukau Central	577,830	578,686	0	0.00	578,686	0.00025673
Manurewa	346,500	338,856	0	0.00	338,856	0.00080721
Milford	159,500	159,316	0	0.00	159,316	0.00059810
Mt Eden Village	94,035	94,034	0	0.00	94,034	0.00053819
New Lynn	216,807	218,768	0	0.00	218,768	0.00055458
Newmarket	1,938,946	1,942,077	0	0.00	1,942,077	0.00056185
North Harbour	782,938	783,782	343,683	150.00	440,099	0.00008178
North West District	189,000	189,963	99,782	250.00	90,181	0.00013945
Northcote	125,000	125,000	0	0.00	125,000	0.00218281
One Mahurangi	148,500	144,500	144,500	575.00	0	0.00000000
Onehunga	420,000	418,593	0	0.00	418,593	0.00096031
Orewa	290,682	289,723	0	0.00	289,723	0.00080875

BID AREA	AMOUNT OF BID GRANT 2023/2024 (EXCLUDING GST) ($)	AMOUNT OF BID TARGETED RATE REVENUE 2023/2024	AMOUNT TO BE FUNDED BY FIXED CHARGE FOR 2022/2023 (EXCLUDING GST) ($)	FIXED RATE PER RATING UNIT FOR 2023/2024 (INCLUDING GST) ($)	AMOUNT TO BE FUNDED BY PROPERTY VALUE RATE BASED ON THE CAPITAL VALUE OF THE RATING UNIT FOR 2023/2024 (EXCLUDING GST) ($)	RATE IN THE DOLLAR FOR 2023/2024 TO BE MULTIPLIED BY THE CAPITAL VALUE OF THE RATING UNIT (INCLUDING GST) ($)
Ōtāhuhu	713,554	711,644	0	0.00	711,644	0.00058975
Ōtara	99,456	100,554	0	0.00	100,554	0.00127952
Panmure	470,929	470,928	0	0.00	470,928	0.00119309
Papakura	275,000	274,914	0	0.00	274,914	0.00058550
Papatoetoe	100,692	100,692	0	0.00	100,692	0.00077535
Parnell	1,032,145	1,038,030	0	0.00	1,038,030	0.00053271
Ponsonby	759,490	759,600	0	0.00	759,600	0.00076494
Pukekohe	500,000	499,478	0	0.00	499,478	0.00040819
Remuera	249,840	249,572	0	0.00	249,572	0.00110328
Rosebank	495,000	494,724	0	0.00	494,724	0.00026269
Silverdale	500,000	500,000	229,916	400.00	270,084	0.00018525
South Harbour	87,425	87,423	0	0.00	87,423	0.00030113
St Heliers	149,784	149,784	0	0.00	149,784	0.00103270
Takapuna	493,789	494,187	0	0.00	494,187	0.00037120
Te Atatu	111,000	111,000	0	0.00	111,000	0.00107826
Torbay	19,283	19,283	0	0.00	19,283	0.00087261
Uptown	525,000	524,721	0	0.00	524,721	0.00023149
Waiuku	148,400	147,713	0	0.00	147,713	0.00086814
Wiri	755,425	750,946	0	0.00	750,946	0.00011778
Total	**21,764,746**	**21,718,506**	**1,400,254**		**20,318,252**	

Note to the table: Targeted rate amounts include surpluses and deficits (if any) carried over from 2021/2022 so may differ from grant amounts.

Business Improvement Districts fixed rate per rating unit and rates in the dollar based on land value

Rates for Watercare land and defence land will be assessed on land value as required under section 22 of the Local Government (Rating) Act 2002 and Section 73 of the Local Government (Auckland Council) Act 2009. These properties will pay a share of the Business Improvement District value based rates requirement determined on their share of the BID areas land value rather than a share of the BID areas capital value as applies for other properties.

Māngere-Ōtāhuhu and Ōtara-Papatoetoe swimming pool targeted rates

Background

Auckland Council has a region-wide swimming pool pricing policy, whereby children 16 years and under have free access to swimming pool facilities and all adults are charged. These targeted rates fund free access to swimming pools for adults 17 years and over in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas.

Activities to be funded

To fund the cost of free adult entry to swimming pool facilities in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. The rate will fund expenditure within the following activity: Local parks sport and recreation – asset based services.

How the rate will be assessed

These local activity targeted rates apply to all urban residential, rural residential, urban moderate-occupancy online accommodation provider, urban medium-occupancy online accommodation provider, rural moderate-occupancy online accommodation provider and rural medium-occupancy online accommodation provider land, as defined for rating purposes that are located in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas.

The local activity targeted rate will be assessed using a fixed rate applied to each SUIP (see UAGC section prior for the council's definition of a SUIP). There will be a different fixed rate for each local board area.

The following table sets out the local activity targeted rates that apply in 2023/2024 for the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. This is estimated to produce around $1.4 million (excluding GST) for 2023/2024.

LOCAL BOARD AREA	LOCAL ACTIVITY TARGETED RATES	
	FIXED RATE FOR EACH SEPARATELY USED OR INHABITED PART OF A RATING UNIT FOR 2023/2024 (INCLUDING GST) ($)	REVENUE FROM THE TARGETED RATE (EXCLUDING GST) ($)
Māngere-Ōtāhuhu	37.65	675,490
Ōtara-Papatoetoe	35.72	740,429

Swimming/spa pool fencing compliance targeted rate

Background

All residential swimming pools and spa pools must be inspected once every three years to ensure compliance with the Building Act 2004. Pools failing the first inspection require subsequent inspections until all defects have been remedied. Inspection can be carried out by either the council or an independently qualified pool inspector (IQPI).

Activities to be funded

To fund the costs of providing pool fence and barrier inspections and associated administrative costs. The rate will fund expenditure within the following activity: Regulatory services.

How the rate will be assessed

The pool fencing compliance targeted rate will apply to all rateable land on council's register of pool fence and barrier inspections. The rate will be assessed as a fixed rate per rating unit. The table below sets out the differentiated rates that apply based on whether the council is required to carry out a three-yearly inspection. Additional fees will be invoiced separately where subsequent inspections are required.

INSPECTION SERVICE PROVIDED	FIXED RATE PER RATING UNIT FOR 2023/2024 (INCLUDING GST) ($)
Council inspection required	63.33
No council inspection required – successful inspection carried out by Independently Qualified Pool Inspector	31.67

This is estimated to produce around $1.47 million (excluding GST) for 2023/2024.

Riverhaven Drive targeted rate

The council has constructed Riverhaven Drive for the benefit of the rating units in the immediate area. The construction of the road and the payment of the rate have been agreed with the association representing the owners of the rating units. The Riverhaven Drive targeted rate is used to repay the council for the cost of the road, including interest costs. The rate will fund expenditure within the following activities: Local planning and development – locally driven initiatives, Roads and footpaths.

The targeted rate applies to the land which benefits from the construction of a road that provides access to the rating unit. The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 25 years (2006/2007 to 2030/2031). The outstanding balance will reduce each year as the principal is repaid.

The council will apply a uniform rate of $10,045.09 (including GST) per rating unit for 2023/2024. This is estimated to produce around $43,700 (excluding GST) for 2023/2024.

Waitākere rural sewerage targeted rate

The Waitākere rural sewerage targeted rate is set as a uniform charge on all rating units in the non-reticulated wastewater area of the Waitākere Ranges Local Board that have private on-site wastewater systems which are scheduled to be pumped out by the council within a three-yearly cycle. The uniform charge is assessed in respect of each on site waste management system utilised in conjunction with the particular rating unit. The rate will fund expenditure within the following activities: Stormwater management.

The council will set the Waitākere rural sewerage targeted rate to fully recover the costs of providing this service.

To align with the rules set by the Auckland Unitary Plan chapter E5, the property owner remains responsible for repairs and routine servicing of their onsite wastewater system.

For 2023/2024 the targeted rate will be a uniform charge of $296.75 (including GST) for each on-site waste management system utilised in conjunction with the rating unit. This is estimated to produce around $870,000 (excluding GST) for 2023/2024.

Retro-fit your home targeted rate

The Retro-fit Your Home targeted rate is set on land that has received financial assistance from Auckland Council for energy efficiency assessment, and the installation of clean heat, insulation, water conservation, mechanical extraction and fire place decommissioning in respect of the land. The rate will fund expenditure within the following activities: Regulatory services.

The ratepayer will repay the financial assistance and interest. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for nine years. The outstanding balance will reduce each year as the principal is repaid.

The targeted rate will apply as a rate in the dollar, which is multiplied against the ratepayer's outstanding balance as at 30 June each year. The rate in the dollar is set at different levels for each year that the ratepayer has been repaying the financial assistance.

The following table sets out the Retro-fit Your Home targeted rate that the council will apply in 2023/2024. This is estimated to produce around $3.0 million (excluding GST) for 2023/2024.

Retro-fit your home targeted rate

YEAR OF REPAYMENT	RATE IN THE DOLLAR FOR 2023/2024 TO BE MULTIPLIED BY THE RATEPAYERS OUTSTANDING BALANCE AS AT 30 JUNE 2023 (INCLUDING GST) ($)
1	0.14004200
2	0.15372600
3	0.17138400
4	0.19500600
5	0.22817000
6	0.27803400
7	0.36129800
8	0.52805600
9	1.02876600

Kumeū Huapai Riverhead wastewater targeted rate

The Kumeū Huapai Riverhead wastewater targeted rate is set on land that has received financial assistance from Auckland Council for the purchase and installation of equipment for pumping waste from the property to Watercare's pressurised wastewater scheme. The rate will fund expenditure within the following activity: Organisational support.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 15 years from the time the targeted rate is first applied to the rating unit. The outstanding balance will reduce each year as the principal is repaid.

The targeted rate will apply as a rate in the dollar, which is multiplied against the ratepayer's outstanding balance as at 30 June each year. The rate in the dollar is set at different levels for each year that the ratepayer has been repaying the financial assistance.

The following table sets out the Kumeū Huapai Riverhead wastewater targeted rate that council will apply in 2023/2024. This is estimated to produce $4,680 (excluding GST) for 2023/2024.

Kumeū Huapai Riverhead wastewater targeted rate

YEAR OF REPAYMENT	RATE IN THE DOLLAR FOR 2023/2024 TO BE MULTIPLIED BY THE RATEPAYERS OUTSTANDING BALANCE AS AT 30 JUNE 2023 (INCLUDING GST) ($)
9	0.19709160
11	0.26239550

On-site wastewater systems (septic tank) upgrades targeted rate

The On-site wastewater systems (septic tank) upgrades targeted rate is set on land that has received financial assistance from Auckland Council for the replacement or upgrade of failing on-site wastewater systems (septic tanks) in the west coast lagoons (Piha, Te Henga and Karekare) and Little Oneroa (Waiheke Island) catchments. The rate will fund expenditure within the following activities: Regulatory services.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 15 years from the time the targeted rate is first applied to the rating unit. The outstanding balance will reduce each year as the principal is repaid.

The targeted rate will apply as a rate in the dollar, which is multiplied against the ratepayer's outstanding balance as at 30 June each year. The rate in the dollar is set at different levels for each year that the ratepayer has been repaying the financial assistance.

The following table sets out the On-site wastewater systems (septic tank) upgrades targeted rate that the council will apply in 2023/2024. This is estimated to produce $1,685 (excluding GST) for 2023/2024.

On-site wastewater systems (septic tank) upgrades targeted rate

YEAR OF REPAYMENT	RATE IN THE DOLLAR FOR 2023/2024 TO BE MULTIPLIED BY THE RATEPAYERS OUTSTANDING BALANCE AS AT 30 JUNE 2023 (INCLUDING GST) ($)
6	0.14913200

Point Wells wastewater targeted rate

The Point Wells wastewater targeted rate is set on land that received financial assistance to connect to the pressure wastewater collection (PWC) scheme in the Point Wells area. The rate will fund expenditure within the following activity: Organisational support.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year according to the amount of assistance provided. The targeted rate will apply for 15 years (2009/2010 to 2023/2024). The outstanding balance will reduce each year as the principal is repaid.

The following table sets out the Point Wells wastewater targeted rate that council will apply in 2023/2024. This is estimated to produce $9,290 (excluding GST) for 2023/2024.

Point Wells wastewater targeted rate

TOTAL ASSISTANCE PROVIDED	AMOUNT OF TARGETED RATE PER RATING UNIT FOR 2023/2024 (INCLUDING GST) ($)
$8,000	662.56
$8,500	703.97
$9,000	745.38
$9,500	786.78
$10,000	828.20

Jackson Crescent wastewater targeted rate

The Jackson Crescent wastewater targeted rate is set on the rating unit that received financial assistance to connect to the pressure wastewater collection (PWC) scheme in Jackson Crescent, Martins Bay area. The rate will fund expenditure within the following activity: Organisational support.

The council will charge interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest. The council will calculate the level of the targeted rate each year to fund the interest and principal repayment required for that year. The targeted rate will apply for 15 years (2009/2010 to 2023/2024). The outstanding balance will reduce each year as the principal is repaid.

The council will apply a uniform rate of $598.01 (including GST) per rating unit in 2023/2024. This is estimated to produce $520 (excluding GST) for 2023/2024.

Rates payable by instalment

All rates will be payable by four equal instalments due on:

Instalment 1: 31 August 2023

Instalment 2: 30 November 2023

Instalment 3: 28 February 2024

Instalment 4: 31 May 2024.

It is council policy that any payments received will be applied to the oldest outstanding rates before being applied to the current rates.

Penalties on rates not paid by the due date

The council will apply a penalty of 10 per cent of the amount of rates assessed under each instalment in the 2023/2024 financial year that are unpaid after the due date of each instalment. Any penalty will be applied to unpaid rates on the day following the due date of the instalment.

A further 10 per cent penalty calculated on former years' rate arrears to be added on 8 July 2023 and then again six months later.

Early payment discount policy

Objectives

The council encourages ratepayers to pay their rates in full by the date that their first instalment is due by providing a discount.

Conditions and criteria

Ratepayers will qualify for the discount if their rates are paid in full, together with any outstanding prior years' rates and penalties, by 5.00pm on the day their first rates instalment for the new financial year is due.

Delegation of decision-making

Decisions about applying the discount will be made by staff in accordance with the chief executive's delegation register.

Review process

The council will set the rate of discount that ratepayers are eligible for on an annual basis. The discount will be set to return to those ratepayers making an early payment the interest cost saving to the council. The interest cost saving will be set based on the council's short-term cost of borrowing for the financial year in which the discount will apply. In making this forecast the council will take into account current market interest rate forecasts provided by financial institutions. The reviewed discount rate will be adopted by a council resolution at the same time as other rates-related decisions are made as part of its annual plan or 10-year Budget decision making process.

If the council wants to make any significant change to the discount policy, it must consult with the public.

Discount in 2023/2024

The discount is 2.06 per cent for 2023/2024.

Sample properties

The following section is intended to provide examples of the individual rates for 2023/2024.The following targeted rates are not shown:

- Business improvement district targeted rates
- Riverhaven Drive targeted rate
- Point Wells wastewater targeted rate
- Jackson Crescent wastewater targeted rate
- On-site wastewater systems (septic tank) upgrades targeted rate
- Electricity network resilience targeted rate.

For more information on these and other rates please see the relevant section of the Rating mechanism.

General rates, Water Quality Targeted Rate, Natural Environment Targeted Rate and Climate Action Transport Targeted Rate

The table below shows indicative rates (rounded to the nearest dollar) (general rate, Water Quality Targeted Rate, Natural Environment Targeted Rate and the Climate Action Transport Targeted Rate) for fully rateable rating units with one SUIP at different values for each of the main differential categories. An extra UAGC charge should be added for each extra SUIP the rating unit has.

DIFFERENTIAL CATEGORY	CAPITAL VALUE ($)	UAGC (INCLUDING GST) ($)	GENERAL RATE (INCLUDING GST) ($)	WATER QUALITY TARGETED RATE (INCLUDING GST) ($)	NATURAL ENVIRONMENT TARGETED RATE (INCLUDING GST) ($)	CLIMATE ACTION TRANSPORT TARGETED RATE (INCLUDING GST) ($)	TOTAL RATES (INCLUDING GST) ($)
Urban - business	500,000	529	2,371	10	15	44	2,968
	1,500,000	529	7,112	30	44	131	7,846
	3,000,000	529	14,224	61	88	261	15,163
	10,000,000	529	47,414	202	294	871	49,309
Urban - residential	750,000	529	1,353	9	13	38	1,941
	1,000,000	529	1,804	11	17	50	2,411
	1,500,000	529	2,706	17	25	75	3,353
	2,000,000	529	3,608	23	33	100	4,294
	3,000,000	529	5,413	34	50	150	6,176
Rural - business	500,000	529	2,134	10	15	39	2,727
	1,500,000	529	6,401	30	44	118	7,122
	3,000,000	529	12,802	61	88	235	13,715
	10,000,000	529	42,672	202	294	784	44,481
Rural - residential	750,000	529	1,218	9	13	34	1,802
	1,000,000	529	1,624	11	17	45	2,226
	1,500,000	529	2,436	17	25	68	3,075
	2,000,000	529	3,248	23	33	90	3,923
	3,000,000	529	4,871	34	50	135	5,620
Farm/lifestyle	1,000,000	529	1,443	11	17	40	2,041
	1,500,000	529	2,165	17	25	60	2,796
	2,000,000	529	2,887	23	33	80	3,552
	3,000,000	529	4,330	34	50	120	5,064
	10,000,000	529	14,434	115	167	401	15,645

DIFFERENTIAL CATEGORY	CAPITAL VALUE ($)	UAGC (INCLUDING GST) ($)	GENERAL RATE (INCLUDING GST) ($)	WATER QUALITY TARGETED RATE (INCLUDING GST) ($)	NATURAL ENVIRONMENT TARGETED RATE (INCLUDING GST) ($)	CLIMATE ACTION TRANSPORT TARGETED RATE (INCLUDING GST) ($)	TOTAL RATES (INCLUDING GST) ($)
Urban moderate-occupancy online accommodation provider	500,000	529	1,636	6	8	45	2,225
	750,000	529	2,455	9	13	68	3,073
	1,000,000	529	3,273	11	17	91	3,921
	1,500,000	529	4,909	17	25	136	5,617
Rural moderate-occupancy online accommodation provider	500,000	529	1,473	6	8	41	2,057
	750,000	529	2,209	9	13	61	2,821
	1,000,000	529	2,946	11	17	82	3,584
	1,500,000	529	4,418	17	25	123	5,112
Urban medium-occupancy online accommodation provider	500,000	529	1,269	6	8	35	1,848
	750,000	529	1,904	9	13	53	2,507
	1,000,000	529	2,539	11	17	70	3,166
	1,500,000	529	3,808	17	25	106	4,485
Rural medium-occupancy online accommodation provider	500,000	529	1,142	6	8	32	1,717
	750,000	529	1,713	9	13	48	2,311
	1,000,000	529	2,285	11	17	63	2,905
	1,500,000	529	3,427	17	25	95	4,093

The following tables contain indicative values (rounded to the nearest dollar) for the most common targeted rates. If a rating unit is liable for one of these, then the value shown should be added to the general rates, Water Quality Targeted Rate, Natural Environment Targeted Rate and Climate Action Transport Targeted Rate figure from the table above to determine the total rates liability.

Waste management targeted rate

Most rating units are liable for waste management targeted rates. These vary depending on the former council area that the property is located in.

FORMER COUNCIL AREA	SERVICE	TOTAL AMOUNT OF CHARGES (INCLUDING GST) ($)				
	NUMBER OF WASTE MANAGEMENT CHARGES	1	2	3	5	10
All areas	Standard recycling	96	192	289	481	962
Auckland City and Manukau City	Standard refuse	173	346	519	865	1,729
	Large refuse	287	574	861	1,435	2,871
	Small refuse	144	287	431	718	1,435
All areas	Minimum base charge	59	119	178	297	594
All areas	Additional recycling	96	192	289	481	962
Papakura District, Waitākere City and North Shore City	Food scraps	77	154	232	386	772
Auckland City Group A		64	129	193	322	643
Auckland City Group B		71	142	212	354	708
Manukau City		55	109	164	273	547
Franklin District and Rodney District		51	103	154	257	515

City centre targeted rate

All rating units in the City Centre are liable for the City Centre targeted rate.

BUSINESS RATING UNITS LOCATED IN THE CITY CENTRE AREA	
CAPITAL VALUE	RATE (INCLUDING GST) ($)
500,000	583
1,500,000	1,750
3,000,000	3,500
10,000,000	11,667

RESIDENTIAL RATING UNITS LOCATED IN THE CITY CENTRE AREA	
NUMBER OF SEPARATELY USED OR INHABITED PARTS	RATE (INCLUDING GST) ($)
1	69
2	139
3	208
5	346
10	693

Rodney Local Board Transport Targeted Rate

Rating units in the Rodney local board area are liable for the Rodney Local Board Transport Targeted Rate.

NUMBER OF SEPARATELY USED OR INHABITED PARTS	TOTAL TARGETED RATE AMOUNT (INCLUDING GST) ($)				
	1	2	3	5	10
Rate amount	150	300	450	750	1,500

Rodney drainage districts targeted rate

Rating units with Class A or Class B land located in the drainage districts of Te Arai and Okahukura are liable for the Rodney drainage districts targeted rate.

DRAINAGE DISTRICT	SIZE OF LAND (HA)	1	2	3	5	10	50
TE ARAI	Rate for Class A land	21	42	64	106	212	1,062
	Rate for Class B land	11	21	32	53	106	531
	Rate for Class C land	0	0	0	0	0	0
OKAHUKURA	Rate for Class A land	30	61	91	152	304	1,520
	Rate for Class B land	15	30	46	76	152	760
	Rate for Class C land	0	0	0	0	0	0

Māngere-Ōtāhuhu and Ōtara-Papatoetoe swimming pool targeted rates

Residential rating units in Māngere-Ōtāhuhu and Ōtara-Papatoetoe local board areas are liable for Swimming Pool targeted rates.

RESIDENTIAL RATING UNITS LOCATED IN	NUMBER OF SEPARATELY USED OR INHABITED PARTS	TOTAL TARGETED RATE AMOUNT (INCLUDING GST) ($)				
		1	2	3	5	10
Māngere-Ōtāhuhu		38	75	113	188	377
Ōtara-Papatoetoe		36	71	107	179	357

Waitākere rural sewerage targeted rate

Some residential rating units not connected to the wastewater system in the Waitākere Ranges Local Board area are liable for the Waitākere Rural Sewerage targeted rate.

RESIDENTIAL RATING UNITS LOCATED IN	NUMBER OF SEPTIC TANKS PUMPED OUT ONCE EVERY 3 YEARS	TOTAL TARGETED RATE AMOUNT (INCLUDING GST) ($)				
		1	2	3	5	10
Waitākere Ranges Local Board area that have septic tanks pumped out by council		297	594	890	1,484	2,968

Swimming/spa pool fencing compliance targeted rate

Rating units on council's register of pool fence and barrier inspections are liable for the Swimming/spa pool fencing compliance targeted rate.

INSPECTION SERVICE PROVIDED	TOTAL TARGETED RATE AMOUNT (INCLUDING GST) ($) FOR THE RATING UNIT
Council inspection required	63.33
No council inspection required – successful inspection carried out by Independently Qualified Pool Inspector	31.67

Retro-fit your home targeted rate

Ratepayers who have taken advantage of the Retro-fit Your Home scheme repay the financial assistance provided via a targeted rate.

CATEGORY	OUTSTANDING BALANCE AS AT 30 JUNE 2023 ($)			
	1,500	2,000	2,500	3,500
Rate for 1st year of repayment (including GST) ($)	210	280	350	490
Rate for 2nd year of repayment (including GST) ($)	231	307	384	538
Rate for 3rd year of repayment (including GST) ($)	257	343	428	600
Rate for 4th year of repayment (including GST) ($)	293	390	488	683
Rate for 5th year of repayment (including GST) ($)	342	456	570	799
Rate for 6th year of repayment (including GST) ($)	417	556	695	973
Rate for 7th year of repayment (including GST) ($)	542	723	903	1,265
Rate for 8th year of repayment (including GST) ($)	792	1,056	1,320	1,848
Rate for 9th year of repayment (including GST) ($)	1,543	2,058	2,572	3,601

Kumeū Huapai Riverhead wastewater targeted rate

Ratepayers who have taken advantage of the Kumeū Huapai Riverhead wastewater scheme repay the financial assistance provided via a targeted rate.

CATEGORY	OUTSTANDING BALANCE AS AT 30 JUNE 2023 ($)			
	5,000	7,000	9,000	11,000
Rate for 9th year of repayment (including GST) ($)	985	1,380	1,774	2,168
Rate for 11th year of repayment (including GST) ($)	1,312	1,837	2,362	2,886

Te pūrongo ahumoni me ngā paerewa ngārahu

3.5 Financial reporting and prudence benchmarks

Annual plan disclosure statement for the year ending 30 June 2024

What is the purpose of this statement?

The purpose of this statement is to disclose the group's planned financial performance in relation to various benchmarks to enable the assessment of whether the group is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The group is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark	Limit	Planned	Met
Rates affordability benchmark			
• increases	3.50%	7.96%	No
Debt affordability benchmark			
• group debt as a percentage of group revenue	290%	230%	Yes
Balanced budget benchmark	100%	109%	Yes
Essential services benchmark	100%	218%	Yes
Debt servicing benchmark	15%	9%	Yes

Notes

1. Rates affordability benchmark

For this benchmark the group's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the group's long-term plan.

The group meets the rates affordability benchmark if its planned rates increases for the year equal or are less than each quantified limit on rates increases.

Following an amendment to the Local Government Act 2002 in 2019, the council has not included a quantified limit on rates income in its financial strategy in the long-term plan.

Note: This benchmark is not met due to the higher general rates increase (11 per cent) set as part of mitigating the ongoing operating gap driven primarily by increased interest rates and inflation. This is partially offset by the reduction in the amount collected in 2023/2024 for the Water Quality and Natural Environment targeted rates.

2. Debt affordability benchmark

For this benchmark, the group's planned borrowing is compared with the quantified limit on borrowing contained in the financial strategy included in the group's long-term plan and treasury management policy.

The group meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3. Balanced budget benchmark

For this benchmark, the group's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The group meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4. Essential services benchmark

For this benchmark, the group's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

The group meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5. Debt servicing benchmark

For this benchmark, the group's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects that the council's population is projected to grow faster than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15 per cent of its planned revenue.

Additional information

The council has set a prudential limit of group debt being less than 290 per cent of group revenue. When assessing our debt to revenue ratio against this limit, a number of adjustments are made which are consistent with S&P Global's approach when they undertake their credit rating assessment.

The group's planned revenue includes net other gains, finance income, and net share of surpluses in associates and jointly-controlled entities.

The groups planned operating expenditure includes net other losses, and net share of deficits in associates and jointly-controlled entities.

Network infrastructure refers to infrastructure related to water supply, sewerage treatment and disposal, stormwater drainage, flood protection and control, roads and footpaths.

Borrowing cost includes interest expense and losses on early close out of interest rate swaps, and excludes adjustments for time value of money.

1. The main adjustments are the exclusion of revenue related to capital expenditure, development contributions, vested assets and the sale of assets to total revenue and inclusion of the present value of lease commitments to debt.

Te Wāhanga Tuawhā:
Tūpuna Maunga Authority

Section Four: Tūpuna Maunga o Tāmaki Makarau Authority

AK HAVE YOUR SAY

The Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014 (the Act) requires the Tūpuna Maunga o Tāmaki Makaurau Authority (Tūpuna Maunga Authority) and Auckland Council to prepare an Annual Operational Plan and a summary of that plan for inclusion in the Auckland Council's Annual Operational Plan 2023/24 process.

The Tūpuna Maunga Authority and Auckland Council are required to approve the Annual Operational Plan. The Tūpuna Maunga Authority Operational Plan 2023/24 must be considered and adopted concurrently with the Auckland Council's Operational Plan 2023/24. A summary of the Tūpuna Maunga Authority's indicative funding requirements are outlined in this Section.

NGĀ MANA WHENUA O TĀMAKI MAKAURAU

Ngā Mana Whenua o Tāmaki Makaurau negotiated a collective settlement of their historical Treaty claims with the Crown. Ngā Mana Whenua o Tāmaki Makaurau is the collective name of the 13 iwi/hapū with historical Treaty claims in wider Tāmaki Makaurau. The iwi/hapū are grouped into the following three rōpū:

MARUTŪĀHU RŌPŪ	NGĀTI WHĀTUA	WAIOHUA TĀMAKI RŌPŪ
Ngāti Maru	Ngāti Whātua o Kaipara	Ngāi Tai ki Tāmaki
Ngāti Pāoa	Ngāti Whātua Ōrākei	Ngāti Tamaoho
Ngāti Tamaterā	Te Rūnanga o Ngāti Whātua	Ngāti Te Ata
Ngāti Whanaunga		Te Ākitai Waiohua
Te Patukirikiri		Te Kawerau ā Maki

THE NGĀ MANA WHENUA O TĀMAKI MAKAURAU COLLECTIVE REDRESS ACT 2014

The Collective Redress Act 2014 vested the Crown owned land in 14 Tūpuna Maunga (ancestral mountains) in Ngā Mana Whenua o Tamaki Makaurau. They are held for the common benefit of the iwi/hapū of Ngā Mana Whenua o Tāmaki Makaurau and the other people of Auckland. The Tūpuna Maunga are vested as reserves under the Reserves Act 1977.

THE 14 TŪPUNA MAUNGA ARE:

Matukutūruru/Wiri Mountain	**Ōtāhuhu**/Mount Richmond
Maungakiekie/One Tree Hill	**Ōwairaka**/Te Ahi-kā-a-Rakataura/ Mount Albert
Maungarei/Mount Wellington	**Puketāpapa**/Pukewīwī/Mount Roskill
Maungauika/North Head	**Rarotonga**/Mount Smart *
Maungawhau/Mount Eden	**Takarunga**/Mount Victoria
Ōhinerau/Mount Hobson	**Te Kōpuke**/Tītīkōpuke/Mount St John
Ōhuiarangi/Pigeon Mountain	**Te Tātua a Riukiuta**/Big King

SUMMARY OF
THE TŪPUNA MAUNGA AUTHORITY OPERATIONAL PLAN 2023/24

Cover Image: Looking North toward Maungawhau/Mount Eden from Te Pane-o-Mataaho /Te Ara Pueru/ Māngere Mountain

CO-GOVERNANCE

The Act also established the Tūpuna Maunga Authority, a bespoke co-governance entity, to administer the Tūpuna Maunga.

The Authority has six representatives from Ngā Mana Whenua o Tāmaki Makaurau, six from Auckland Council. The term of the Authority aligns with the term of the Council.

Under the Act, the Tūpuna Maunga Authority is the administering body for each Maunga for the purposes of the Reserves Act 1977, with two exceptions of Maungauika / North Head and Rarotonga / Mount Smart.

Maungauika / North Head has previously been administered by the Crown (Department of Conservation) but has now been transferred to the Tūpuna Maunga Authority. Routine management is now undertaken by council under the direction of the Tūpuna Maunga Authority in the same way as for the other Maunga.

Responsibility for administration and management of Rarotonga / Mount Smart remains with Auckland Council (Regional Facilities Auckland) under the Mount Smart Regional Recreation Centre Act 1985 and Reserves Act 1977.

The Tūpuna Maunga Authority is also the administering body for Te Pane-o-Mataaho / Te Ara Pueru / Māngere Mountain and the Maungakiekie / One Tree Hill northern land.

The legislation provides for funding and staff resourcing through Auckland Council. The Authority is currently supported by a core team of eight council staff across the Governance and Parks and Community Facilities units.

The scale of this co-governance arrangement is unparalleled in Auckland and the resulting unified and cohesive approach to caring for the Maunga has garnered widespread support.

STRATEGIC FRAMEWORK:

TŪPUNA MAUNGA INTEGRATED MANAGEMENT PLAN

The Tūpuna Maunga Integrated Management Plan ("IMP") sets the foundations for how the Tūpuna Maunga are valued, protected, restored, enhanced, and managed in the future with equal consideration and reverence. The IMP established a set of Values for the Tūpuna Maunga which are outlined below.

The IMP was developed in accordance with Section 41 of the Reserves Act to provide for and ensure the use, enjoyment, maintenance, protection, preservation, and development as appropriate for the reserve purposes for which each of the Tūpuna Maunga is classified. This single integrated plan replaces the former separate legacy reserve management plans for the Tūpuna Maunga.

The IMP was approved in 2016 following a public consultation process and is available at www.maunga.nz.

TŪPUNA MAUNGA INTEGRATED MANAGEMENT PLAN STRATEGIES

The Tūpuna Maunga Integrated Management Plan Strategies are the next level of policy development for the Tūpuna Maunga and aim to support the Values and Pathways in the Tūpuna Maunga Integrated Management Plan 2016.

The IMP Strategies was approved in 2019 following a public consultation process and are available at www.maunga.nz.

TŪPUNA MAUNGA VALUES

Within the Tūpuna Maunga Integrated Management Plan, the Tūpuna Maunga Authority has articulated a set of values of the Tūpuna Maunga. The values promote the statutory purpose of the Tūpuna Maunga under section 109 of the Collective Redress Act, where in exercising its powers and functions the Authority must have regard to the spiritual, ancestral, cultural, customary and historical significance of the Tūpuna Maunga to Ngā Mana Whenua.

The values provide a strategic framework to guide the Tūpuna Maunga Authority in making any decision about the Tūpuna Maunga.

The values weave together and give expression to mana whenua and other world views, and the connections and histories in a manner that highlights the way in which these views complement each other and create a richness to the relationship people have with the Tūpuna Maunga and multiple ways in which ways in which these relationships are thought of and expressed.

VALUE	PATHWAYS
WAIRUATANGA / SPIRITUAL	• Restore and recognise the relationship between the Maunga and its people. • Recognise the tihi is sacred. • Tread gently. • Treat the Maunga as taonga tuku iho – treasures handed down the generations.
MANA AOTŪROA / CULTURAL AND HERITAGE	• Enable mana whenua role as kaitiaki over the Tūpuna Maunga. • Recognise European and other histories, and interaction with the maunga. • Encourage culturally safe access. • Restoring customary practices and associated knowledge.
TAKOTORANGA WHENUA / LANDSCAPE	• Protect the integrity of the landscape of the Tūpuna Maunga. • Active restoration and enhancement of the natural features of the Maunga. • Encourage activities that are in keeping with the natural and indigenous landscape. • Encourage design that reflects Tūpuna Maunga values. • Promote a connected network of Tūpuna Maunga. • Preserve the visual and physical integrity of the Maunga as landmarks of Tāmaki.
MAURI PŪNAHA HAUROPI / ECOLOGY AND BIODIVERSITY	• Strengthen ecological linkages between the Tūpuna Maunga. • Maunga tū mauri ora, Maunga tū makaurau ora / if the Maunga are well, Auckland is well. • Protect and restore the biodiversity of the Tūpuna Maunga.
MANA HONONGA TANGATA / LIVING CONNECTION	• Rekindle the sense of living connection between the Maunga and the people. • Give expression to the history and cultural values of the Tūpuna Maunga. • Actively nurture positive relationships. • A place to host people.
WHAI RAWA WHAKAUKA / ECONOMIC / COMMERCIAL	• Alignment with the Tūpuna Maunga values. • Foster partnerships and collaboration. • Focus on commercial activities that create value and enhance experience. • Explore alternative and self-sustaining funding opportunities.
MANA WHAI A RĒHIA / RECREATIONAL	• Balance informal and formal recreation. • Encourage informal inclusive recreational activities. • Recreational activities consistent with tikanga Māori. • Maunga are special places and treasures handed down. • Promote health and wellbeing.

SUMMARY OF
THE TŪPUNA MAUNGA AUTHORITY OPERATIONAL PLAN 2023/24

TŪPUNA MAUNGA OPERATIONAL PLAN 2023/24

Each financial year, the Tūpuna Maunga Authority and Council must agree an annual operational plan to provide a framework in which the Council will carry out its functions for the routine management of the Tūpuna Maunga and administered lands for that financial year, under the direction of the Tūpuna Maunga Authority.

The Tūpuna Maunga Operational Plan 2023/24 identifies a number of projects to be delivered or commenced in the coming financial year and the subsequent two financial years. The Tūpuna Maunga Operational Plan 2023/24 also sets out the 10-year work programme and funding envelope confirmed through the Long Term Plan 2021-2031. The budget for 2023/24 and the subsequent years fits within this funding envelope.

A copy of the Operational Plan can be found at www.aucklandcouncil.govt.nz

PRIORITY PROGRAMMES AND PROJECTS OVER THE NEXT 3 YEARS INCLUDE:

POLICY AND MANAGEMENT

- Develop individual Tūpuna Maunga plans to provide direction on how the Values, Pathways, guidelines and strategies should be reflected on each Tūpuna Maunga.
- Progressing the potential transfer of administration over certain Maunga reserve lands from the Department of Conservation to the Authority, and the potential transfer of the administration of land contiguous to other Tūpuna Maunga
- Establishment of a compliance programme including a review of current and establishment of appropriate bylaws.
- Development of individual Tūpuna Maunga plans which reflect the Integrated Values and Pathways, overarching guidelines and strategies for each of the Tūpuna Maunga.

HEALING THE MAUNGA

VALUES:

TAKOTORANGA WHENUA / LANDSCAPE VALUE

- Protection and restoration of the tihi (summits) including reconfiguring space and provision of cultural infrastructure.
- Protection and restoration of historic kumara pits, pā sites and wahi tapu
- Development of infrastructure to enhance visitor experience including provision of carparks, amenity areas and ancillary infrastructure such as wharepaku/ toilets.
- Removal of redundant infrastructure (built structures, water reservoirs, impermeable surfaces, etc) and returning areas to open space

EDUCATION, COMMUNICATIONS AND PARTNERSHIPS

VALUES:

WAIRUATANGA / SPIRITUAL VALUE

- On-site staff to protect and enhance the Tūpuna Maunga and the visitor experience
- Volunteer programmes to connect communities to the Tūpuna Maunga
- Education programmes, community events and a bespoke website that celebrates the living connection that all communities have with the Tūpuna Maunga
- Implementation of the Education Strategy to promote the values of the Tūpuna Maunga and the unique history and whakapapa of Ngā Mana Whenua. This includes exploration of visitor centre opportunities, connecting with communities of learning such as schools and the development of a communications strategy.

CULTURAL CONNECTION

VALUES:

MANA AOTŪROA / CULTURAL AND HERITAGE VALUE

MANA HONONGA TANGATA / LIVING CONNECTION VALUE

- Development of a programme of work which enables Ngā Mana Whenua to express their living and unbroken connection with the Tūpuna Maunga. This may include cultural interpretation including distinct entrance ways, pou whenua, pa reconstructions, kaitiaki opportunities, and other cultural activities.
- Mana whenua living connection programme focusing on their role as kaitiaki (guardians), restoring customary practices and associated knowledge and enabling cultural activities

BIODIVERSITY/BIOSECURITY

VALUES:

MAURI PŪNAHA HAUROPI / ECOLOGY AND BIODIVERSITY VALUE

- Restoration of indigenous native ecosystems; reintroducing native plants and attracting native animal species; removing inappropriate exotic trees and weeds (For context, see pages 58, 65-66, 71, 87, and 90-91 of the Tūpuna Maunga Authority Integrated Management Plan, and at pages 7 and 34 of the Integrated Management Plan Strategies)
- Pest control on all Maunga in line with Auckland's plan to be pest free by 2050
- Researching options to achieve efficient and effective animal and pest control methods, which includes a phased reduction in the use of herbicides and pesticides on the Tūpuna Maunga.

RECREATION AND ACTIVATION

VALUES:

MANA HONONGA TANGATA / LIVING CONNECTION VALUE

MANA WHAI A RĒHIA / RECREATIONAL VALUE

- Exploration of facilities and activities on, around and between the Tūpuna Maunga which provide for passive and active recreational opportunities.

COMMERCIAL

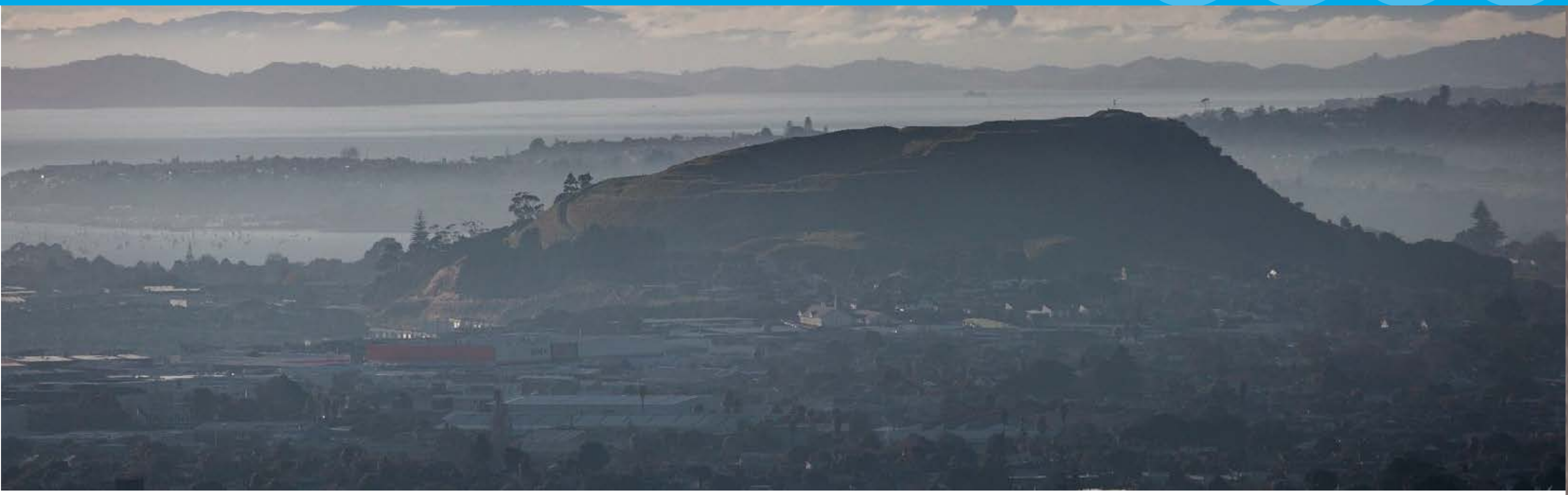
VALUES:

WHAI RAWA WHAKAUKA / ECONOMIC / COMMERCIAL VALUE

- Develop and implement a commercial framework which ensures continued investment back into the Tūpuna Maunga. This includes exploration of potential commercial activities and facilities, as well as the development of a concession framework for commercial operators on the Maunga.

All projects are designed to deliver outcomes for the 13 iwi/hapū of the Tāmaki Collective and all the people of Auckland, enhance the mana and mauri of the Tūpuna Maunga and deliver improved open spaces across the eight local board areas.

They will also enable a compelling case in a future UNESCO World Heritage bid for the Tūpuna Maunga, which will contribute to a Māori identity that is Auckland's point of difference in the world. The bid for World Heritage status will require a dedicated resource and will continue to be progressed in this financial year in partnership with the Department of Conservation.



SUMMARY OF INDICATIVE FUNDING REQUIREMENTS

The funding for Tūpuna Maunga is set at a regional level. The 10 Year budget to enable the priority projects and programmes in the council's 10 Year Budget (Long Term Plan) 2021-31 is shown in Table 2.

The budget for 2023/24 fits within this 10 Year Budget (Long Term Plan) 2021-31 funding envelope.

FUNDING ENVELOPE FOR THE TŪPUNA MAUNGA AUTHORITY IN THE COUNCIL'S 10 YEAR BUDGET (LONG TERM PLAN) 2021-31

FUNDING ENVELOPE	2021/22 $000's	2022/23 $000's	2023/24 $000's	2024/25 $000's	2025/26 $000's	2026/27 $000's	2027/28 $000's	2028/29 $000's	2029/30 $000's	2030/31 $000's
Net operating expenditure:*										
Net operating expenditure: 2021-31**	3,489	3,512	3,642	3,897	3,917	3,917	3,917	4,358	4,460	4,557
Net operating expenditure: 2021-31(including inflation)***	3,524	3,600	3,792	4,127	4,219	4,297	4,376	4,955	5,160	5,364
Capital expenditure 2021-31	6,925	8,875	9,086	9,395	9,820	12,780	12,800	13,056	13,317	13,583
Total LTP Funding Requirement 2021-31	10,414	12,387	12,728	13,292	13,737	16,697	16,717	17,414	17,777	18,141
Total LTP Funding Requirement 2021-2031 (including inflation)	10,449	12,475	12,878	13,522	14,039	17,077	17,176	18,011	18,478	18,948

Notes:

* Net operating expenditure excludes depredation

** Figures are in 2020/21 year values

*** Inflation is calculated at Council agreed rates

Image: Maungarei/Mount Wellington from Maungakiekie / One Tree Hill

Te Wāhanga Tuarima:
He pārongo atu anō

Section Five: Additional Information

AK HAVE YOUR SAY

Tō Tātou Hanganga

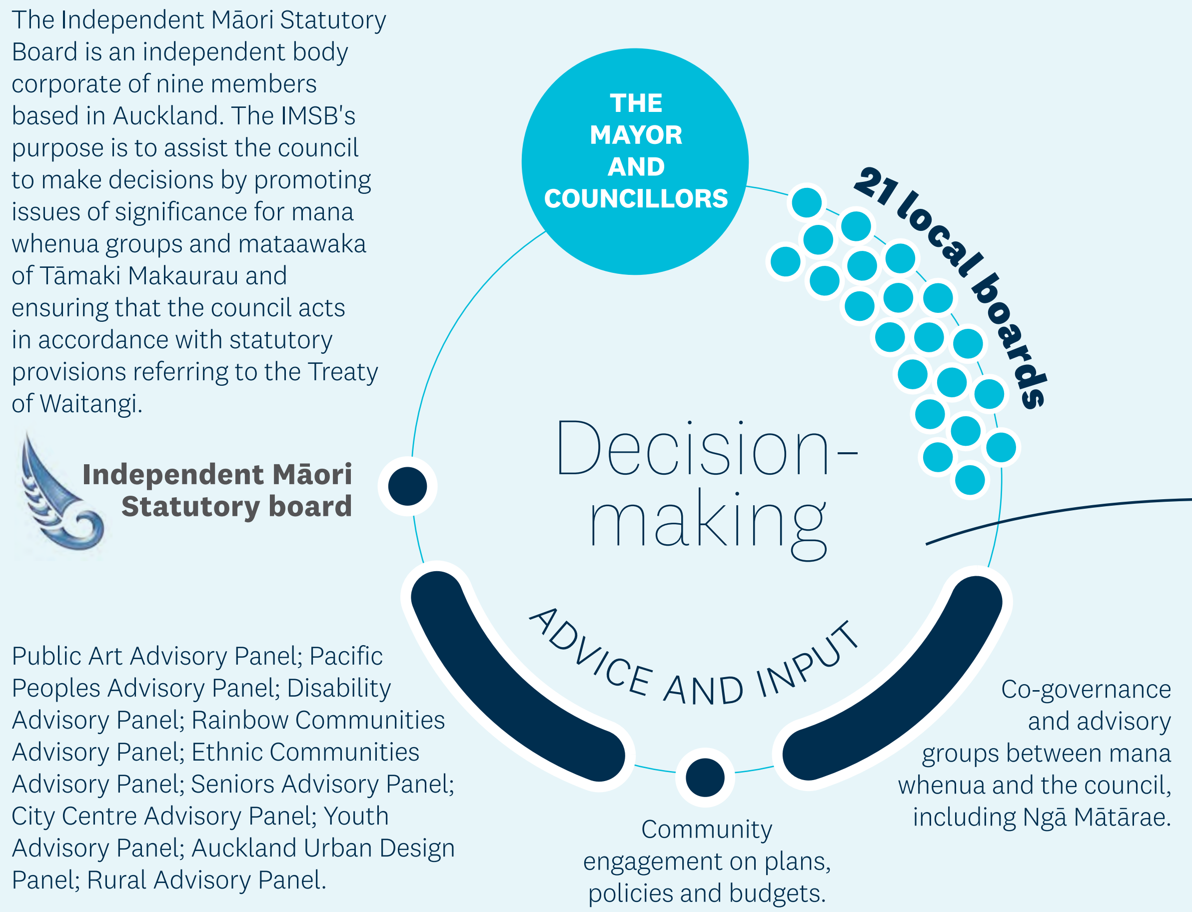
5.1 Our structure

Auckland Council's structure provides the scale for efficient delivery, a regional perspective that provides a clear direction for Auckland, and representation that reflects diversity, local flavour and active public participation.

The Mayor is tasked with leading the development of regional plans, policies and budgets to achieve that vision.

Auckland's 20 councillors, who represent 13 wards, make up the Governing Body along with the Mayor. It focuses on strategic issues and initiatives which affect Auckland as a region. Some decision-making powers are delegated to the committees of the whole: Planning, Environment and Parks Committee, Transport and Infrastructure Committee and the Emergency Committee, also known as 'parent committees'. Other committees are: Audit and Risk; Civil Defence and Emergency Management; Council Controlled Organisation Direction and Oversight; Expenditure Control and Procurement; Performance and Appointments; and Regulatory and Safety Committee.

We have 149 local board members, spread over 21 local boards, who make decisions on the local services, such as parks, libraries, community halls and pools, which form the fabric of our local communities.



Local boards

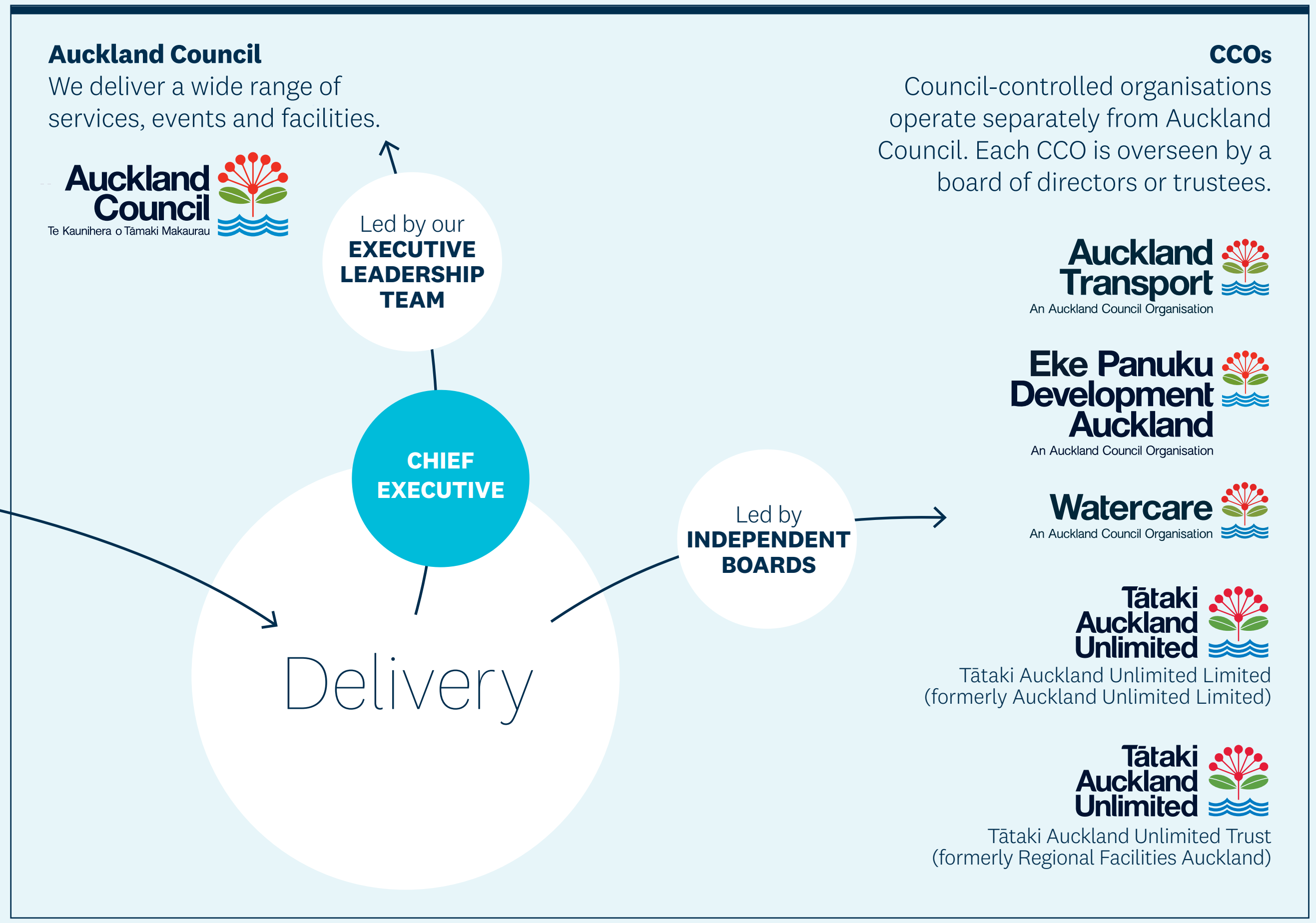
The 21 local boards are a key part of the governance of Auckland Council with a wide-ranging role that spans most local council services and activities. Local boards make decisions on local matters, provide local leadership, support strong local communities and provide important local input into region-wide strategies and plans. Local boards:

- make decisions on local matters, including setting the standards of services delivered locally
- identify the views of local people on regional strategies, policies, plans and bylaws and communicate these to the Governing Body
- develop and implement local board plans (every three years)
- develop, monitor and report on local board agreements (every year)
- provide local leadership and develop relationships with the Governing Body, the community and community organisations in the local area
- any additional responsibilities delegated by the Governing Body, such as decisions within regional bylaws.

Each year, local boards and the Governing Body agree individual local board agreements, which set out the local activities, services and levels of service that will be provided over the coming year. The agreements for 2023/2024 are included in this annual budget and can be found in Volume 2.

To find out which local board area you are in, follow this path from the website home page: **About Council > Local Boards > Find your ward and local board**

Auckland Council Group



Papakupu kupu

5.2 Glossary of terms

10-year Budget/Recovery Budget/Long-term Plan
A document that sets out the council's activities, projects, policies, and budgets for a 10-year period. Also commonly referred to as the LTP.

Activity or service
The services the council provides to the community. This includes things like running buses, collecting rubbish and maintaining parks.

Annual Plan or Annual Budget
The plan that sets out what the council seeks to achieve in a financial year, the services we will provide, how much money will be spent and where that money will come from.

Asset
An item of value, usually something of a physical nature that you can reach out and touch, that will last for more than one year. Infrastructure assets are physical items such as roads, pipes and council buildings that are needed to provide basic services.

Asset recycling
This means letting go of some of our less well used assets to help pay for new ones that will help us deliver better services to the community. Usually this means selling assets to somebody else, but sometimes it is possible to instead agree that someone else will use the asset for a period of time before handing it back to us in the future.

Auckland Council or the council
The local government of Auckland established on 1 November 2010. The council is made up of the Governing Body, 21 local boards, and the council organisation (operational staff).

Auckland Transport
The organisation that is responsible for Auckland's transport system, including the road and footpaths and public transport.

Capital investment, capital expenditure or capital programme (CAPEX)
Building (or buying) assets such roads, pipes and buildings that are we use to provide services to Aucklanders.

Council-controlled organisation (CCO)
A company (or other type of organisation) that is at least 50 per cent owned by the council or for which the council has at least 50 per cent control through voting rights or the right to appoint directors. These organisations each have their own board of directors (or equivalent) and their own staff who manage day- to-day operations.

Council group
Auckland Council and the Council-controlled organisations, along with the council's investments in Ports of Auckland and Auckland Airport.

Deferral
Delaying the building or buying of assets until a later time.

Depreciation
This represents the reduction in the value of assets over time. When applied on intangible assets, such as IT programmes, it is known as amortisation.

Development contributions
A charge paid by developers to the council when they build or subdivide property. The council uses this money to help pay for the new assets such as roads, pipes and parks that are needed to support the new households or businesses that will occupy the new properties that have been developed.

Early Childhood Education (ECE)
Early Childhood Education (ECE) centres provide care and education for tamariki (children) in Auckland up until they are old enough to start primary school at five or six years old.

Eke Panuku Development Auckland
The organisation that provides property management and development services to the council and Aucklanders.

Facilities
Buildings or other structures used to provide services to Aucklanders.

Financial year
The year from 1 July to 30 June the following year. The council budgets and sets rates based on these dates rather than calendar years which end on 31 December.

General rates
Paid by all ratepayers to fund general council services. These include the value-based general rate which is calculated based on your property's capital value and the Uniform Annual General Charge (UAGC) which is a fixed rate applied to every Separately Used or Inhabited Part (SUIP) of a rating unit.

Governing Body
The Governing Body is made up of the mayor and 20 councillors. It shares its responsibility for decision-making with the local boards. The Governing Body focuses on the big picture and on Auckland-wide strategic decision.

Grants and subsidies
Money that someone pays to the council to cover (or help cover) the cost of providing a service to Aucklanders. Sometimes grants also refers to money the council pays to a community organisation to provide services to Aucklanders, rather than council providing those services directly.

Local boards
There are 21 local boards, which represent their local communities and make decisions on local issues and services.

Long-term Differential Strategy (LTDS)
The council has previously decided that the appropriate share of general rates raised from business properties is 25.8 per cent (UAGC and value-based general rate combined), which is substantially lower than the current level. The purpose of the LTDS is to gradually lower the share of general rates paid by business properties over time. The council has temporarily paused this move to lower business rates in 2023/2024. The council intends to resume lowering business rates in 2024/2025, as part of the shift from 31 per cent in 2022/2023 to 25.8 per cent in 2038/2039. The differential will be reduced in equal steps each year to manage the affordability impact of the shift in the rates incidence to the non-business sector. This approach to the business differential removes the impact on the split of rates between business and non-business properties that changes in property values have resulting from the triennial region-wide revaluation.

LTP Amendment
A significant change to the 10-year plan that must go through a formal public consultation for no less than one calendar month.

Monetary Policy Statement (MPS)
The Monetary Policy Statement (MPS) sets out how the Monetary Policy Committee of the Reserve Bank of New Zealand will achieve its objectives. It has an assessment of current and projected future economic conditions, including inflation and employment.

Operating budget or operating expenditure (OPEX)
Money that the council spends on providing services in the current financial year, as opposed to building things that will provide services for years to come. This includes spending money on staff and contractors to do things like process building consents, open libraries, run buses and maintain parks. It also includes things like paying grants to community organisations and paying interest on money the council has borrowed.

Rates
A tax against the property to help fund services and assets that the council provides.

Revenue or income
Money that the council receives (or is due to receive) to pay for the cost of providing services to Auckland. Cash revenue specifically refers to the money received during the year and excludes things like postponed rates which will be received later.

Savings
Reducing the amount of money that the council pays out in a particular financial year. This could refer to being more efficient (paying less money to get the same service) or to saving money by delivering less services to the community. It also sometime refers to spending money later than we previously planned.

SUIP
The council defines a separately used or inhabited part of a rating unit (SUIP) as 'any part of a rating unit that is separately used or inhabited by the ratepayer, or by any other person having a right to use or inhabit that part by virtue of a tenancy, lease, licence or any other agreement'. An example would be a rating unit that has a shop on the ground floor (which would be rated as business) and a residence upstairs (rated as residential).

Targeted rates
A rate that is paid by only a particular group of ratepayers or is used to fund only a particular set of activities. This is used when the council wants to make sure that those ratepayers who benefit from an activity pay for it (as opposed to spreading the cost across all ratepayers) or where the council wants to make sure that money collected for a particular purpose is only spent for that purpose.

Tātaki Auckland Unlimited (TAU)
Tātaki Auckland Unlimited refers two substantive CCOs, namely Tātaki Auckland Unlimited Limited and Tātaki Auckland Unlimited Trust. Tātaki Auckland Unlimited Limited is a CCO Tax Paying entity which is also the corporate Trustee of Tātaki Auckland Unlimited Trust. Tātaki Auckland Unlimited Limited also delivers major events for council and provides tourism promotion and economic development services on the council's behalf. Tātaki Auckland Unlimited Trust manages Auckland Zoo and the Auckland Art Gallery along with venues used for conventions, shows, concerts and major sporting events.

Transport
Local roading, parking and public transport services provided for Aucklanders. These services are usually provided by Auckland Transport, except for the City Rail Link project which is delivered separately in partnership with central government.

Waste
Generally refers to household and business rubbish, along with recycling and things like food scraps which can be reused for other purposes.

Waste Management and Minimisation Plan (WMMP)
The first Auckland-wide plan, aiming at an aspirational goal of Zero Waste, helping people to minimise their waste and create economic opportunities in doing so.

Watercare
Watercare Services Limited, the organisation that provides water supply and waste water services to Aucklanders.

Te huarahi whakapā mai ki te kaunihera

5.3 How to contact us

Online
aucklandcouncil.govt.nz/contactus

Phone
09 301 0101

Post
Auckland Council, Private Bag 92300, Auckland 1142

Locations that offer council services

Aotea / Great Barrier Island
75 Hector Sanderson Road, Claris, Great Barrier Island

City Centre Library
44-46 Lorne Street, CBD

Helensville
49 Commercial Road, Helensville

Henderson (Last day 29 September 2023)
1 Smythe Road, Henderson

Waitākere Central Library (Henderson) (From 30 September 2023 onwards)
3 Ratanui Street, Henderson

Kumeū Library
296 Main Road (SH16), Kumeū

Manukau Service Centre (Last day 29 September 2023)
Ground floor, Kotuku House, 4 Osterley Way, Manukau

Manukau Library (From 30 September 2023 onwards)
3 Osterley Way, Manukau

Ōrewa Library
12 Moana Avenue, Orewa

Papakura Sir Edmund Hillary Library
1/209 Great South Road, Papakura

Pukekohe Library, Franklin: The Centre
12 Massey Avenue, Pukekohe

Takapuna Library
9 The Strand, Takapuna

Te Manawa
11 Kohuhu Lane, Westgate

Waiheke Library
131-133 Oceanview Road, Oneroa, Waiheke Island

Warkworth Library
2 Baxter Street, Warkworth

For opening hours and a list of services available at each service centre, visit
https://www.aucklandcouncil.govt.nz/report-problem/visit-us/Pages/default.aspx

June 2023

Tahua ā-tau 2023/2024
Auckland Council Annual Budget 2023/2024
Volume 1

ISSN 2624-0300 (Print)
ISSN 2624-0319 (Online)

ISBN 978-1-99-106064-8 (Print)
ISBN 978-1-99-106065-5 (PDF)

2-volume set
ISBN 978-1-99-106068-6 (Print)
ISBN 978-1-99-106069-3 (PDF)

Auckland Council
Te Kaunihera o Tāmaki Makaurau