Te Tahua Pūtea Mate Ohotata 2020/2021

Emergency Budget 2020/2021

Annual Budget 2020/2021

Auckland Council
Te Kaunihera o Tāmaki Makaurau

Volume 1

Our plan for 2020/2021


Together we can recover stronger.

Mihi

Tērā tō waka te hoea ake e koe i te moana o te Waitematā kia ū mai rā ki te ākau i Ōkahu.
Let your canoe carry you across the waters of the Waitematā until you make landfall at Ōkahu.

Ki reira, ka mihi ake ai ki ngā maunga here kōrero,
There, to greet the mountains, repository of all that has been said of this place,

ki ngā pari whakarongo tai,
there to greet the cliffs that have heard the ebb and flow of the tides of time

ki ngā awa tuku kiri o ōna mana whenua, ōna mana ā-iwi
and the rivers that cleansed the forebears of all who came,

taketake mai, tauiwi atu
those born of this land and the newcomers among us all.

E koro mā, e kui mā i te wāhi ngaro, ko Tāmaki Makaurau tā koutou i whakarere iho ai,
To all who have passed into realms unseen, Auckland is the legacy you leave to those who follow,

ki ngā reanga whakaheke, ki ngā uri whakatupu - ki tō iti, ki tō rahi.
your descendants - the least, yet, greatest part of you all.

Tāmaki - makau a te rau, murau a te tini, wenerau a te mano.
Auckland - beloved of hundreds, famed among the multitude, envy of thousands.

Kāhore tō rite i te ao.
You are unique in the world.

Tō ahureinga titi rawa ki ngā pūmanawa o mātou kua whakakāinga ki roto i a koe.
Your beauty is infused in the hearts and minds of those of us who call you home.

Kua noho mai koe hei toka herenga i ō mātou manako katoa.
You remain the rock upon which our dreams are built.

Kua ūhia nei mātou e koe ki te korowai o tō atawhai,
You have cloaked us in your care,

ki te āhuru o tō awhi,
taken us into the safety of your embrace,

ki te kuku rawa o tō manawa.
to the very soul of your existence.

He mea tūturu tonu tō whakairihia, hei tāhuhu mō te rangi e tū iho nei,
It is only right that you are held in high esteem,

hei whāriki mō te papa e takoto ake nei
the solid ground on which all can stand.

Kia kōpakina mātou e koe ki raro i te whakamarumaru o āu manaakitanga.
You bestow your benevolence on us all.

E te marae whakatutū puehu o te mano whāioio,
The hive of industry you have become

e rokohanga nei i ngā muna, te huna tonu i ō whāruarua
motivates many to delve the undiscovered secrets of your realm,

i ngā hua e taea te hauhake i ō māra kai,
the fruits that can still be harvested from your food stores

i ngā rawa e āhei te kekerihia i ō pūkoro.
and the resources that lie fallow in your fields.

Te mihia nei koe e mātou.
We thank you.

Tāmaki Makaurau, ko koe me tō kotahi i te ao nei, nōku te māringanui kia mōhio ki a koe,
Auckland you stand alone in the world, it is my privilege to know you,

kia miria e te kakara o te hau pūangi e kawe nei i ō rongo.
to be brushed by the gentle breeze that carries the fragrance of all that is you.

Ka whītiki nei au i taku hope ki ngā pepehā o onamata, ki ōku tūmanako mō āpōpō
And so, I gird myself with the promises of yesteryear, my hopes for tomorrow

me ōku whakaritenga kua tutuki mō te rā nei.
and my plans for today.

Tāmaki Makaurau, tukuna tō wairua kia rere.
Auckland let your spirit soar.

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How this document is arranged

This is Auckland Council's plan for delivering services and building infrastructure during the 2020/2021 financial year, the third year of the council's 10-year Budget 2018-2028 (Long-term Plan or LTP).

Public consultation ran during February and March 2020. This involved feedback events across the Auckland region.

Due to the impact of the COVID-19 pandemic Auckland Council held an additional consultation on the Emergency Budget 2020/2021 which ran during May and June 2020. Due to the changing alert levels in New Zealand, the consultation process ran differently to previous consultations. This involved holding online webinars and offered the option to give feedback by phone. Both written and digital feedback were also encouraged.

A record-breaking 34,915 pieces of feedback were received from the second round of feedback. Together with the first round, a total of 39,665 pieces of feedback were received on this budget. For a summary of the key decisions please visit aucklandcouncil.govt.nz/annual-budget-2020-2021

This plan was adopted by the Governing Body on 30 July 2020.

Finding your way around the volumes:

Volume 1

Volume 1: Our plan for 2020/2021

Part One contains our plan for 2020/2021, including a message from the Mayor, the impact of our twin budget challenges, key developments across the Auckland region, and information regarding Māori identity and wellbeing.

Part Two contains the budgets for our key activities, including the services, investment and savings planned to be delivered.

Part Three contains the financial overview for our organisation as a whole, prospective financial statements for 2020/2021, rating policy overview, prospective funding impact statement and other key financial information.

Part Four contains the summary of the Tūpuna Maunga Authority Operational Plan 2020/2021.

Part Five contains the structure of and contact information for the council, a glossary of terms and key word index.

Volume 2

Volume 2: Local Board information and agreements

Part One provides information on local boards and a summary of planned expenditure for 2020/2021.

Part Two contains a local board agreement (outlining local activity initiatives and budgets for 2020/2021), for each of the 21 local boards.

Part Three contains the Allocation of Decision-Making responsibilities of Auckland Council's Governing Body and Local Boards.

Part Four contains a glossary of terms and key word index.

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He karere nā te Koromatua
Message from the Mayor

Against the backdrop of a growing global pandemic and ensuing deep recession, New Zealand remains open for business, having successfully united to stop the spread of COVID-19 in our community and protect potentially thousands of lives.

The success of our health response has helped limit the severity of the economic impact initially forecast by Treasury and bank economists, with both GDP and unemployment expected to fare better than previously expected.

However, while we should celebrate the efforts and sacrifice of all New Zealanders to tackle the health crisis and create a strong foundation for recovery, we know the economic impact of COVID-19 will be significant and unavoidable.

In Auckland, the pandemic and associated lockdowns have punched a nearly half-billion-dollar hole in council's finances. Compounding this is the severe drought our region is experiencing - the worst on record - which requires an urgent and unbudgeted infrastructure investment of $224 million to boost supply and help avoid severe water restrictions that would hurt businesses and undermine our economic recovery.

MAYOR PHIL GOFF

The Emergency Budget responds to this crisis by reducing spending while maintaining investment as much as possible in the critical services that Aucklanders rely on and the infrastructure our city desperately needs.

With less money available, we have had to reduce staff numbers and slash budgets for non-essential spending. Already more than 600 temporary and contract workers have left council, and we have signalled further potential job losses of another 500 full-time-equivalent permanent positions. Cuts have been made in services and investment in some infrastructure projects has been deferred, reducing spending by hundreds of millions of dollars. We are investigating the sale of non-strategic assets and surplus properties to raise money.

Despite this significant reduction in expenditure, the Emergency Budget maintains as much as possible the essential services needed by Aucklanders in areas such as transport, waste and recycling services, parks and playgrounds, libraries and community facilities and other areas.

Local boards retain their full discretionary operational funding, which will help ensure key local community projects can continue.

A further funding reinstatement of $450,000 will ensure that libraries can continue to operate at full hours, and we have restored transport investment by $40 million, including safety funding such as for upgrading dangerous intersections, which is vital to ensure we are saving more lives on our roads.

We have also sought to maintain services to protect the most vulnerable such as the homeless, and to extend the living wage to cleaners contracted by council.

Around $50 million has been set aside so those in hardship because of COVID-19 can defer their rates payments without penalty, and we have suspended the targeted rate on visitor accommodation to provide relief to that sector.

To help meet Auckland's urgent need for improved housing, transport and environmental infrastructure

MAYOR PHIL GOFF GETS STUCK IN AT A WORKING BEE

and make up for decades of under-investment in our city, the Emergency Budget continues as much as possible our investment in these areas to continue building Auckland's future. As well as delivering an important long-term legacy for Aucklanders, this investment will provide an important economic stimulus, creating employment and securing existing jobs by providing certainty to the construction sector.

Developing the Emergency Budget in the face of the unprecedented $700 million hit to council finances has been one of the greatest challenges Auckland Council has ever faced. The decisions have certainly been among the toughest I have been involved in as mayor. And the record number of submissions—at more than 34,000 the highest number ever for a council consultation—shows how seriously Aucklanders take the crisis.

For the average residential ratepayer with a property valued at around $1 million, the Emergency Budget's 3.5 per cent general rates increase amounts to an extra $1.82 per week, 47 cents more than the 2.5 per cent option which was also consulted on. Collectively, however, it will allow $86 million more to be spent to protect the investments and services Auckland needs. It allows us, for example, to maintain services across our network of 55 libraries and not heavily reduce our vital environmental projects.

By working together, New Zealanders have been successful in constraining the spread of the coronavirus. Now, we also need to work together to bring forward economic recovery and job creation to deal with the effects of the COVID-19 induced recession. This has been a priority for councillors as we have strived to maintain services and build new infrastructure, including to address water supply challenges. We have done this while managing our finances sensibly and prudently in response to the big drop in council revenue.

Phil Goff

Phil Goff
Mayor of Auckland

Ngā mema o te Tira Kāwana
Governing Body members

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

Phil Goff
Mayor

Bill Cashmore
Deputy Mayor Franklin

John Watson
Albany

Wayne Walker
Albany

Dr Cathy Casey
Albert-Eden-Roskill

Hon. Christine Fletcher QSO
Albert-Eden-Roskill

Sharon Stewart QSM
Howick

Paul Young
Howick

Alf Filipaina
Manukau

Fa'anana Efeso Collins
Manukau

Angela Dalton
Manurewa-Papakura

Daniel Newman
Manurewa-Papakura

Josephine Bartley
Maungakiekie-Tāmaki

Chris Darby
North Shore

Richard Hills
North Shore

Desley Simpson
Orākei

Greg Sayers
Rodney

Linda Cooper JP
Waitākere

Shane Henderson
Waitākere

Pippa Coom
Waitematā and Gulf

Tracy Mulholland
Whau

Wāhanga Tuatahi
Te tirohanga whānui i te tahua pūtea mate ohotata
Part One: The Budget Emergency – Overview

Our challenge: less money in the door, and less water in our dams

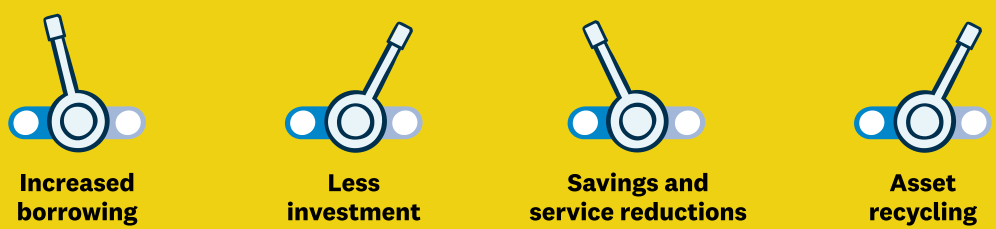
We face a significant financial challenge in 2020/2021:

- revenue is projected to be around $450 million less than previously budgeted
- we need to fund $239 million of new water supply expenditure because of the drought that Auckland is facing
- high fixed costs mean our budget will not balance, even after making considerable savings
- we will have hundreds of millions of dollars of less cash to pay for services and investments for Auckland
- we will have to rely on borrowings to help make up the difference, but unlike central government we were already very close to the limit of what we can sensibly borrow.

Our response: four levers

We will use four levers to respond to this challenge:

1. Increasing council borrowing to 290 per cent of annual revenue
   - we will temporarily exceed our usual debt limit of 270 per cent of annual revenue, but return to being within the usual debt limit by 2021/2022
   - the additional debt will need to be serviced and repaid by future ratepayers.
2. Delaying capital investment
   - we will slow down some of our building and construction projects to avoid over-reliance on the use of debt
   - we are still investing over $2.5 billion in capital projects in 2020/2021. This is less than previously planned, but still more than we have ever invested in any one year.
3. Reducing operating expenditure
   - we will make savings and cost reductions of over $200 million in 2020/2021
   - this will see us operate with fewer staff, spend less on training and consultants, and see temporary impacts on some services we provide.
4. Increasing our use of asset recycling
   - the council owns over $50 billion of assets
   - we will let go of some more of our assets that are under-used and non-strategic to provide us with $244 million to help pay for new ones that will deliver better services to the community.



Our levers enable us to balance service delivery and financial prudence

Ā tātou whakataki tahua tukutahi
Our twin budget challenges

The impact of the COVID-19 pandemic and the drought on Auckland will be substantial over the 2020/2021 year.

We expect borders to be closed for a significant period. This will halt international tourism and severely impact migration. Many businesses will struggle and unemployment will be at levels we have not experienced in recent memory. Many people will be facing financial hardship.

As a community we have banded together and fought the health impacts of COVID-19. Now it's also time to come together to manage the financial impacts. This budget outlines a plan that is sustainable, helps us recover quickly, and which upholds key principles which are important for Auckland.

Less money in the door

Our current assumption is that the country will be at alert level 1 for all of 2020/2021. Council services will be back up and running but we are expecting a sizable drop in revenue over the next year. Operating cash income across the council group is projected to be around $450 million less than previously budgeted*.

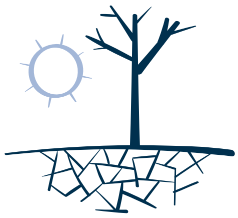
This is caused by:

- border closures and fewer visitors to Auckland will result in around $40 million less revenue from conventions, concerts and Auckland Zoo, as well as $10.7 million less from targeted rates paid by accommodation providers
- reduced usage of holiday parks and community facilities will result in about $10 million less revenue
- changes to overall travel patterns (for example, more people working from home) are projected to reduce revenue from parking and enforcement by $35 million and Regional Fuel Tax receipts by $8 million
- the lack of international travel means we can't rely on the $60 million annual dividend from our investment in Auckland Airport, while lower economic activity will see Ports of Auckland's revenue also drop by around $65 million
- greater economic uncertainty leading to a slowdown of development projects is expected to result in around $50 million less in building and resource consent fee revenue
- this slowdown in development activity along with reduced water usage from lower business activity and the current drought situation will reduce Watercare's revenue by about $75 million
- finally, our rates postponement initiative to support ratepayers facing hardship is expected to also reduce the amount of rates collected in the year by $50 million.

The combination of lower revenue and high fixed costs for many council services means our operating budget is a long way from being balanced even after the significant additional savings across the council group from staff costs, consultants and other discretionary costs.

Less water in our dams

The period from January to April 2020 was the driest in Auckland since records began. In late July 2020, lakes were 59.4 per cent full, compared to the normal average of 80 per cent full. Additional capital investment of $224 million and $15 million of operating expenditure is required to address this situation.



See page 18 for further details.

Addressing the challenges

Auckland Council is committed to maintaining essential and critical services and delivering infrastructure investment while maintaining a strong commitment to financial prudence. We have four key levers available to achieve this but are constrained in the amount we can use of each.

1. Increased council borrowing

Central government is planning substantial increased spending to support economic recovery with this spending funded by large increases in government debt. This is possible because in recent years central government has been maintaining low debt levels with substantial unused borrowing capacity. However, Auckland Council has been steadily increasing our level of borrowing over recent years to invest in critical

*This is smaller than the $525 million shortfall projected in the draft budget mainly due to slightly improved economic outlook and an earlier return to alert Level 1.

infrastructure to support our rapidly growing city. We have now reached our prudential debt limits set out in our long-term financial strategy.

Significant and enduring increases above our debt policy limits would erode confidence in the council's commitment to long-term financial prudence. This would likely change how our investors and credit rating agencies view our creditworthiness, potentially leading to increased borrowing costs and reduced access to debt markets. When we take on additional debt we also need to remember that it will need to be serviced and eventually paid back. We need to make sure we don't burden future generations with an unwieldy level of debt.

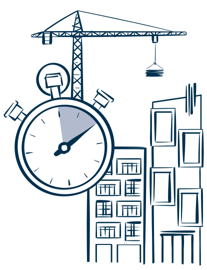
Also, the more debt we carry, the less flexibility we have to respond to any further shocks.

This budget outlines a responsible approach where we will use additional borrowings and allow our debt to revenue ratio to temporarily increase to 290 per cent for 2020/2021 before reducing back to our 270 per cent policy limit the following year.

2. Reduced capital investment

The second lever we have is to delay the start of new capital projects and slow down or "stretch out" some programmes of work. When doing this, we need to be mindful of existing contractual commitments, works necessary to meet statutory requirements or critical asset renewal works which could cost us more in the long-term if they are delayed too long.

As a council we are also required to look wider than our assets and consider our actions in terms of community, economic, cultural and environmental wellbeing. Our capital investment lever has the most impact on jobs and business activity in Auckland.



This budget outlines a capital investment programme of over $2.5 billion for 2020/2021 including the additional investment to respond to the drought. While this is less than previously planned, it is still larger than delivered in any previous year and represents a significant lift on the investment level delivered over recent years. However, it does see many projects delayed or stretched out over a longer timeframe. Some major projects that are not yet committed will be delayed and there will be less investment in renewal and safety programmes in 2020/2021 than previously planned.

3. Reductions in operating expenditure

We will make savings and cost reductions of over $200 million in 2020/2021. These are needed to help mitigate the revenue shortfall and to reduce our need to borrow.

We will reduce our staffing levels compared to what we had previously planned and make substantial cuts to our back-office functions. We will reduce discretionary spending on things like consultants, training and travel. However, the extent of these savings means that there will temporarily be impacts on some of the services we deliver to Aucklanders.

As we move through the year and learn more about our post-COVID recovery challenges we may need to make further operational adjustments and temporary changes to service levels. As we deal with service interruptions and make operational decisions and changes, we will keep our communities and local boards as informed as possible. Any significant and permanent reductions in council services will only be made via the upcoming 10-year Budget 2021-2031 process following further public consultation.

4. Asset recycling

Auckland Council has over $50 billion worth of assets. Primarily these are things like roads, libraries, pipe networks and parks that deliver core services highly valued by Aucklanders.

We also, however, have assets that are not delivering council services. These include property assets that may be left over from previous projects (such as a roading upgrade), commercial property we may have used for staff in the past, or investments we have in commercial enterprises.

One lever available to us is to sell these assets and use the money to invest in new assets that the region needs. We refer to this as asset recycling as it means replacing one underutilised asset with a new one that will help us deliver better services to the community.

The extent to which our capital is invested in the most strategically important activities is something that parties like credit rating agencies and central government look at when assessing our financial position. Changing asset ownership also has minimal impact on jobs and employment compared to spending reductions.

Given the ability of this lever to directly reduce our debt burden without any impact on core service delivery, we are targeting $244 million for asset recycling in 2020/2021.

Government support

As part of its response to the COVID-19 situation, central government committed $3 billion (including $500 million in the Auckland region) for shovel-ready projects to help stimulate the economy and create employment. As part of this process the council submitted a list of 73 key shovel ready projects to be considered.

So far, central government has announced that of these projects, it will fund:

- two projects that were already included in the council's budget (the Puhinui Bus-Rail Interchange and stage one of the Ferry Basin Redevelopment). This has displaced existing council funding and enabled us to accommodate more infrastructure investment in this budget than would otherwise have been the case.
- two currently unfunded projects (Te Whau Pathway and Northwestern Bus Improvements). This investment doesn't free up any financial capacity for us to address our key challenges, but it will deliver tangible benefits to Aucklanders while also helping to boost employment and business activity in Auckland.

Further government funding announcements are expected shortly after the adoption of this budget.

Ngā mea i marohitia me ngā whakatau
Key changes we proposed, and decisions made

The impact of the twin challenges of COVID-19 and the drought means that we've had to make some tough decisions for our budget in 2020/2021.

Part of our response to this has been to work closely with our 21 local boards to develop and agree an Emergency Budget. This has involved the careful balancing of rates affordability in the current economic environment and the need to maintain vital council services and investment. While we are very aware of the cost that rates increases impose on Auckland households and businesses, severe reductions in council services and investment right now could leave many households and businesses even worse off.

The key decisions we have made that are the basis of this Emergency Budget are as follows:

General rates increase for 2020/2021

We proposed an average general rate increase of either 2.5 per cent or 3.5 per cent for 2020/2021. The scale of the financial challenge that we were facing with a projected revenue shortfall of over half a billion dollars due to COVID-19 meant that spending on some council services were proposed to be reduced and many capital projects would be delayed even with the 3.5 per cent increase we had previously planned.

To achieve a lower rate increase of 2.5 per cent, we proposed we would further reduce spending on council services and further delay investment in transport, parks and community and town centre projects. We looked at but did not propose rates increases below 2.5 per cent because of the severe impacts that would have on council services, new infrastructure, our debt levels and employment and business activity in Auckland.

We heard from the public that there was concern about the affordability of rates increases in the current economic environment. We also heard that there was concern about the proposed reductions in council services and investments. In addition to the impact on economic recovery and employment, the feedback expressed concern about the impact that spending reductions may have on key areas such as road safety and climate change. Other high priority areas included congestion, public transport, cycleways, parks, libraries, community grants and water supply infrastructure.

After considering all relevant factors including public feedback and the drought situation, we decided on a budget package which maintained the previously planned 3.5 per cent average general rates increase and minimised cuts to services and investment. This increase equates to $94.85 per year, or $1.82 per week, for the average value residential property. We consider that Auckland is best served by continuing to maintain as much service delivery and investment as possible, with targeted assistance provided to those ratepayers most in need.

Increase in general rates impact for average value residential property	**$1.82 per week**	**$94.85 per year**
Capital investment	Over $2.5b for 2020/21	
Operating expenditure	Over $200m of savings and temporary cost reductions	
Recycle assets	$244 million target	

Some specific areas where we have made budget decisions in response to public feedback include:

- maintaining a capital investment programme of over $2.5 billion in 2020/2021, supported by the 3.5 per cent rates increase, a temporary increase in our debt levels and a higher target for asset recycling
- maintaining investment in initiatives to reduce Auckland Council's climate emissions, support the homeless and to extend the living wage to contract cleaners
- reinstating $40 million of transport capital expenditure, including investment in high-priority road safety projects that will reduce death and serious injuries on our roads
- not reducing the local board discretionary funding. We recognise that local boards have knowledge of what's important for their community, and their initiatives are targeted at where the best value can be delivered for community wellbeing, employment, and environmental protection

- we had proposed reducing the hours that libraries opened to save $450,000. Feedback from the public and local boards stressed that libraries were core community assets that people use, particularly during times of financial hardship. We therefore decided not to proceed with this budget reduction, meaning that library opening hours will not need to reduce.

Rates postponement for ratepayers impacted by COVID-19

Many Aucklanders are facing immediate financial stress and an uncertain future. When the impacts of COVID-19 started, we provided short-term assistance by allowing ratepayers to delay their fourth quarter 2019/2020 rates instalment until 31 August 2020.

For 2020/2021 we proposed to allow ratepayers who are financially impacted by COVID-19 to put off paying up to $20,000 of their 2020/2021 rates per property until 30 June 2022 and giving a further 12 months to pay off the balance. We also proposed that $5,000 of rates per property deferred from individual ratepayers' 2019/2020 fourth quarter instalment could also be carried over.

This proposal was widely supported in the public feedback and we have decided to proceed with this scheme.

The postponement is available to all ratepayers (except government organisations and utilities) who are in financial hardship as a result of COVID-19 and who meet the criteria and conditions set out in the scheme.

Applications for rates postponement under this new scheme will be accepted up until 31 December 2020. Eligibility is limited to ratepayers who owned their property before 26 March 2020 when we went into Alert Level 4.

A postponement fee will be added to rates postponed under this scheme to cover interest and administration costs.

You can read the Rates Remission and Postponement Policy on the Auckland Council website. **https://www.aucklandcouncil.govt.nz/rates-remission-and-postponement-policy**

You can find out about other financial assistance for ratepayers including the Rates rebate scheme that provides up to $655 per year rates relief to ratepayers with incomes below a specified level and our current rates postponement scheme that allows for qualifying residential ratepayers to postpone payment of their rates until a specified event such as the sale of their property. on our website, please visit; **aucklandcouncil.govt.nz/rates-help**

Suspending the Accommodation Provider Targeted Rate

The Accommodation Provider Targeted Rate (APTR) is a rate paid only by owners of properties such as motels, hotels and Airbnb properties. It seeks to recover from accommodation providers a fair proportion of visitor attraction and major events spending by Auckland Tourism, Events and Economic Development (ATEED).

Restrictions on travel due to the COVID-19 pandemic are likely to remain in place for some time. We therefore proposed to reduce our spending on visitor attraction and major events to one quarter of our planned investment for 2020/2021, targeting our spending to support a restart from 1 April 2021.

The APTR was proposed to be suspended until 31 March 2021 and invoiced in May for payment with that rates instalment. Reducing both the targeted rate and the associated expenditure would mean no additional costs to ratepayers.

This proposal was also widely supported in the public feedback and we have decided to proceed with this change.

Other decisions made

Part 3.3 Rating Policy Overview in this document has more information on the following decisions that were also made by the council. The decisions were to:

- increase the waste management base service targeted rate to $141.03 (including GST) to cover the increased cost of providing a recycling service driven by declining global demand for recyclables
- increase the waste management standard refuse rate in the former Auckland City Council and Manukau City Council areas to $141.60 (including GST) and increase the large refuse rate for those areas to $66.55 to cover the higher costs of the new refuse collection contracts in the former Auckland City and Manukau City areas until the new pay-as-you-throw refuse service is introduced in 2021/2022
- discontinue the rural sewerage pump-out service and targeted rate for ratepayers in the Upper Harbour local board and the Henderson-Massey local board areas effective from 1 July 2021
- retain the rural sewerage pump-out service for ratepayers in the Waitākere Ranges local board area and increase the targeted rate from 1 July 2021 to recover the full cost of providing the service
- include a pool fencing compliance targeted rate to replace the current user charge arrangement
- include a Clevedon wastewater and water connection targeted rate to be implemented from 1 July 2021
- include a new targeted rate for the Central Park Henderson Business Improvement District (BID) and the One Warkworth BID
- provide for the expansion of the Manukau Central BID.

Ngā whakawhanaketanga matua i te tau 2020/2021
Major developments in 2020/2021

North Auckland

Rosedale Busway Station
A new busway station for the highly successful Northern Busway

Warkworth-Snells- Algies wastewater
Supplying local communities with reliable wastewater services

Chelsea Heritage Path upgrade
Renewal of Colonial Road track and bridge

West Auckland

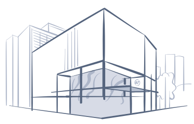
Te Whau Pathway
Provide a safe walking and cycling route for commuters and recreation

North western busway
Easing congestion for West Aucklanders working in the CBD

Westgate Open Spaces
Ongoing open space development allowing for playgrounds, sportsfields etc

West Wave Aquatic Centre
Comprehensive renewal

Region Wide



City Rail Link work continues
The City Rail Link (CRL) is the largest transport infrastructure project ever to be undertaken in New Zealand. Work has begun on the Karangahape Road Station – New Zealand's deepest train station

Transport Safety
Includes projects in the Urban and Rural Road Safety Programmes

Zoo
New South East Asia Precinct

Central Interceptor
Underground wastewater infrastructure

Central Auckland

City Centre Programme

Delivering on the outcomes of the City Centre Masterplan, including improving the vibrancy, accessibility, and attractiveness of the city centre

St Mary's Bay/Masefield stormwater upgrade

New pumping and screening station, new pipeline reducing overflows and increasing swimmable days at St Marys Bay and Masefield Beach.

Karangahape Road enhancements

Improving transport choices, growing cycle network, improving public transport, providing better pedestrian connections and upgraded street environments

Ferry Basin Upgrade

New berths on Queens Wharf to accommodate increased passenger numbers

East Auckland

Eastern busway

Eastern busway will create a dedicated, congestion-free busway between Panmure, Pakuranga, and Botany town centres.

Ōkahu Bay stormwater and water separation

Separating stormwater from combined sewer system

Ostrich Farm

Sportsfields, sand slits, drainage and irrigation – design and consent

South Auckland

South West Water servicing

Wastewater treatment for communities in the Kingseat, Clarks Beach, Glenbrook Beach and Waiuku areas

Ngati Ōtara Multi-sports Park

Major upgrade including new clubroom, kitchen, changing rooms and first-aid centre

Takanini Community Hub and Library

New library and community hub for growing community

Puhinui bus/rail Interchange

This project will improve access to the airport and significantly improve transport choices, reliability, and journey times in south Auckland and to other parts of the region

Auckland's drought

The January to April 2020 period was the driest since records began and Auckland is in the most severe drought on record.

In late July 2020, lakes were 59.4 per cent full, compared to the normal average of 80 per cent full.

Current forecasts are for normal rainfall for the remainder of winter before a dry spring, it is therefore highly likely water restrictions of some form will remain in place until at least autumn 2021. The extent of these water use restrictions will depend on our ability to reduce demand, increase supply, and ultimately the amount of rain that falls on Auckland between now and then. Watercare therefore must take action to manage the shortage.

Actions that Watercare have taken so far to manage the drought include:

- water use restrictions since May 2020
- a communication and public information campaign which started in February 2020
- making non-potable sources available for use by commercial operators assisted by Healthy Waters
- increasing proactive leak detection, leak management and network renewals
- maximising production from the Waikato Water treatment plant. In June 2020 we invoked the emergency powers provided under the Resource Management Act 1991 and the Waikato plant can now produce up to 165 million litres a day (MLD), an increase from 155 MLD previously. A further increase to 175 MLD is planned for August 2020 when the Pukekohe East Reservoir is completed.

Whilst these actions have not required additional capital expenditure, it does require increased operational expenditure.

Significant capital projects totalling $224 million to provide additional water supply for this coming summer and to enhance water storage recovery from next winter have been identified, including:

- upgrading Waikato Water Treatment Plant, adding 50 MLD to the water supply from May 2021, at a cost of $145 million
- bringing Papakura Hays Creek Dam into service, adding 6MLD from December 2020 and a further 12MLD by March 2021, at a cost of $57.5 million
- bringing Pukekohe Hickeys Bore into service from August 2020, adding 5MLD, at a cost of $14 million
- increasing Onehunga's treated water capacity from September 2020, adding 4MLD at a cost of $7.5 million.

The drought has also resulted in $15 million worth of additional operating costs to manage throughout the drought to fund including:

- communications with the public regarding the drought
- leak detection work across the network
- planning and feasibility work for alternative water sources, preliminary works – consents and design and construction
- the cost of treating additional water from new and existing sources.

Ngā aronga matua mō te hurihanga o te āhuarangi
Climate change action

We're already feeling the effects – like severe storm events and flooding impacts – and they're getting worse. We can expect:

- Higher temperatures
- Sea level rise
- Changes to rainfall patterns

So what do we need to do?

1. Reduce our emissions We have committed to playing our part in limiting the average temperature rise to less than 1.5 degrees above pre-industrial levels. This requires us to halve our emissions by 2030, and for us to have net zero emissions by 2050. Even at 1.5 degrees temperature rise the impact will be significant. The longer we wait, the harder it will be to reach net zero emissions by 2050.

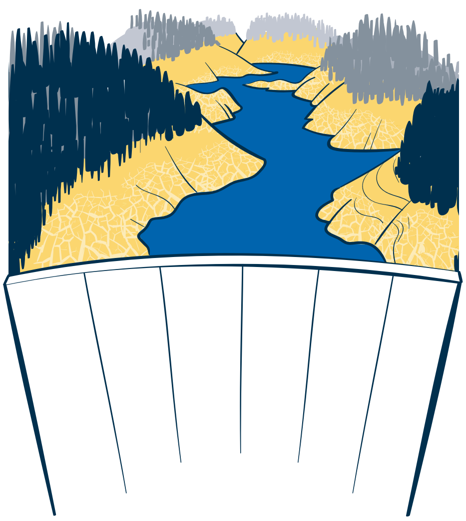
2. Prepare for climate change impacts The world's current trajectory could see a 3.5 degree increase in average temperatures by 2120. We therefore need to prepare by building resilient infrastructure, communities and preparing our economy.

3. Tailor our approach Auckland is unique: Our approach to climate action is strengthened through diversity and indigenous knowledge, with Māori cultural values and practices underpinning our actions for the benefit of all. By taking a holistic and equitable approach we can deliver better outcomes for Auckland.

We need to act

This means all of us – Auckland Council, government, mana whenua, mataawaka, businesses, communities and individuals.

The council is finalising Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Framework, which is our blueprint to a zero-carbon, climate-resilient Auckland.



Where do we need to focus our efforts?

Transport emissions account for 44 per cent of Auckland's total emissions. We need to increase walking and cycling, and provide accessible and affordable transport options. We also need to support a fair transition to zero emission travel.

Energy We need to work across sectors to support energy efficiency, more distributed and renewable energy supplies and low carbon heat solutions.

Changing behaviour We need to change our everyday choices about what we eat, buy and how we travel. The consumption carbon footprint of the average Aucklander is around 13.5 tonnes per year. We need to reduce this to around 5.9 tonnes by 2030.

Waste Auckland has low rates of recycling and reuse of waste (35 per cent) compared to world leading cities. We need to support Auckland to reduce, reuse and recycle waste.

Planning and development Past land-use and planning decisions have led to a car-dependent and emissions-intensive Auckland. We need to ensure our policies and the way we grow supports our climate goals.

Planting trees We need to grow and protect our rural and urban forests to capture and store more carbon.

Water supply will become a bigger issue as Auckland's population increases and rainfall patterns change. We need to consider alternative water supply options and increase the resilience of our water system.

Building resilient communities We need to work with our communities and support them in developing the skills, knowledge and capacity to respond to climate change.

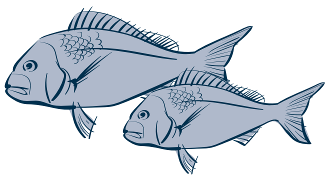
Building a resilient economy Businesses and their supply chains will be disrupted by climate events and consumer behaviour and demand will change. Food supply will also be affected by changing weather, pests and disease. We need to focus on building resilience as we transition to a zero emissions economy.

Advocacy and partnership We need to strongly advocate to government and business to play their part in building resilient communities and introducing nationwide policy to limit rising temperatures.

Māori Māori connection to natural environments, through their role as kaitiaki, will be significantly affected by climate change.

Infrastructure Much of our existing infrastructure was not designed to cope with increasingly extreme weather events, sea level rise or increased flooding. We need to adapt physical assets that are at risk, expand green networks, improve water management and grow our urban and rural ngahere (forest).

Coastal change Auckland has 3200km of coastline. Climate change will increase risk of erosion, storms and flooding. We need to work with communities to plan for and manage the impacts.



Environment
A healthy natural environment is essential to our economy and society and 20 per cent of our birds, reptiles and plants are under threat. We need to restore and enhance our natural environment.

Council's focus for 2020/2021

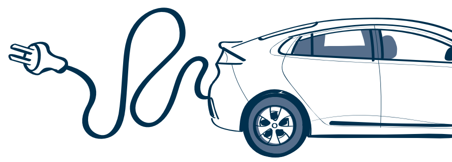
Auckland Council has declared a climate emergency, and climate change will be a key issue for our next 10-year Budget 2021-2031. In the meantime we need to continue to act.

Over the next year, we plan to invest $900,000 on foundation work for climate change actions. This includes:

- developing climate assessment tools (emissions assessment for projects and climate change risk assessment)
- reviewing the Auckland Unitary Plan from a climate perspective
- embedding our natural hazard risk assessment and integrating data
- understanding the likely economic impacts of climate change
- understanding the Māori world view on climate change led by the Mana Whenua Kaitiaki Forum
- focussing on communications and tools to embed behaviour change.

Over the next five years, we plan to reduce Auckland Council's emissions by nearly 20 per cent by:

- reducing our fleet size and moving to electric vehicles, investing $6.3 million over the next five years to do this



- phasing out gas boilers in our aquatic centres, at a cost of $9 million over the next five years (with $1.5 million being spent in 2020/2021).

Across Auckland we will:

- plant 1.5 million trees over the next three years (an additional 500,000 over what was planned at a cost of $2.7 million)
- continue to progress our coastal protection as part of the $90 million programme agreed in the 10-year Budget 2018-2028, while planning for adapting to long-term changes in our coastline

These projects are an initial response to our most urgent climate change priorities. Over the next year we will engage with Aucklanders on investing in our response to climate change as part of our 10-year Budget 2021-2031.

Read the adopted Auckland's Climate Action Plan here:
aucklandcouncil.govt.nz/aucklands-climate-plan

He pītau whakareia, wāwāhi ngaru, whāia tōna au
Leading and influencing better outcomes for and with Māori

The Auckland Plan 2050 recognises Te Tiriti o Waitangi as the foundation on which local government in Auckland works to deliver Māori aspirations.

Auckland Council Group's activities collectively contribute to the wellbeing of Māori in Auckland.

The Emergency Budget 2020/2021 has allocated $19.2 million (combined capital and operating expenditure) for activities directly contributing to Māori identity and wellbeing.

The emerging Māori Outcomes Framework: Kia Ora Tāmaki Makaurau 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.

Kia Ora Tāmaki Makaurau guides the council 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.

FY2020/2021
$19.2m
on Māori Outcomes Budget

MARAE DEVELOPMENT

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

Auckland Council will actively contribute by:

- providing holistic support to marae as to ensure they are resilient, sustainable and thriving
- supporting the role of marae through effective relationships, funding and planning.

MĀORI BUSINESS, TOURISM AND EMPLOYMENT

Goal: Māori businesses in Tāmaki Makaurau are transformational and regenerative

Auckland Council will actively contribute by:

- ensuring Mana Whenua, Mataawaka and key stakeholders are well-informed and have access to robust information on the shape and drivers of the Māori economy in Tāmaki Makaurau
- supporting Māori businesses to innovate and thrive
- creating strategic alignment of stakeholders and key influencers in the Māori economy in Tāmaki Makaurau

PAPAKĀINGA AND MĀORI HOUSING

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

Auckland Council will actively contribute by:

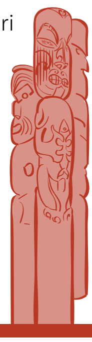
- improving infrastructure to support needs and aspirations
- providing expert advice and investment

MĀORI IDENTITY AND CULTURE

Goal: Mana whenua identity and Māori culture is abundant throughout Tāmaki Makaurau

Auckland Council will actively contribute by:

- ensuring matauranga Māori is valued and informs council activities
- ensuring Māori identity is reflected in the environment



REALISING RANGATAHI POTENTIAL

Goal: Mana whenua and Māori rangatahi realise their potential

Auckland Council will actively contribute by:

- implementing programmes for rangatahi wellbeing and career development
- enabling rangatahi to participate in council's decision-making processes

COVID STATEMENT

Impacts on Māori

Following the impact and related revenue losses from COVID-19, we will likely see Māori disproportionately affected by job losses and/or reduced income. This is due to the effect on sectors in which they predominantly work, including tourism. Traditional tikanga processes have also been impacted by social distancing and lockdown regulations.

Council's response

Council prioritises Māori outcomes as supporting the Treaty of Waitangi and associated obligations to Māori. Any impacts on the Māori Outcomes portfolio will likely come through changes in the wider business.

Moving forward, Māori outcomes have been woven throughout the new organisational strategy, Kia Manawaroa Tātou, which aims to guide council through the next two years of our recovery from the impacts of COVID-19.

Supporting recovery: The Manaaki Fund

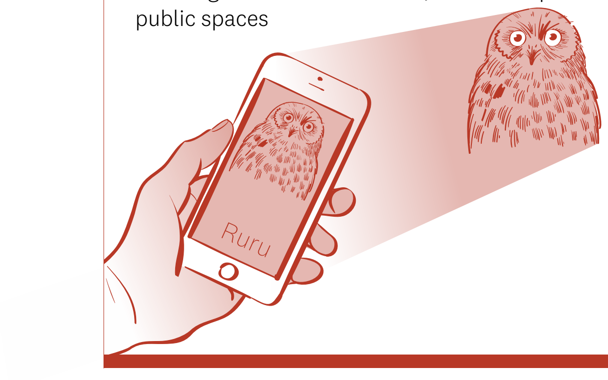
The Manaaki Fund is a one-off grant available for Auckland Council's established Māori partners who are actively supporting Māori whānau to recover from the impacts of the COVID-19 outbreak.

TE REO MĀORI OUTCOMES

Goal: Ko Te Reo Māori te mauri o te Mana Māori

Auckland Council will actively contribute by:

- making sure te reo Māori is learned and practiced
- ensuring te reo Māori is heard, seen and spoken in public spaces

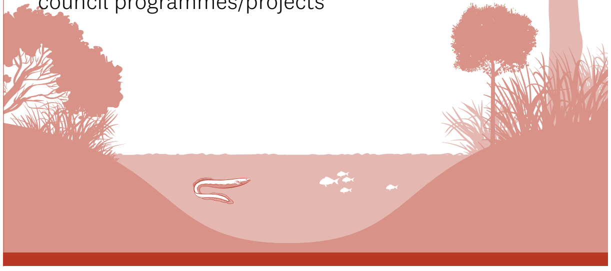


KAITIAKITANGA OUTCOMES (PARTICULARLY WATER)

Goal: Mana whenua exercise kaitiakitanga of te taio in Tāmaki Makaurau

Auckland council will actively contribute by:

- supporting Māori to exercise tino rangatiratanga and kaitiakitanga
- achieving Kaitiakitanga outcomes through council programmes/projects

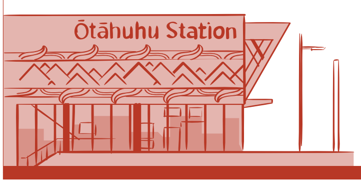


WHĀNAU AND TAMARIKI WELLBEING

Goal: Thriving whānau Māori across Tāmaki Makaurau

Auckland Council will actively contribute by:

- supporting Māori-led services
- creating welcoming spaces informed by te ao Māori



EFFECTIVE MĀORI PARTICIPATION

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

Auckland Council will actively contribute by:

- honouring commitments and obligations under Te Tiriti o Waitangi
- ensuring Māori are active council partners and decision-makers
- supporting a Mana Whenua governance forum and its strategic plan

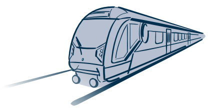
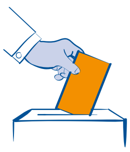
AN EMPOWERED ORGANISATION

Goal: Council achieves outcomes and benefits for and with Māori

Auckland Council will actively contribute by:

- developing competency of elected members and staff to work effectively with Māori
- supporting career development and progression of Māori and specialist staff
- ensuring Māori staff are connected and supported

Wāhanga Tuarua: 2020/2021 He aronga poto i Te Tahua Pūtea
Part Two: 2020/2021 budget at a glance

	ACTIVITY	CAPEX (CAPITAL INVESTMENT)	OPEX (OPERATING COSTS)
	**Transport**	$1,152m	$1,586m
	**Water, wastewater and stormwater**	$828m	$770m
	**Parks and community**	$184m	$771m
	**City centre and local development**	$191m	$103m
	**Economic and cultural development**	$50m	$231m
	**Environmental management and regulation**	$19m	$439m
	**Council support**	$143m	$545m
TOTAL		$2.57b	$4.44b

The following part describes our key activities that comprise the council's service delivery.

This includes what we're doing and what we're doing differently in 2020/2021, including projects and programmes we are still delivering, revenue, savings we need to make, and capital investment deferrals. Also included is key financial information including the capital investment list and direct operating performance information for each activity.

More information on these key activities, including a full set of performance measures and targets, can be found in Part 2, Volume 2 of the 10-year Budget 2018-2028.

WHAT WE DO	WHAT WE WANT TO ACHIEVE	
We keep Auckland moving with well planned transport networks, good quality local roads and convenient, frequent public transport that more people use. We deliver a comprehensive programme of safety improvements to reduce harm across the transport network.	• more people using public transport • more people walking and cycling in the city • less people dying or getting injured on our roads.	→ Refer page 26
We reliably supply 350 million litres of safe drinking water and treat 400 million litres of wastewater every day. We manage stormwater to minimise flooding and protect waterways. We provide infrastructure that keeps pace with the growth of Auckland.	• a reliable supply of very high quality and safe drinking water to Aucklanders • less flooding and improved water quality in waterways, particularly after storms.	→ Refer page 32
We provide parks, libraries, pools, recreation centres, community halls and events that support strong Auckland communities.	• community infrastructure that meets the needs of a growing and increasingly diverse population • a range of recreation options that Aucklanders can choose from to stay active.	→ Refer page 38
We help deliver vibrant town centres that support strong communities, a thriving economy and accommodate growth. The city centre development programme prepares us to host major events such as the 36th Americas Cup and APEC.	• more residential homes in town centres and near transport hubs • well planned growth that supports strong communities • infrastructure built in the city centre in time for large events.	→ Refer page 42
We provide arts, natural environment, sport and live performance events that enrich the lives of Aucklanders and visitors. We promote Auckland as a place to work, invest, study and visit. We support the creation of quality jobs for all Aucklanders.	• more visitors to Auckland • greater investment in Auckland • more quality jobs in local areas • a range of events and experiences across Auckland.	→ Refer page 46
We nurture, look after and monitor Auckland's natural environment, and protect it from a variety of natural and human generated threats. We keep Aucklanders safe and well through building compliance, animal control, alcohol licensing, resource consenting and environmental health activities.	• our natural environment protected from human generated and natural hazards (e.g. kauri dieback) • timely regulatory services which keep Auckland safe.	→ Refer page 50
We support Auckland Council to deliver services and elected representatives to make decisions. We provide grants for large regional amenities. This includes the operations of the Ports of Auckland.	• Aucklanders having a say in decision making and voting in elections • Aucklanders receive greater value from council services	→ Refer page 54

Ngā mahi kawekawenga

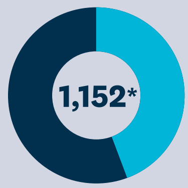
Transport

We keep Auckland moving with well-planned transport networks, good quality local roads and convenient, frequent public transport that more people use. We deliver a comprehensive programme of safety improvements to reduce harm across the transport network.

COVID-19 has impacted the use of our transport network. More people are working from home and concerns about COVID-19 will see fewer people using public transport, but it is important that we maintain this essential service. In June 2020 public transport patronage was down 37 per cent compared to June 2019.

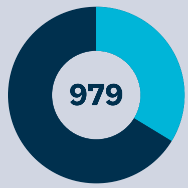
There is a noticeable drop in capital investment over the next year compared to current plans, with work focusing on projects that are already in progress.

Capital spend ($m) 2020/21



45% of total capital investment

Direct operating spend ($m) 2020/21



33% of total operational budget

What we're doing in 2020/2021

Safety projects

The proposed budget that we consulted on included $37 million in safety related projects. Based on consultation feedback received and some improvements in our revenue outlook we have been able to increase this to $64 million. This includes projects in the Urban and Rural Road Safety Programmes.

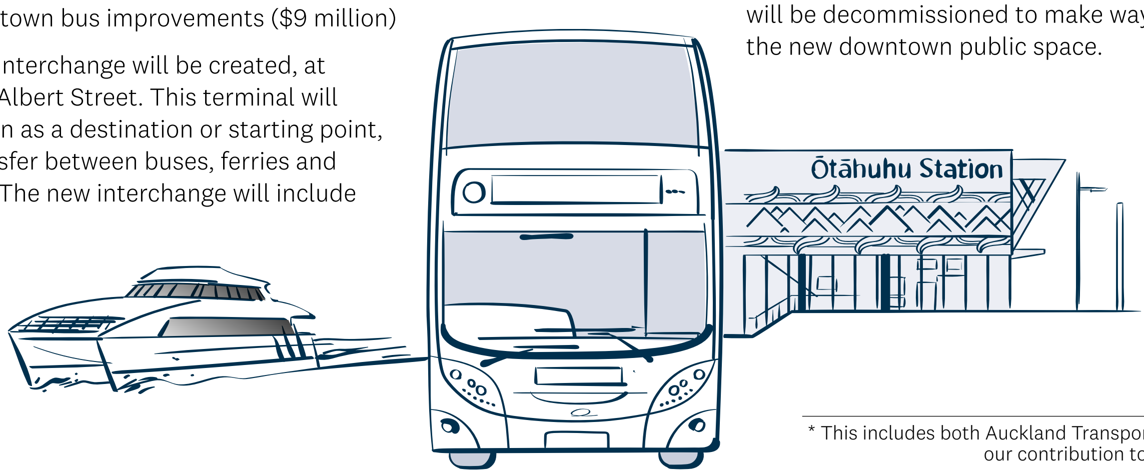
City centre projects

- Downtown bus improvements ($9 million)

A new interchange will be created, at Lower Albert Street. This terminal will function as a destination or starting point, or transfer between buses, ferries and trains. The new interchange will include features such as new bus shelters, improved passenger facilities, improved bus accessibility, better security, improved lighting and improved passenger information facilities.

- Downtown Ferry Basin piers 3 and 4 ($25 million)

AT are constructing a ferry terminal suitable for Auckland's growing transport needs. Building six new berths on the west side of Queens Wharf is the first step towards a modern, consolidated ferry terminal for Auckland. As part of these works, Pier 3 will be decommissioned to make way for the new downtown public space.



* This includes both Auckland Transport and our contribution to CRL.

- Seismic strengthening programme ($32 million)

To protect Quay Street and the utility services that run beneath it, seismic strengthening of the 100-year-old seawall is needed between Princes Wharf and Marsden Wharf. Without the seawall, significant parts of downtown Auckland would be under water.

Airport to Botany via Manukau and Airport Access Improvement ($56 million)

The first stage of the Southwest Gateway programme is already underway, with Puhinui Station being upgraded to provide a high-quality interchange to allow for easy connections between bus and train.

Other early improvements will include:

- bus priority lanes
- new and upgraded intersections
- improved walking and cycling connections along State Highway 20B, Puhinui Road and Lambie Drive that will integrate with improved transport facilities in the airport precinct.

The priority lanes will allow for a new, frequent AirportLink bus service between the airport, Puhinui Station Interchange and Manukau.

Eastern busway, Pakuranga Bus Station and Reeves Road flyover stage ($15 million), and Panmure to Pakuranga stage ($64 million)

A new flyover connecting Pakuranga Road with Pakuranga Highway will help buses travel smoothly by removing up to 40 per cent of vehicle traffic from busy intersections in the area. The connection will also offer alternative options for motorists travelling between Pakuranga and Mt Wellington.

The Panmure to Pakuranga stage of the Eastern Busway includes the first section of the busway, along the north side of Lagoon Drive and Pakuranga Road, and upgrading the Panmure roundabout.

Matakana link road ($17 million)

We will start works on the proposed new 1.35km road connecting Matakana Road and SH1 to support the significant population growth expected in the area and to improve network resilience in Warkworth.

This project will:

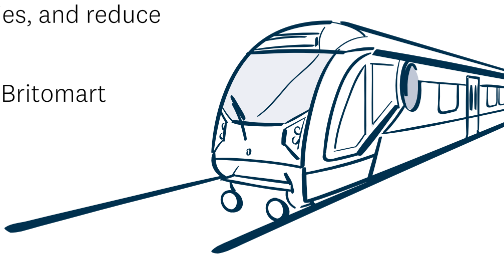
- facilitate the expected/planned growth of Warkworth and surrounding areas as identified in the Auckland Plan and related strategic transport documents
- improve the efficiency, resilience and safety of the local transport network including access to and from east coast settlements and beaches
- provide a transport corridor that contributes positively to a quality urban environment

Northwestern bus improvements

Early planning work on a Rapid Transit bus route alongside SH16 to improve travel times and reliability for customers, improving access to and from employment from the North West.

City Rail Link

The CRL is a joint venture with the Crown to reduce travel times, improve access to employment and education opportunities, and reduce traffic congestion.



The CRL will connect Britomart and Mt Eden stations with two new stations at Aotea and Karangahape Road via two 3.5km rail tunnels. It's Auckland's highest priority transport project and will provide a critical piece of infrastructure to support Auckland's economic growth, unlock development areas and support future population growth.

Auckland Council is committed to funding 50 per cent of this $4.4 billion project and expects to invest $395 million in 2020/2021.

What we are doing differently

Revenue

Public transport revenue

The impact of COVID-19 restrictions, more people working from home and the resulting economic slow-down will have significant impacts on transport revenue compared to previous years.

In 2020/2021, we expect that public transport farebox revenues will be $74 million lower than planned, offset in part with $55 million higher Waka Kotahi NZ Transport Agency operating subsidy (assuming top up of the revenue shortfall to 31 December 2020 and then 51 per cent for the balance of the year).

Parking and enforcement revenue

Parking and enforcement revenue is expected to be down by $35 million, even with greater levels of enforcement to keep bus and transit lanes clear so that the network flows as efficiently as possible. We expect a reduction in fuel usage meaning that the Regional Fuel Tax revenue will drop by $8 million. This is additional to a $22 million drop in other Auckland Transport revenue lines.

Savings we need to make

A number of operational and capital investment savings will be made in the transport activities in 2020/2021.

Planned operational savings include:

- reduced staff costs, professional services costs and contract staff costs - an $18 million saving
- setting an additional savings target for Auckland Transport - a further $7 million saving
- some reductions in the number and frequency of public transport services - a net $4 million saving.

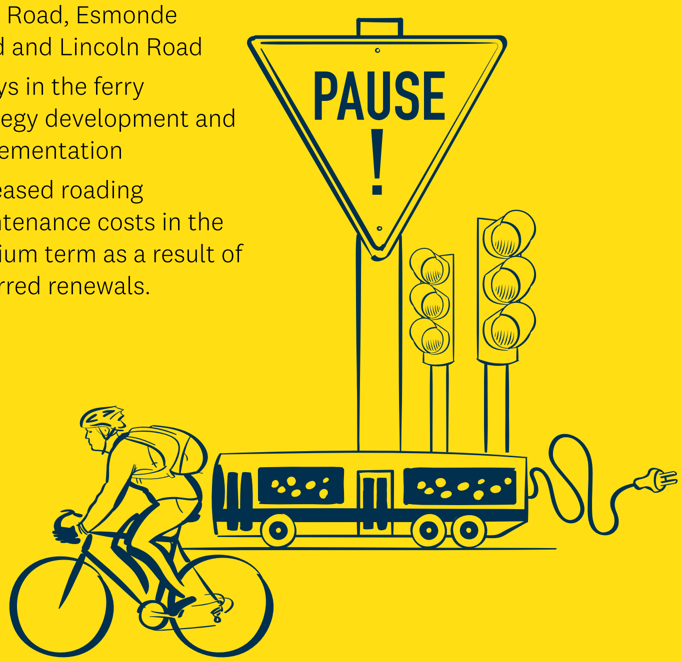
Capital investment deferred

$1.142 billion of capital investment will be delivered in 2020/2021 (this includes $395 million for CRL. Auckland Transport will deliver $747 million), compared with $1.3 billion previously planned.

This level of investment will not allow us to support capital programmes undertaken by other agencies or developments in Auckland. In addition, around $100 million of capital investment that did not proceed in 2019/2020 will now fall into 2020/2021 further reducing the level of investment in new projects.

The reductions in capital investment in 2020/2021 include:

- pausing or cancelling of safety improvements including any further rollout of red-light cameras in urban areas, the rural road delineation programme, and improvements to high risk intersections and pedestrian crossing improvements
- pausing or deferring work on all walking and cycling projects not in construction including Glen Innes to Tāmaki Stage 4, Point Chevalier to Herne Bay, Waitematā Safe Routes programme, links to Glen Innes, and the Great North Road project
- no further capital investment in electric buses and charging infrastructure is likely in 2020/2021 other than three electric buses already on order. However, 28 electric buses procured by bus operators are expected to arrive in 2020/2021
- deferrals to multi-modal projects such as Glenvar Road, East Coast Road, Lake Road, Esmonde Road and Lincoln Road
- delays in the ferry strategy development and implementation
- increased roading maintenance costs in the medium term as a result of deferred renewals.



Pārongo tahua pūtea
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Capital investment list

$(MILLION)	ANNUAL PLAN 2020/21
Renewals	**172.0**
Eastern Busway: Panmure to Pakuranga	64.1
Airport to Botany RTN via Manukau and Airport Access Improvements	56.2
Eastern Busway: Pakuranga Bus Station and Reeves Road Flyover	15.0
North-western bus improvements	10.0
Rapid Transit Network	**145.3**
Seismic Strengthening Programme	32.1
Downtown Ferry Basin Piers 3 & 4	24.7
Downtown bus Improvements	8.8
City Centre and Waterfront Projects supporting America's Cup	**65.5**
Urban Cycleway Programme	49.1
Walking & Cycling Programme	3.2
Innovating Streets	1.3
New Footpaths Regional Programme	1.0
Active Transport	**54.5**
Urban Road Safety Programme	23.4
Safer Communities and Speed Management	14.9
Minor Safety Improvements	9.4
Rural Road Safety Programme	16.1
Safety related projects	**63.8**
Integrated Ticketing - Improvements, Replacement and National System	12.4
Core Technology Upgrades and Replacements	9.5
AT Metro Business Technology	2.7
Innovation and Customer Centric Applications	2.3
Customer Contact Centres, Channel Technology and Innovation	2.1
One Network ITS System Integration	0.2
Technology	**29.2**
EMU Rolling Stock	43.0
Rosedale and Constellation Bus Stations	33.1
Corridor improvements (Matakana Link Road)	17.1
Deferrals from 2019/2020	13.8
CPCG Approved (Wolverton Culverts)	13.0
Local Residential Growth Fund (LRGF) Medallion Drive Link	12.5
Wynyard Quarter Integrated Road Programme	10.3
Pipeline	10.0
Special Vehicle Lanes	7.0
Supporting Growth - Investigation for Growth Projects	7.0
Street Lighting Improvements	7.0
Network Performance	5.2

$(MILLION)	ANNUAL PLAN 2020/21
Murphys Rd Upgrade Bridge Improvements	5.0
Local Board Initiatives	5.0
Whole of Route Bus Priority Programme - Phase 1	5.0
Murphys Rd Upgrade Bridge Improvements	4.9
PT Safety, Security and Amenity and other capital Improvements	4.5
Tāmaki Drive/ Ngapipi Road safety improvements	4.2
Projects funded by Rodney Targeted Rate	3.0
Tāmaki Drive/ Ngapipi Road safety improvements	2.9
Parking Programme	2.5
Bus Priority: Localised Improvements	2.4
Tāmaki Drive resilience Investigation	2.2
Wainui Improvements	1.9
Electric Buses and Infrastructure	1.3
Seal Extensions	1.0
Marae and Papakainga (turnout) Safety Programme	0.8
Regional Improvement Projects	0.7
Environmental sustainability infrastructure	0.5
Other Transport projects	**226.8**
City Rail Link	**395.0**
Total	**1152.1**
2020/2021 total from 10-year Budget	**1,290**

Direct operating performance

$(MILLION)	ANNUAL PLAN 2019/2020	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21
Net direct expenditure[1]	**253**	**116**	**348**
Direct revenue	**648**	**783**	**631**
Fees and user charges	295	298	214
Subsidies and grants	301	288	386
Other revenue	51	197	31
Direct expenditure	**901**	**899**	**979**
Personnel	130	132	138
Grants, contributions & sponsorship	0	0	0
Other operating expenses	771	767	841

Note to table:

1. Net direct expenditure includes operating revenue and costs from day-to-day operations and excludes accounting and finance factors such as depreciation, interest, and rates income.


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7:52:59

Te wai, te wai para me te wai āwhā
Water, wastewater and stormwater

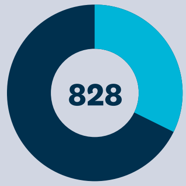
Our water functions include:

- supplying safe drinking water and treating wastewater every day
- managing stormwater to minimise flooding and protecting waterways
- providing infrastructure that keeps pace with the growth of Auckland.

These are core services that we will always provide, but over the next year we will be deferring some capital investment.

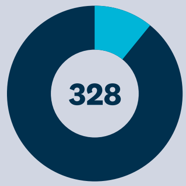
Over the next year we will focus on the drought response and delivering important projects, such as the Central Interceptor and the Huia 1 and Hunua 4 watermains which will continue to provide important infrastructure for Auckland's future.

Capital spend ($m) 2020/21



32% of total capital investment

Direct operating spend ($m) 2020/21



11% of total operational budget

What we're doing in 2020/2021

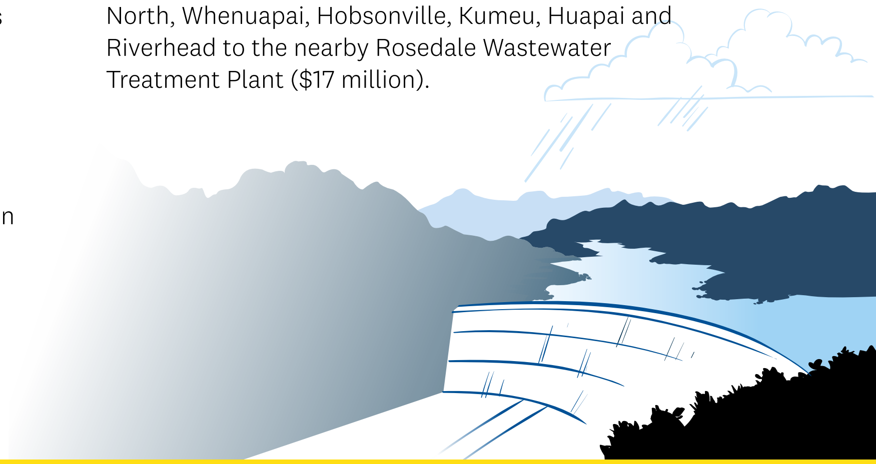
Water supply

Work will continue on various existing water supply projects, including the North Harbour 2 watermain ($17 million). The main focus will however be on our response to the current drought and securing future water supply and an additional $224 million has been budgeted for this – refer to Auckland Drought page in Part One.

Wastewater

Important wastewater projects will continue to keep up with Auckland's growth and to help make Auckland's waterways cleaner. In 2020/2021 we will:

- continue work on the Central Interceptor, an underground wastewater tunnel from Grey Lynn to our Māngere Wastewater Treatment Plant. Once completed in 2025, it will be 14.7 kilometres in length, the longest in New Zealand and 4.5 metres in diameter ($197 million)
- continue the Warkworth-Snells-Algies wastewater servicing project, which will upgrade wastewater pipes and an outfall pipe from the Snells Algies Wastewater Treatment Plant. This upgrade will provide network resilience, protect the environment and cater for rapid growth in the Mahurangi East area ($28 million)
- continue construction of stage 1 of the Northern Interceptor which will provide a wastewater pipeline which will connect the growing areas of Massey North, Whenuapai, Hobsonville, Kumeu, Huapai and Riverhead to the nearby Rosedale Wastewater Treatment Plant ($17 million).

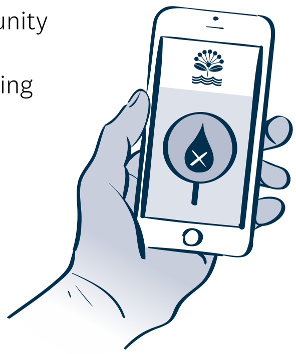


Stormwater

We have re-prioritised our stormwater and water quality programmes to respond to the emergency budget. We will deliver our revised stormwater capital work programme and focus on improving water quality outcomes. Alongside the water quality targeted rate we will work with our communities and partners to respond to the challenges of climate change and growth.

Catchment planning

We will improve our catchment planning and delivery to better focus on climate change adaptation, storm readiness, community resilience and stormwater reuse. Through improved catchment planning we will be better placed to manage climate change effects for future generations. Supporting activities that respond to the current drought and water supply issues, such as stormwater reuse, will be a priority.



Partnership

We will support and partner for growth that is sustainable and fully incorporates water sensitive design. Through our partnership with Kainga Ora, we will work to ensure that community housing in Auckland incorporates best practice water sensitive design, including household level water resilience for Tāmaki Makaurau.

In 2020/2021 we will:

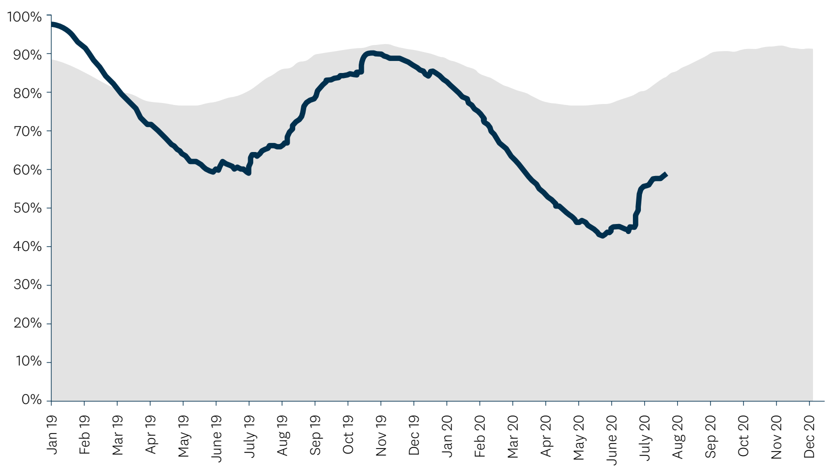
- continue the significant St Marys Bay/Masefield Beach Stormwater Upgrade to improve water quality in St Mary's Bay - $22 million
- continue the Okahu Bay and complete the Picton Street Stormwater Separation Programme – separating the outdated combined system and establishing new networks to improve water quality and reduce flooding - $16 million
- work on the Daldy Street waterfront outfall pipe extension to improve water quality - $6 million
- deliver the Tahi Road Waiheke Flood Mitigation Project - $2 million
- complete stage one work in the Awakeri Wetlands, Takanini including planting wetlands to channel stormwater to enable development (other stages deferred) - $1 million.

In addition to major works, through the water quality targeted rate we will also work to improve our beaches streams and harbours by continuing our contaminant reduction programme, and our safe networks programme to identify contaminants and track them to source, and by working with industry to protect our waterways.

Auckland's drought

We had a 'dry summer' leading to a drop in Water Supply Lake Storage to 42 per cent in May 2020. Since then, Auckland has seen some rain and has increased to 59 per cent (in July 2020) - however, still below historical average at 85 per cent.

Metropolitan water supply lake storage response



Lake storage 2020

Average yearly lake storage

What we are doing differently

Revenue

Due to lower commercial water usage expected as a result of COVID-19 impacts, as well as water restrictions to manage demand through the drought, we expect that water and wastewater charges will be $54 million lower.

We are also expecting infrastructure growth charge revenue will be $20 million lower than previously planned as the rate of development falls as a result of COVID-19.

Savings we need to make

We plan to make a number of operational and capital investment savings in the water, wastewater and stormwater activities in 2020/2021.

These savings include:

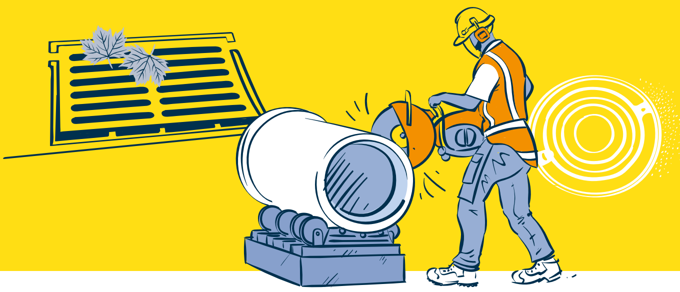
- less preventative maintenance including reductions in small projects, and less outsourcing of services in the Healthy Waters department saving $2.25 million
- Water Protection Fund grants, which help rural landowners with riparian planting and fencing, will stop for one year saving $170,000
- Watercare Ltd have committed to finding $121 million of mitigations to help fund the additional $224 million of capital expenditure and $15 million operational expenditure required to expand water supply capacity.

Capital investment deferred

Excluding drought related works, $96 million of capital investment will be deferred.

This includes:

- deferrals across Watercare's planned capital programme with a number of non-essential projects to support growth, totalling $57 million being deferred.
- deferrals of $39 million across the stormwater capital programme. This includes:
  - almost all externally contracted design work
  - all network growth projects
  - almost all renewal work and capacity upgrades (except for emergency works)
  - deferring and re-staging of the Hurstmere Road water quality upgrade – to be carried out in conjunction with further streetscape works
  - almost all small drinking water upgrades and some Water Quality Targeted Rate projects.



Pārongo tahua pūtea
Financial information

Capital investment list

$(MILLION)	ANNUAL PLAN 2020/21
Central Interceptor	197.0
Warkworth-Snells-Algies wastewater servicing	28.0
Northern Interceptor	17.0
Wastewater network	53.0
Wastewater treatment	50.0
Western Isthmus programme	2.0
Other wastewater	14.0
Wastewater	**361.0**
North Harbour 2 watermain	17.0
Other treated water network	76.0
Water treatment	26.0
Drought response - Waikato water treatment plant	145.0
Drought response - Hays Creek dam	58.0
Drought response - Hickey's bore	14.0
Drought response - Onehunga	7.0
Other water	34.0
Water Supply	**377.0**
St Mary's Bay/Masefield Beach stormwater upgrade	22.0
Catchment and Asset Planning	8.9
Picton Street separation	8.7
Okahu Bay separation	7.5
Ōtāhuhui Town Centre Stormwater Upgrade (Growth and Renewal)	6.0
Quay Street stormwater upgrade	6.0
Renewals and Upgrades	6.0
Daldy Street waterfront outfall	5.8
Other Renewal and Capacity Upgrades	3.4
Takanini School Road/ Popes Road capacity upgrade	2.8
Other Network Growth	2.4
Tahi Rd Waiheke Flood Mitigation	2.0
Westmere / Grey Lynn Stormwater Network Extension	1.4
Rawiri Stream Restoration	1.3
Tāmaki College flood mitigation	1.1
Awakeri Wetlands, Takanini	1.0
Oruarangi Māngere wetland	1.0
Malvern Road Flood Mitigation	0.8
Aotea/Great Barrier Emergency Plant	0.5
Waharau Regional Park	0.5
Waitawa Regional Park	0.5
Fourth Ave Waiheke Upgrade	0.4
Stormwater	**90.0**
Total	**828.0**
2020/2021 total from 10-year Budget	**739**

Direct operating performance

$(MILLION)	ANNUAL PLAN 2019/2020	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21
Net direct expenditure[1]	**(390)**	**(414)**	**(333)**
Direct revenue	**658**	**683**	**661**
Fees and user charges	533	554	517
Other revenue	125	129	144
Direct expenditure	**269**	**270**	**328**
Personnel	83	86	89
Grants, contributions & sponsorship	1	1	2
Other operating expenses	185	183	237

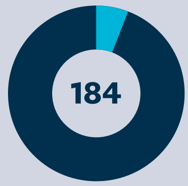
Note to table:

1. Net direct expenditure includes operating revenue and costs from day-to-day operations and excludes accounting and finance factors such as depreciation, interest, and rates income.

Ngā papa rēhia me ngā hapori
Parks and community

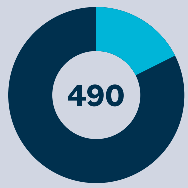
Through our network of parks, libraries, pool and recreation facilities and community halls, centres and venues services we play an active part in the region's environmental, social and cultural life. In addition, our funding of programmes, grants and increasing digital services touch the lives of more than 200,000 Aucklanders each day.

Capital spend ($m) 2020/21



7% of total capital investment

Direct operating spend ($m) 2020/21



17% of total operational budget

What we're doing in 2020/2021

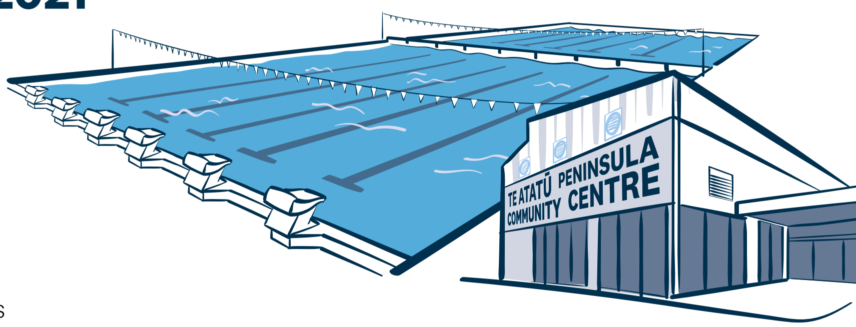
We will continue to provide these services, but to achieve savings, there may be some changes to:

- service levels
- facility opening hours
- maintenance levels
- delivery of programmes.

These savings will have a low overall impact on the community but there may be some noticeable impacts on the parks, recreation, community, arts and culture activities available to Aucklanders.

Initiatives in the budget include:

- Karanga Atu! Karanga Mai! - improving our responsiveness to Māori by partnering with mana whenua and mataawaka to deliver activities directly contributing to Māori identity and wellbeing
- Urban Ngahere (Forest) Strategy to better know, grow and protect our urban ngahere
- increasing customer use and engagement of our services online, including initiatives such as Libraries website enhancement and arts programmes - SUSO (Stand Up, Stand Out) and Matariki
- sustained support of $500,000 for homelessness initiatives



- opening of the new Takanini Library and Community Hub, and the planning and design of Avondale Library and Community Centre
- the development and renewal of Auckland's great local places including major projects such as Central Library roof remediation, Winter Gardens renewal at Auckland Domain, Ngati Ōtara Multipurpose Facility and Park, Chelsea Heritage trail, changing rooms at Keith Hay Park (in partnership) and Grey Lynn Park and a comprehensive renewal at West Wave
- Consents, design and staged delivery of the Te Whau Pathway, a 15km shared path alongside the Whau river that links the Waitematā and Manukau harbours, subject to funding from the government's shovel ready programme.

What we are doing differently

Revenue

COVID-19 is anticipated to result in a temporary change in behaviour and reduce the public usage of libraries, venues for hire, recreation centres and pools.

Revenue for parks and community is expected to be $10 million (10 per cent) lower than originally planned.

Savings we need to make

Planned operational savings include:

- efficiencies, including staff cost and training reductions, reduced outsourcing and professional services, reduced catering - a $6.04 million saving
- fewer and smaller events such as Matariki, Waitangi Ki Manukau, Movies in Parks, Music in Parks, Heritage Festival, citizen ceremonies, and regional parks events (such as cancellation of Ambury Farm Day and Sculpture at the Botanic Gardens) - a $610,000 saving
- reduced parks and recreation programmes, including using in-house fitness programmes, park activations and the Arataki Visitors Centre programme - a $420,000 saving
- direct maintenance and operating cost efficiencies through reducing opening hours and other measures - an $800,000 saving
- reduced regional park track maintenance - a $260,000 saving
- deferral of unallocated grant funding from the Sport and Recreation Facilities Investment Fund - a $3 million saving
- scaled back programmes in community centres, arts facilities and libraries - a $1.07 million saving
- fewer arts, culture and events grants due to a reduction in activity, including a reduced Q Theatre grant and reduced contestable grants overall - a $670,000 saving
- operational expenditure not required due to delayed community centre build - a $300,000 saving.

Deferred capital investment

$136 million of planned capital investment will be deferred. These timing changes include:

- fewer land acquisitions, with only land purchases that have already been signed being acquired, as well as land at Manukau Cemetery
- delays in new development, including One Local Initiatives, other than work that is already contractually committed or Local Boards elect to reallocate funding - this means no new projects being started for sports fields, toilets, playgrounds, pools, libraries, community centres and parks
- reduced programme of asset renewals which means some replacement of ageing assets is deferred with projects prioritised to respond to compliance and health and safety needs.
- minimal seismic remediation of community facilities, meaning possible closure of some facilities if deemed a risk to continue operating
- reduction of investment in library collections by one third and no new on-line library services or technology
- reduction in public art spending (70 per cent reduction).

Pārongo tahua pūtea
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Capital investment list

$(MILLION)	ANNUAL PLAN 2020/21
Renewals - local	**70.2**
Land acquisition	**49.6**
Regional Parks - Cemetery renewals	0.9
Committed regional renewals including:	7.7
Other regional renewals	2.4
Renewals - regional (incl. cemeteries)	**11.0**
Ngati Ōtara Park Development	4.7
One Local Initiative	**4.7**
Keith Hay Park (Puketāpapa)	1.3
Other Growth Projects	4.1
Growth Programme	**5.4**
LDI Capex - Committed Local Development Projects	**2.6**
Coastal renewals (regional)	**4.6**
Development (regional parks & cemeteries)	**2.4**
Slips Prevention (regional)	**0.9**
Te Whau walkway	5.0
Other projects	4.1
LTP Discrete projects	**9.1**
Regional public artwork, art assets and security infrastructure	0.7
Public art renewals	0.3
Arts, Community & Events	**1.0**
Māori outcomes	**0.3**
Collection renewals	7.4
Content and access	0.2
Technology projects to promote digital	2.2
Libraries	**9.9**
Leisure facility equipment renewals	0.9
Commercial development fund	0.9
Co-Governance projects	7.8
Parks, Sports and Recreation	**9.7**
Amenities and Infrastructure Maintenance (AIM) Services	**2.4**
Total	**183.7**

2020/2021 total from 10-year Budget	**311**

Direct operating performance

$(MILLION)	ANNUAL PLAN 2019/2020	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21
Net direct expenditure	**404**	**353**	**413**
Direct revenue	**79**	**75**	**77**
Fees and user charges	50	51	49
Subsidies and grants	6	7	6
Other revenue	22	18	22
Direct expenditure[1]	**482**	**429**	**490**
Personnel	180	173	169
Grants, contributions & sponsorship	48	27	47
Other operating expenses	254	228	274

Note to table:

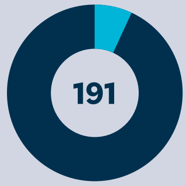
1. Net direct expenditure includes operating revenue and costs from day-to-day operations and excludes accounting and finance factors such as depreciation, interest, and rates income.

Te pokapū tāone nui me ngā whakawhanaketanga ā-rohe
City centre and local development

Locally, we help deliver vibrant neighbourhood town centres and thriving economies that support strong communities and accommodate growth. The city centre development programme also prepares us to host major events.

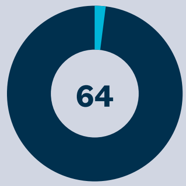
Development of town centres is an important way to build more homes, encourage use of public transport, stimulate local economies and create jobs. With the slow down resulting from COVID-19, activities will continue but will be scaled back wherever possible to achieve savings.

Capital spend ($m) 2020/21



7% of total capital investment

Direct operating spend ($m) 2020/21



2% of total operational budget

What we're doing in 2020/2021

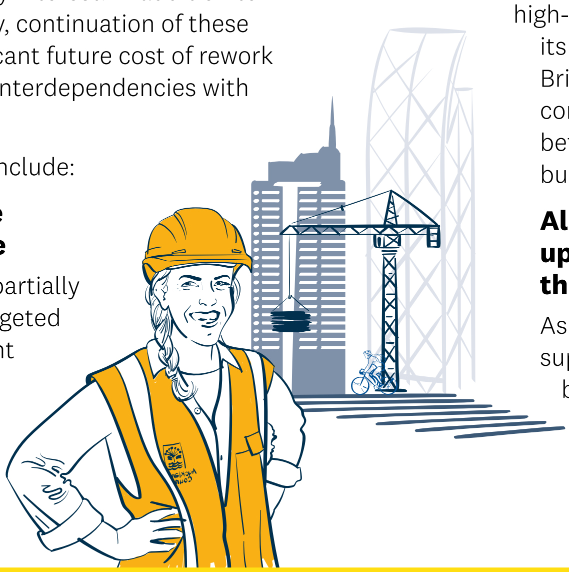
The delivery of the city centre programme and neighbourhood urban regeneration programmes are well advanced, with a significant number of projects under construction, including downtown and Karangahape Road upgrades.

The priorities for the Emergency Budget 2020/2021 are to continue to progress and complete the projects under construction. These projects were prioritised due to significant health and safety risks, contractual commitments, and community interest. In addition to supporting economic recovery, continuation of these projects also mitigates significant future cost of rework and risks and delivers on the interdependencies with the City Rail Link (CRL).

Projects still being delivered include:

Downtown Infrastructure Development Programme

- Quay Street Enhancement (partially funded by the city centre targeted rate) - a revitalised waterfront place, with wider footpaths, easier navigation, new street furniture, more trees, and greater opportunity for business and events - $22 million
- downtown public space – creation of an exciting waterfront public space in the ferry basin between Princes Wharf and Queens Wharf - $17 million.



Lower Queen Street urban realm upgrade (partially funded by the city centre targeted rate)

This upgrade of lower Queen Street will create a high-quality public space, reflecting its significance as a forecourt to Britomart Station and enhance the connection to the waterfront, and better connecting people to trains, buses and ferries - $11 million.

Albert Street urban realm upgrade (partially funded by the city centre targeted rate)

As part of the development supporting CRL, Albert Street will be transformed to create a high-quality public space for people and businesses.

We are widening the footpaths, planting trees, adding bus lanes and making the street more pedestrian-friendly - $4 million.

Completing contracted commitments in Wynyard Quarter

Including Westhaven Promenade (stage two), marina infrastructure and the Westhaven Marine Village, as well as furthering work with our development partners - $35 million.

Panuku Development Auckland

Council's urban regeneration agency, Panuku Development Auckland, will mainly focus on finishing contracted construction, critical renewals on Auckland Council's portfolio and committed acquisitions (mainly related to the Northcote Town Centre).

Development work will continue, where possible, in our urban regeneration areas, including:

- completion of a new car park at 14 Huron Street, Takapuna, which is being built to free up a more central site for a town square and mixed-use development, as well as progressing the design and consenting of the town square - $6 million
- completion of stage one of Te Ara Awataha, a stream daylighting project in Northcote ($400,000)
- completion of subdivision works, including an access road, in relation to 2-6 Henderson Valley Road - $1 million
- Barrowcliffe Bridge works ($2 million), including a shared walking and cycling connection around Barrowcliffe Pond ($600,000), will be delivered as well as improvements to the Manukau town square
- continuing to progress site sales in all areas.

What we are doing differently

Revenue

There will be some reduction in rental revenue from properties owned and managed by the council group.

Savings we need to make

Planned operational savings include:

- reduced staff costs and operating efficiencies at Panuku - $3 million savings
- reduced project planning and placemaking and activation - $2.4 million savings.

Capital investment deferred

$25 million of capital investment by Panuku will be deferred. Panuku's work will focus on the completion of projects under construction and property acquisitions for the Northcote Town Centre.

Deferrals include:

- fewer asset renewals
- delaying projects across Panuku's neighbourhoods.

Capital investment for the 36th Americas Cup event in 2021 needs to be completed and will proceed.

Capital investment by the Development Programme Office in town centres will be $12 million higher than previously planned as projects underway in 2020 are carried forward to 2021.

Projects that will be deferred include:

- Hobson Street
- Myers Park
- Nelson Street slip lane
- stage 4 of the Ōtāhuhu Town Centre upgrade.

The Hurstmere Road upgrade will be restaged.

Pārongo tahua pūtea
Financial information

Capital investment list

$(MILLION)	ANNUAL PLAN 2020/21
Downtown Programme	41.1
Uptown and Midtown Programme	22.7
America's Cup 36 (AC36) auxiliary works	19.4
Hurstmere Road Streetscape Upgrade	4.0
Westgate Remaining Open Spaces	3.6
Tāmaki Transformation Projects	0.5
Development programme office	**91.3**
Takapuna - Gasometer car park	4.2
Takapuna - Anzac Street / Hurstmere Road Town Square	2.2
Manukau Barrowcliffe Bridge Works	1.9
Henderson - 2-6 Henderson Valley Road	1.1
Northcote - Te Ara Awataha Stage 1	0.4
Pipeline, acquisitions and Site Sales All Areas	22.2
Property development	**32.1**
Marina Infrastructure	11.8
Waterfront -Contamination Development Sites	9.4
Westhaven Promenade Stage 2	6.3
Marine Village	4.2
Tiramarama Way Stage 2	2.3
Waterfront -Vos Shed	0.9
Waterfront	**34.9**
Strategic Development Fund	**13.5**
Asset Renewals	**9.4**
AC36 Superyacht Infrastructure	6.3
AC36 Sealink Relocation	1.3
AC36	**7.6**
Regional (Supports, Optimisation,AT)	**1.7**
Haumaru Social Housing	**0.9**
Total	**191.3**
2020/2021 total from 10-year Budget	**126**

Direct operating performance

$(MILLION)	ANNUAL PLAN 2019/2020	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21
Net direct expenditure	**14**	**3**	**14**
Direct revenue	**51**	**59**	**49**
Fees and user charges	4	3	1
Other revenue	47	56	49
Direct expenditure[1]	**65**	**62**	**64**
Personnel	33	28	29
Grants, contributions & sponsorship	1	1	1
Other operating expenses	31	34	34

Note to table:

1. Net direct expenditure includes operating revenue and costs from day-to-day operations and excludes accounting and finance factors such as depreciation, interest, and rates income.

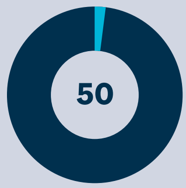
Whakawhanaketanga ā-ōhanga, ā-ahurea
Economic and cultural development

We provide arts, natural environment, sport and live performance events that enrich the lives of Aucklanders and visitors.

We create prosperity for all by enriching Tāmaki Makaurau Auckland as a place for investment, talent, innovation, and visitors.

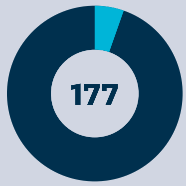
The significant impact of the COVID-19 pandemic means that economic growth will be slower over the next few years and with travel restrictions international visitation to Auckland is likely to be much lower than previous years, and potential restrictions on groups may make events much harder to run.

Capital spend ($m) 2020/21



2% of total capital investment

Direct operating spend ($m) 2020/21

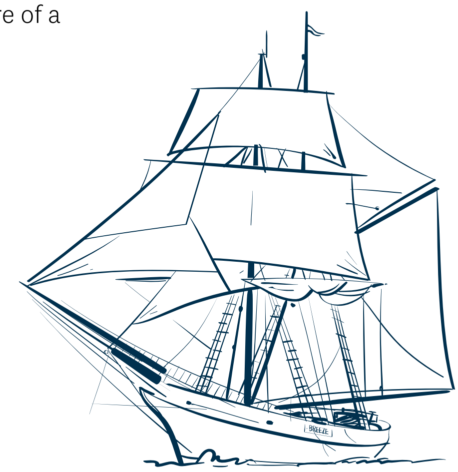


6% of total operational budget

What we're doing in 2020/2021

2021 major events

Auckland is preparing to host various major events in 2021, including the 36th America's Cup, the ICC Women's Cricket World Cup 2021, and Rugby World Cup 2021. Operating expenditure of a further $20 million is required for financial year 2020/2021 to ensure the city can continue to operate safely amongst the demands of major live events taking place and so the city can leverage wider economic benefits from these events.



The 36th America's Cup will help to reinvigorate Auckland's hospitality, tourism and marine sectors that have been heavily impacted by COVID-19.

Significant investment has already been made in the infrastructure for the event, along with other host city related commitments and these works are nearing completion. Focus will now shift to requirements for hosting the event:

- transport management
- host city activations
- crowd management
- other contractual obligations as part of the Host Venue Agreement (HVA). These will ensure a live sports event can take place in a working, commuting harbour and functioning city.

Economic recovery

ATEED is currently moving to focus all its resources on achieving the biggest impact on regional economic recovery possible through:

- driving investment into Auckland
- rebuilding the regional economy from the neighborhood up
- showcasing a vibrant and resilient Tāmaki Makaurau Auckland
- supporting business to innovate and thrive.

Building the Future Zoo

Auckland Zoo infrastructure is aging and, in a number of areas, falls short of community and international standards. A significant renewals programme spanning over 10 years is currently underway to address these issues across the site in response to increasing international standards of animal care, health and safety and growing community expectations. The current capital programme at the Zoo, the largest in its history, involving a significant upgrade of the South East Asia precinct and restaurant area. These works are scheduled to be completed in 2021.

Developing the Aotea Arts Quarter

Works commenced in February 2018 on the most significant upgrade to New Zealand's premier performing arts venue, Aotea Centre, since its opening in 1989. These works will:

- address the centre's weather-tightness issues
- meet compliance requirements
- significantly improve the patron experience.

These works are due for completion in 2020/2021.

Improving the Maritime Museum

A project to remodel the Maritime Museum's entry precinct is underway and due for completion during 2020/2021, providing an enhanced public face and improved visitor amenity for the national institution prior to America's Cup events.

What we are doing differently

Revenue

The size and number of events will be much lower as a result of COVID-19 and this will reduce the revenue of Regional Facilities Auckland (RFA) by $37 million.

With border restrictions, very few international visitors will come to Auckland. This means that we will not be spending money on promoting Auckland internationally as a destination (which is partially funded by the Accommodation Provider Targeted Rate). With the suspension of the Accommodation Provider Targeted Rate until March 2021 there will be a $10.7 million drop in revenue.

Savings we need to make

Planned operational savings include:

- reduction in RFA's cost of sales and associated staffing costs as a result of reduced performances and events, cuts to Auckland Live's public programme and Auckland Art Gallery exhibitions and reduced shop and café sales – an $18 million saving
- reduction of $20 million in the original budget provision of new funding across the group for supporting large events in 2021
- reduced spend by ATEED on visitor attraction of $10.7 million, enabling the suspension of the Accommodation Provider Targeted Rate until March 2021
- operational and staffing savings in RFA totalling $6 million through reduced operating expenditure and staff cost savings initiatives
- further cuts to Auckland Live's public programme and to Auckland Art Gallery exhibitions - a $1.1 million saving.

Capital investment deferred

$12 million of capital works have been deferred from 2020/2021 including the commencement of heritage restoration works on the old Art Gallery building, selected stadiums renewals works, heritage boat marina renewal and installation of emissions and energy reduction infrastructure.

Pārongo tahua pūtea
Financial information

Capital investment list

$(MILLION)	ANNUAL PLAN 2020/21
Aotea Weathertightness	14.5
Venue renewals	4.2
Aotea Studios	0.2
Auckland Live	**18.9**
South East Asia precinct	12.0
General renewals	1.0
Auckland Zoo	**13.0**
Mt Smart Stadium - general renewals	3.1
Western Springs Stadium - general renewals	2.0
Nth Harbour Stadium - general renewals	0.5
Auckland Stadiums	**5.6**
Entry redevelopment	2.3
General renewals	1.1
New Zealand Maritime Museum	**3.4**
COVID-19 Impacts	3.9
Security	2.0
Information and Communications technology	1.1
RFA+ (MOTAT, Stardome, Trusts Arena)	0.8
Other RFA projects	**7.8**
Auckland Art Gallery	**1.4**
ATEED	**0.2**
Total	**50.3**
2020/2021 total from 10-year Budget	**34**

Direct operating performance

$(MILLION)	ANNUAL PLAN 2019/2020	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21
Net direct expenditure	**92**	**83**	**119**
Direct revenue	**77**	**86**	**57**
Fees and user charges	44	55	23
Subsidies and grants	3	2	10
Other revenue	30	29	24
Direct expenditure[1]	**169**	**169**	**177**
Personnel	69	70	78
Grants, contributions & sponsorship	11	13	13
Other operating expenses	89	87	86

Note to table:
1. Net direct expenditure includes operating revenue and costs from day-to-day operations and excludes accounting and finance factors such as depreciation, interest, and rates income.

Ngā whakahaere taiao me ōna herenga
Environmental Management and Regulation

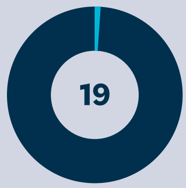
We nurture, look after and monitor Auckland's natural environment, and protect it from a variety of natural and human generated threats.

We collect and dispose of Auckland's rubbish and waste.

We keep Aucklanders safe and well through building compliance, animal control, alcohol licensing, resource consenting and environmental health activities.

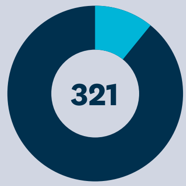
We expect to see less economic activity as a result of COVID-19. This will slow the pace of development over the city and will see the number of resource and building consents drop.

Capital spend ($m) 2020/21



1% of total capital investment

Direct operating spend ($m) 2020/21



11% of total operational budget

What we're doing in 2020/2021

Environmental Services

We will partner with mana whenua to deliver on tangible outcomes for Māori including improvements in our natural environment.

Working alongside communities to eradicate pests and protect the ecological health of our environments remains important, along with our work to protect Kauri from kauri dieback disease, however some of these programmes are being rephased and some investment reduced over the short term.

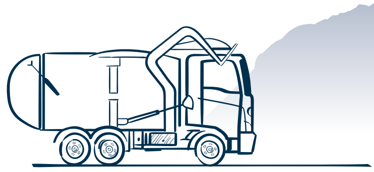
We will continue to encourage Aucklanders to reduce carbon emissions through everyday choices of:

- where they live
- how the travel
- what they buy and eat.

Waste services remain largely unchanged, and include refuse and recycling services, an inorganic service, the operation of a transfer station and community recycling centres and ongoing implementation of the Waste Management and Minimisation Plan.

Key projects are:

- pest eradication programmes on Waiheke Island, on the Awhitu Peninsula and in Howick
- restoring land in Mahurangi East as part of a five year project to expand and connect pest control and ecological restoration activities delivered by the council, mana whenua, the community and the Department of Conservation on private land, council parks and public conservation land
- ongoing delivery of work through the natural environment targeted rate including making



tracks in parks kauri safe, pest management and support for community planting, pest control and fencing
- roll-out of the three bin kerbside collection contracts, final negotiations for which were finalised during the COVID-19 lock-down.

Regulatory

We will be working collaboratively with industry customers, Kainga Ora and Government to ensure the consenting and compliance requirements are delivered and monitored to support the Auckland economy. In the coming year, the priority for the consenting teams will be on processing and inspection timeframes, customer engagement and satisfaction, back office processes and automation leading to increased technical consistency, quality and efficiency. This will help to reduce consenting timeframes and ensure that development is complaint with approved plans.

What we are doing differently

Revenue

With a slow-down in development as a result of COVID-19, we are expecting around 25 per cent reduction in the number of building and resource consents we issue - a $53 million drop in revenue.

Savings we need to make

Planned operational savings include:

- reductions in pest eradication, including the delay, for a year, in beginning the rat eradication component of the overall Te Koro o Waiheke project and pest eradication on Kawau Island, plus some reduction in large pest reduction programme and Kauri dieback research - a $1.17 million saving
- reduction in the Natural Environment Heritage Grant for community-led conservation and low carbon living projects, and the programme to support rural landowners to restore high ecological value sites - a $530,000 reduction
- optimisation and automation of consenting processes - a $5 million saving
- reduction of waste collection costs through efficiencies, such as reducing inorganic waste collection marketing costs - a $1.18 million saving.

Pārongo tahua pūtea
Financial information

Capital investment list

$(MILLION)	ANNUAL PLAN 2020/21
Environmental Services	**7.0**
Waste Solutions, Engineering & technical services	**6.2**
Tsunami alert system & other emergency equipment	**3.6**
Regulatory Services	**2.1**
Total	**18.8**
2020/2021 total from 10-year Budget	**29**

Direct operating performance

$(MILLION)	ANNUAL PLAN 2019/2020	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21
Net direct expenditure	**85**	**82**	**117**
Direct revenue	**245**	**253**	**203**
Fees and user charges	235	244	193
Subsidies and grants	7	6	7
Other revenue	4	3	4
Direct expenditure[1]	**330**	**335**	**321**
Personnel	171	163	174
Grants, contributions & sponsorship	4	2	4
Other operating expenses	154	169	142

Note to table:

1. Net direct expenditure includes operating revenue and costs from day-to-day operations and excludes accounting and finance factors such as depreciation, interest, and rates income.

Te tautoko a te Kaunihera
Council Support

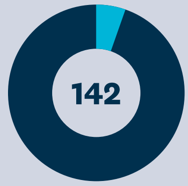
We support Auckland Council to deliver services and elected representatives to make decisions.

We provide grants for large regional amenities such as the Museum of Transport and Technology (MOTAT) and the Auckland War Memorial Museum.

Council Support also includes the operations of the Ports of Auckland.

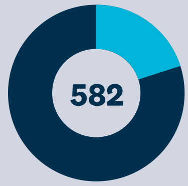
Our focus is on keeping as many front-line council services operating as possible. Therefore, a wide range of operational savings have been identified across the council support activity.

Capital spend ($m) 2020/21



6% of total capital investment

Direct operating spend ($m) 2020/21



20% of total operational budget

What we're doing in 2020/2021

Corporate Property and Support Services

Corporate Property and Support Services are implementing fundamental changes to operational services which will produce a lower operating cost, streamline processes and support an adaptable organisation.

A reduction in fleet vehicles is underway as part of the target to reduce emissions by 50 per cent by 2025, as we look to more sustainable travel options.

Support Services are moving boldly to find more efficient ways of working across printing, ordering of essentials like stationery and office supplies, and introducing an online office mail solution for external mail.

Our Corporate Property Strategy is driving further efficiencies and over the coming year staff will relocate from our Graham Street office, leading to a reduced corporate property footprint in the central city.

CCO Review

The council commissioned an independent review of its five substantive council controlled organisations in early 2020. The independent panel was tasked with reviewing: the effectiveness of the CCO model, roles and responsibilities, the accountability mechanisms between CCOs and the council, and the culture of CCOs.

The panel is expected to provide a final report with recommendations and present their findings to the Governing Body in the first quarter of 2020/2021. The Governing Body will then consider which of the panel's recommendations will be adopted and implemented background information about the review and wider community engagement is available www.aucklandcouncil.govt.nz/review-of-ccos

Ports of Auckland

Ports of Auckland will reach significant milestones in its capital investment programme this year. This includes container terminal automation and the new car handling facility that will be completed and will lead to significant increases in capacity, efficiency and returns.

What we are doing differently

Revenue

The impact of COVID-19 and the expected economic slow-down will have a significant adverse impact on revenue.

We are expecting no dividend from Auckland International Airport Ltd, which will see revenue drop by $60 million. Ports of Auckland revenue is also expected to be $64 million less than previously planned.

Savings we need to make

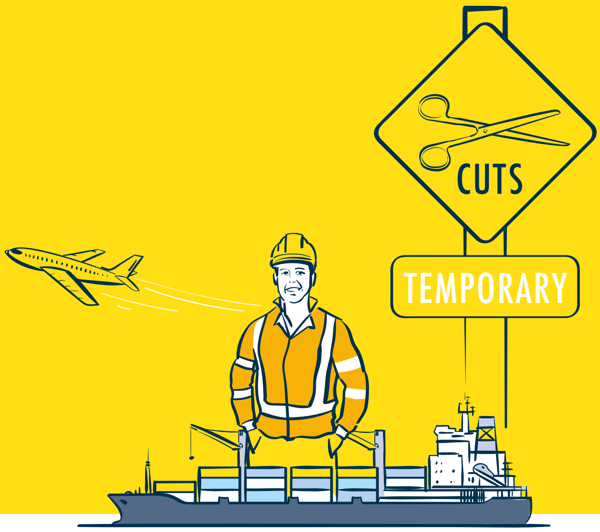
Planned operational savings include:

- voluntary salary reductions for six months for staff earning over $100,000 across the council organisation - a $2.85 million saving
- reduction in spending against the Mayoral Office budget - a $2 million saving
- reductions in governance staff costs, including vacant roles, with an estimated saving of $1.1 million
- interest cost savings of $15 million due to lower interest rates
- deferral of triennial property valuation process - a $2.8 million saving
- reduction of discretionary spend, including travel, training, professional services, marketing, and people function efficiencies - a $12.05 million saving across the council organisation
- changes to insurance claim processes estimated to reduce claims costs by $1 million
- improvements in corporate property management estimated to reduce maintenance and utilities costs by $1.5 million
- reduction in printing costs from digitisation of documents - a $450,000 saving
- optimising business support functions - a $1.3 million saving
- reduction in the number of vehicles in the fleet leading to lower fleet operating costs estimated at $200,000
- setting a formal target for savings from removing duplication across council-controlled organisations - a $5 million saving.

Capital investment deferred

$15 million of capital investment deferrals will include:

- delay of non-critical information and communication technology initiatives
- slowdown of corporate property investment including the improvement of the cost efficiency of our office building portfolio and some local board office refits.



Pārongo tahua pūtea
Financial information

Capital investment list

$(MILLION)	ANNUAL PLAN 2020/21
Ports of Auckland	73.6
Corporate Property	22.0
Wynyard Edge Alliance (AC36 event infrastructure)	18.0
ICT	17.0
Other support areas	11.6
Total	**142.2**
2020/2021 total from 10-year Budget	**(14)***

*Includes LTP timing assumption of $120 million

Direct operating performance

$(MILLION)	ANNUAL PLAN 2019/2020	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21
Net direct expenditure	**340**	**254**	**338**
Direct revenue	**266**	**326**	**244**
Fees and user charges	249	324	224
Subsidies and grants	4	3	2
Other revenue	14	(2)	18
Direct expenditure[1]	**606**	**580**	**582**
Personnel	293	299	281
Grants, contributions & sponsorship	92	90	91
Other operating expenses	222	190	209

Note to table:

1. Net direct expenditure includes operating revenue and costs from day-to-day operations and excludes accounting and finance factors such as depreciation, interest, and rates income.

Wāhanga Tuatoru: Ā tātou Pūtea
Part Three: Our finances

3.1 Financial overview

Introduction

This section provides a high-level overview of our key financial information and explains how we fund our activities. This should be read in conjunction with the Prospective financial statements in Part 3.2 of this volume.

Key financial parameters for 2020/2021

$ MILLION	ANNUAL BUDGET 2019/2020	10-YEAR BUDGET 2020/2021	ANNUAL BUDGET 2020/2021
Total capital investment	2,762	2,515	**2,567**
Total operating expenditure	4,243	4,347	**4,445**
Average general rates increase	2.50%	3.50%	**3.50%**
Rates revenue	1,877	1,965	**1,976**
Total operating funding sources	4,130	4,318	**4,056**
Total assets	55,316	58,662	**59,888**
Total borrowing	9,720	10,657	**11,028**
Total equity	41,642	44,229	**43,819**
Debt to revenue ratio	253%	264%	**290%**

Capital investment and debt levels

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 2020/2021 is $2.17 billion, in addition we plan to invest $395 million in City Rail Link Limited. The total capital investment for Auckland over 2020/2021 is projected to be $2.57 billion.

This would be the largest capital programme delivered by the council in a single year. While the 2019/2020 year originally planned for a larger programme than this, the latest forecasts suggest that actual delivery would fall lower, due to the disruptions caused by COVID-19.

DELIVERED BY	$(MILLION)
Auckland Council	452
Auckland Transport	757
Watercare	738
Regional Facilities Auckland	50
Ports of Auckland Limited	75
Panuku Development Auckland	100
Total capital expenditure	**2,172**
Investment in City Rail Link Limited	395
Total capital investment	**2,567**

The following table shows how we plan to fund our capital expenditure and other capital outflows in 2020/2021.

CAPITAL EXPENDITURE AND OTHER OUTFLOWS $ MILLION	ANNUAL BUDGET 2020/2021
Growth	748
Service level improvement	927
Renewals	497
Weathertightness claims	91
Investment in City Rail Link Limited	395
Other	-103
Total	**2,555**

FUNDING SOURCES $ MILLION	ANNUAL BUDGET 2020/2021
Capital subsidies	454
Development contributions	137
Asset sales	390
Operating cash surplus	664
Borrowings	910
Total	**2,555**

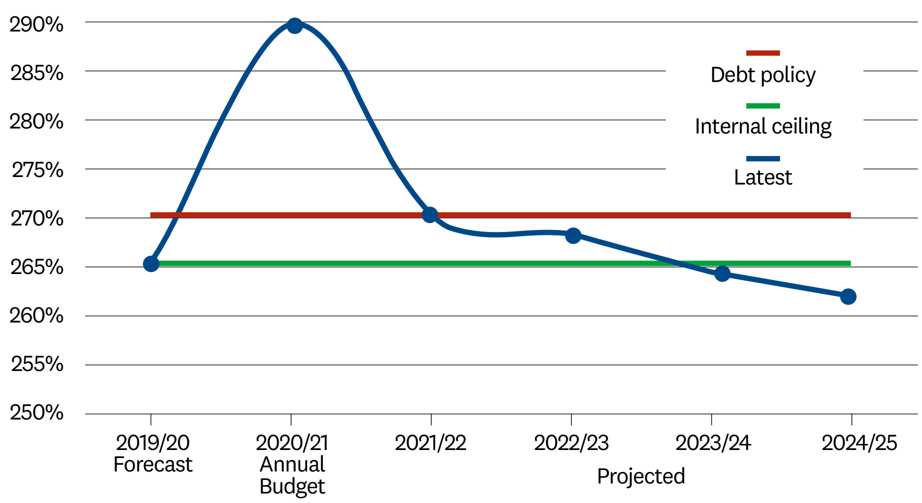
The continued investment in Auckland will see us increasing council debt from $10.1 billion to $11 billion.

Our Financial Strategy set a limit on the council's borrowing, to maintain debt at a prudent and sustainable level. This limit is set at 270 per cent of revenue.

The primary financial impact for council of the COVID-19 pandemic is a projected revenue shortfall of around $450 million compared with updated projections pre-COVID. This has a direct impact on our debt to revenue ratio through lower revenue and an indirect impact through increased borrowing to cover the shortfall. To attempt to maintain a ratio below 270 per cent would require cuts to services and investment that would be unacceptable to the community.

We consider that a temporary elevation of the debt to revenue ratio to 290 per cent in 2020/2021, returning to 270 per cent by 2021/2022 is a prudent response to the temporary impact on our revenue projections.

Auckland Council Group debt to revenue ratio



To help mitigate the impact on debt, the council considered its asset portfolio. Asset recycling was a key lever as changing asset ownership has minimal impact on jobs and employment compared to spending reductions.

We increased our asset recycling target in 2020/2021 from $24 million to $244 million. This is on top of around $80 million of planned asset sales by Watercare to help lessen the debt impact of the drought mitigation works, around $40 million of asset sales undertaken by Panuku, including as part of the Transform and Unlock programme, and around $25 million of asset sales as part of our corporate property optimisation strategy.

Operating expenditure and revenue sources

It is forecast that the Auckland Council group will spend $4.4 billion in operating expenditure in 2020/2021. 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).

Total operating costs are projected to be $200 million higher than the 2019/2020 budget, this is made up of pre-COVID increases and post-COVID savings. Before COVID-19 we were planning for growth in our operating cost base as a result of usual inflationary pressures, and the need to provide more assets and services for a rapidly growing city. At this stage we were expecting costs to grow by around $385 million (9 per cent).

The savings initiatives identified for the Emergency Budget offset $200 million of this, while drought related operating pressures add on another $15 million. Therefore, the final year-on-year movement in costs is up by only $200 million (5 per cent increase).

The $4.1 billion of operating revenue sources covers $3.4 billion of cash operating expenditure, leaving a surplus of $664 million to fund capital expenditure.

CAPITAL EXPENDITURE $ MILLION	ANNUAL BUDGET 2020/2021
Staff	959
Interest	452
Other	1,981
Sub-total	**3,392**
Depreciation and amortisation	1,051
Other non-cash adjustments	2
Total	**4,445**

OPERATING FUNDING SOURCES $ MILLION	ANNUAL BUDGET 2020/2021
Rates	1,981
Fees and user charges	1,219
Subsidies and grants	411
Other	445
Total	**4,056**

Balanced budget and funded depreciation

The Local Government Act 2002 requires that each local authority ensures that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses. Additionally, however, it provides that a local authority may set projected operating revenues at a different level if it resolves that it is financially prudent to do so, having regard to -

a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long-term plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and

b) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and

c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and

d) the funding and financial policies adopted under section 102.

Auckland Council's revenue and financing policy, set through its 10-year Budget 2018-2028, included a progressive movement towards the full funding of its depreciation expense from operating sources. As a consequence of this the council resolved that it would not balance its budget for the first three years of the plan (2018/2019 – 2020/2021). The policy had set a minimum level of depreciation funding for 2020/2021 of 85 per cent.

The projected impacts of COVID-19 disruption on the 2020/2021 revenue streams of the Auckland Council group are such that an attempt to balance the budget by offsetting them with reductions in operating spend would be impossible without extreme impacts on core council service delivery. This means that the amount of depreciation funded in 2020/2021 is projected to be 54 per cent.

These impacts are, however, expected to only be temporary in nature and revenue levels are largely projected to return to previous levels in the following year and we expect the council will return to a balanced position from 2021/2022.

Given this, the council considers that it is financially prudent to agree to a budget that does not balance for the 2020/2021 year.

3.2 Prospective financial statements

Prospective statement of comprehensive revenue and expenditure

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21	NOTES
Revenue					
Rates	1,877,457	1,965,237	1,976,293	11,056	1
Fees and user charges	1,410,529	1,529,558	1,218,627	(310,931)	2
Grants and subsidies	837,395	781,007	864,747	83,740	3
Development and financial contributions	258,310	306,698	136,698	(170,000)	4
Other revenue	444,087	430,473	435,564	5,091	
Vested assets	299,609	375,122	409,921	34,799	5
Finance revenue	11,064	12,967	7,018	(5,949)	6
Total revenue	**5,138,451**	**5,401,062**	**5,048,868**	**(352,194)**	
Expenditure					
Employee benefits	959,552	950,505	958,546	8,041	7
Depreciation and amortisation	964,835	1,037,578	1,051,289	13,711	
Grants, contributions and sponsorship	156,233	133,743	158,640	24,897	8
Other operating expenses	1,705,561	1,659,706	1,822,533	162,827	9
Finance costs	456,399	565,169	454,380	(110,789)	10
Total expenditure	**4,242,580**	**4,346,701**	**4,445,388**	**98,687**	
Operating surplus	**895,871**	**1,054,361**	**603,480**	**(450,881)**	
Share of surplus in associates and joint ventures	67,848	69,700	5,201	(64,499)	
Surplus before income tax	**963,719**	**1,124,061**	**608,681**	**(515,380)**	
Income tax expense	39,477	40,264	31,223	(9,041)	11
Surplus after income tax	**924,242**	**1,083,797**	**577,458**	**(506,339)**	
Surplus after income tax is attributable to:					
Ratepayers of Auckland Council	924,242	1,083,797	577,458	(506,339)	
Other comprehensive revenue/ (expenditure)					
Net gain on revaluation of property, plant and equipment	1,219,210	2,697,640	2,672,661	(24,979)	
Tax on revaluation of property, plant and equipment	0	(193,913)	(326,061)	(132,148)	11
Total other comprehensive revenue	**1,219,210**	**2,503,727**	**2,346,600**	**(157,127)**	
Total comprehensive revenue	**2,143,452**	**3,587,524**	**2,924,058**	**(663,466)**	

Notes to table:

1. The higher projected level of rates revenue is primarily due to an increase in Waste management targeted rate revenue largely from the postponement of Waste User Pays refuse service rollout, which was planned in 2020/2021 in the LTP; partially offset by the suspension of Accommodation Provider Targeted Rate till 31 March 2021.
2. The decrease in fees and user charges is mainly due to COVID-19 impacts in the following areas:
   - a slowdown of development projects is expected under greater economic uncertainty, resulting in less building and resource consent fee revenue; also its impact on Community Facilities and Services where a reduced use of our pools, leisure centres, holiday parks and community facilities will result in less revenue
   - reduced Ports of Auckland shipping volumes
   - reduced public transport, parking and enforcement revenues due to behaviour changes
   - Regional Facilities Auckland revenue due to restrictions on shows, events and facilities and lack of public appetite for mass gatherings
   - reduced water and wastewater volumes due to both COVID-19 impact and water restrictions
3. The increase in grants and subsidies is primarily due to expected compensation from NZTA for the land required to complete the Mill Rd and Penlink projects. NZTA took over these projects late in 2019/2020 as part of the NZ upgrade programme. This is partially offset by the slowdown in the transport capital investment meaning lower capital subsidies from NZTA in 2020/2021.
4. Lower development contributions revenue is expected in 2020/2021 due to lower than anticipated development activity pre-COVID, payment timing changes under a new development contributions policy and the further impact of COVID-19 on economic activity

5. High levels of development activity pre-COVID are projected to result in high forecast vested assets to be received from developers.

6. The changes are mainly due to lower than forecast interest rate and lower level of cash holdings.

7. The increase in employee expenditure is due to:

   - Watercare's consolidation of a new subsidiary and recruitment to provide services to Waikato District Council

   - higher transport staff costs due to increased Public Transport services due to pre-COVID demand

   - increased Regional Facilities employee costs which include enhanced visitor security, business interruptions at key venues, conservation activity, accumulated adjustments for living wage and increased sustainability focus

   - increased project staff costs for significant development work at Waterfront in anticipation of AC36

These costs are offset by decreases in employee expenditure due to savings initiatives proposed to mitigate the financial impact of COVID-19, including projected staff cost reductions from the operating model review, and other specific initiatives to decrease staff costs

8. Mostly relate to reclassification from other operating expenses as part of the Locally Delivered Initiatives (LDI) budget allocation and approved changes such as the continued support for tackling homelessness in Auckland and unspent grants deferred from prior financial years.

9. The increase in other operating expenditure is mainly due to:

   - Watercare consolidation of a new subsidiary's expenses and costs related to providing water supply services to Waikato District Council, which is offset by increased revenue

   - increased costs in the economic development activities due to deliverables related to grants received for specific purposes

   - implementation of the Corporate Property Strategy, carry-forward of unspent budgets from 2019/2020 financial year, increased recycling processing costs and other approved changes for Auckland Council parent

   - cost to support major events for 2020/2021

   - higher public transport patronage over the past two years has led to increased services in response

These increases are partially offset by savings and cost reduction initiatives across the group, and lower activity levels in Ports of Auckland and RFA.

10. The changes are mainly due to lower than forecast interest rate.

11. The increase in tax expense is because of increased deferred tax liabilities, primarily due to higher than expected revaluations in 2018/2019 in Watercare. Deferred tax liabilities do not impact on the council’s funding requirements.

Prospective statement of changes in equity

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21	NOTES
Contributed equity					
Opening balance	26,732,016	26,728,538	26,732,015	3,477	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	**26,732,016**	**26,728,538**	**26,732,015**	**3,477**	
Accumulated funds					
Opening balance	2,257,379	3,238,302	2,392,660	(845,642)	1
Surplus/ (deficit) after income tax	924,245	1,083,797	577,458	(506,339)	2
Other comprehensive revenue	0	0	0	0	
Total comprehensive revenue	**924,245**	**1,083,797**	**577,458**	**(506,339)**	
Transfer to/ (from) reserves	60,139	16,539	(45,536)	(62,075)	
Balance as at 30 June	**3,241,763**	**4,338,638**	**2,924,582**	**(1,414,056)**	
Reserves					
Opening balance	10,508,664	10,674,393	11,879,278	1,204,885	1
Surplus after income tax	0	0	0	0	
Other comprehensive revenue	1,219,210	2,503,727	2,346,600	(157,127)	3
Total comprehensive revenue	**1,219,210**	**2,503,727**	**2,346,600**	**(157,127)**	
Transfer to/ (from) reserves	(60,139)	(16,539)	45,536	62,075	4
Balance as at 30 June	**11,667,735**	**13,161,581**	**14,271,414**	**1,109,833**	
Total equity					1
Opening balance	**39,498,059**	**40,641,233**	**41,003,953**	**362,720**	1
Surplus after income tax	924,245	1,083,797	577,458	(506,339)	1
Other comprehensive revenue	1,219,210	2,503,727	2,346,600	(157,127)	1
Total comprehensive revenue	**2,143,455**	**3,587,524**	**2,924,058**	**(663,466)**	1
Transfer to/ (from) reserves	0	0	0	0	1
Balance as at 30 June	**41,641,514**	**44,228,757**	**43,928,011**	**(300,746)**	1

Notes to previous table:

1. The variances are due to the updating of opening balances to reflect balances in the audited 2018/2019 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 decrease is mainly due to changes in revaluation timing. This largely offsets with increase from updating of assets opening balances to reflect balances in the audited 2018/2019 annual report and higher than expected revaluation of water assets.
4. The transfer in accumulated funds and reserves reflects timing change on projects that are target rates funded.
5. There is no minority interest in the group. Total equity represents ratepayer equity.

Prospective statement of financial position

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21	NOTES
Assets					
Current assets					
Cash and cash equivalents	100,000	200,000	100,000	(100,000)	1
Receivables and prepayments	465,605	458,736	543,587	84,851	
Derivative financial instruments	6,812	0	2,713	2,713	
Other financial assets	151,619	50,850	56,363	5,513	2
Inventories	43,034	38,633	49,950	11,317	
Non-current assets held-for-sale	136,213	174,000	132,349	(41,651)	3
Total current assets	**903,283**	**922,219**	**884,962**	**(37,257)**	
Non-current assets					
Receivables and prepayments	12,078	11,967	40,406	28,439	
Derivative financial instruments	282,190	170,000	440,525	270,525	2
Other financial assets	141,112	178,813	145,470	(33,343)	
Property, plant and equipment	50,644,368	53,865,450	54,747,227	881,777	4
Intangible assets	525,311	499,049	592,363	93,314	
Investment property	761,153	735,000	628,818	(106,182)	5
Investments in associates and joint ventures	2,031,828	2,268,279	2,519,160	250,881	6
Other non-current assets	14,872	11,000	12,978	1,978	
Total non-current assets	**54,412,912**	**57,739,558**	**59,126,947**	**1,387,389**	
Total assets	**55,316,195**	**58,661,777**	**60,011,909**	**1,350,132**	
Liabilities					
Current liabilities					
Payables and accruals	1,050,197	900,675	794,742	(105,933)	
Employee entitlements	111,039	105,859	112,001	6,142	
Borrowings	922,500	1,444,451	1,444,504	53	7
Derivative financial instruments	5,488	7,000	8,940	1,940	2
Provisions	62,334	30,411	111,442	81,031	
Total current liabilities	**2,151,558**	**2,488,396**	**2,471,629**	**(16,767)**	
Non-current liabilities					
Payables and accruals	91,964	111,463	148,970	37,507	
Employee entitlements	5,397	5,572	5,228	(344)	
Borrowings	8,797,152	9,212,395	9,594,378	381,983	7
Derivative financial instruments	962,541	865,000	1,839,402	974,402	2
Provisions	168,357	167,118	161,102	(6,016)	
Deferred tax liabilities	1,497,712	1,583,078	1,863,189	280,111	8
Total non-current liabilities	**11,523,123**	**11,944,626**	**13,612,269**	**1,667,643**	
Total liabilities	**13,674,681**	**14,433,022**	**16,083,898**	**1,650,876**	
Net assets	**41,641,514**	**44,228,755**	**43,928,011**	**(300,744)**	
Equity					
Contributed equity	26,732,016	26,728,538	26,732,015	3,477	
Accumulated funds	3,241,763	4,338,636	2,924,582	(1,414,054)	
Reserves	11,667,735	13,161,581	14,271,414	1,109,833	
Total equity	**41,641,514**	**44,228,755**	**43,928,011**	**(300,744)**	

Notes to previous table:
1. The decrease in cash and cash equivalents is due to the decision to reduce the level cash holding made in May 2019.
2. Due to the uncertainty of the potential future valuation of derivative financial instruments, the movement in derivative financial instruments only reflects the changes in value as recorded in the audited Annual Report 2018/2019.
3. The decrease is due to the rephasing of transform and unlock programme.
4. The increase primarily reflects higher than expected revaluations and vested assets as indicated in previous Annual reports.
5. The decrease is mainly due to asset transfer to property, plant and equipment as indicated in the previous Annual report.
6. The increase is reflects the movements in the book value of the council's investment in AIAL and CRLL as previously indicated in previous audited Annual Reports.
7. The increase in borrowings is the result of the council deciding, along with other mitigations such as cost reductions and asset sales, that it was prudent to temporarily exceed its policy debt limits in response to the temporary cash operating revenue shortfall caused by the COVID-19 situation.
8. The increase is mainly from updating the opening balances to reflect balances in the audited 2018/2019 annual report and higher than expected revaluation of water assets.

Other variances are mainly due to the updating of opening balances to reflect balances in the audited 2018/2019 annual report and subsequent forecast information.

Prospective statement of cash flows

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21	NOTES
Cash flows from operating activities					
Receipts from rates revenue	1,877,457	1,965,237	1,926,293	(38,944)	1
Receipts from customers and other services	2,907,415	3,036,196	2,674,059	(362,137)	2
Interest received	11,064	12,967	7,018	(5,949)	3
Dividends received	62,900	60,463	5,560	(54,903)	4
Payments to suppliers and employees	(2,829,045)	(2,820,329)	(3,052,135)	(231,806)	5
Income tax refund/(paid)	0	0	0	0	
Interest paid	(452,999)	(562,711)	(451,943)	110,768	6
Net cash inflow from operating activities	**1,576,792**	**1,691,823**	**1,108,852**	**(582,971)**	
Cash flows from investing activities					
Sale of property, plant and equipment, investment property and intangible assets	254,639	71,000	390,013	319,013	7
Purchase of property, plant and equipment, investment property and intangible assets	(2,471,263)	(2,112,858)	(2,197,698)	(84,840)	
Acquisition of other financial assets	(3,168)	(2,960)	(3,895)	(935)	
Proceeds from sale of other financial assets	0	1,027	0	(1,027)	
Investment in joint associates and ventures	(203,000)	(359,100)	(395,000)	(35,900)	8
Advances of loans to external parties	(50,162)	(6,000)	(6,000)	0	
Proceeds from community loan repayments	4,475	4,776	5,034	258	
Net cash outflow from investing activities	**(2,468,479)**	**(2,404,115)**	**(2,207,546)**	**196,569**	
Cash flows from financing activities					
Proceeds from borrowings	2,081,687	2,060,198	2,235,159	174,961	
Repayment of borrowings	(1,290,000)	(1,347,906)	(1,325,465)	22,441	
Net cash inflow from financing activities	**791,687**	**712,292**	**909,694**	**197,402**	
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	**(100,000)**	**0**	**(189,000)**	**(189,000)**	
Opening cash and cash equivalents and bank overdrafts	200,000	200,000	289,000	89,000	
Closing cash and cash equivalents and bank overdrafts	**100,000**	**200,000**	**100,000**	**(100,000)**	

Notes to previous table:
1. The lower projected level of rates revenue receipts is primarily due to the projected take-up of the rates postponement

policy and the suspension of the Accommodation Provider Targeted Rate till 31 March 2021. This is partially offset by the increase in Waste management targeted rate revenue largely from the postponement of Waste User Pays refuse service rollout, which was planned in 2020/2021 in the LTP.

2. The reduction in receipts from customers and other services are mainly due to COVID-19 impact on group revenues.
3. The changes are mainly due to lower than forecast interest rate and lower level of cash holdings.
4. The reduction in projected dividends received particularly reflects the impact of COVID-19 on returns from our investment in Auckland International Airport Limited.
5. The increase in payments to suppliers and employees is mainly due to:
   - Watercare consolidation of a new subsidiary's expenses and costs related to providing water supply services to Waikato District Council, which is offset by increased revenue
   - increased costs in the economic development activities due to deliverables related to grants received for specific purposes
   - implementation of the Corporate Property Strategy, carry-forward of unspent budgets from 2019/2020 financial year, increased recycling processing costs and other approved changes for Auckland Council parent
   - cost to support major events for 2020/2021
   - higher public transport patronage over the past two years has led to increased services in response
   - continued support for tackling homelessness in Auckland and unspent grants deferred from prior financial years.
   - unfavourable movements in 2020/2021 working capital resulting in additional cash outflows

These increases are partially offset by savings and cost reduction initiatives across the group, and lower activity levels in Ports of Auckland and RFA.

6. The changes are mainly due to the lower than forecast interest rate.
7. The variance is primarily due to the decision to increase the target for sales of surplus non-service properties by $220m. The remainder of the variance includes additional land sales by Watercare.
8. The decrease is due to changes in the City Rail Link project's timing and cost.

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.

Financial information within this annual budget is prepared and disclosed on a full group basis (except where specifically stated otherwise). The Auckland Council Group (the Group) consists of the council, its Council-Controlled Organisations (CCOs), associates and joint ventures. A summary of substantive subsidiaries is provided in the table below. All entities are domiciled in New Zealand. The council considers that presenting group information enhances transparency of information about the 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 2020 to 30 June 2021. 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 substantive subsidiaries within the group comprise the following:

NAME	PRINCIPAL ACTIVITY AND NATURE OF RELATIONSHIP WHERE THERE IS NO DIRECT OWNERSHIP	CCO	PERCENTAGE OWNERSHIP %	
			2021	2020
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	*	*

Auckland Tourism, Events and Economic Development Limited	Manages projects for economic development, tourism and events promotion in the Auckland region.	Yes	100	100
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
Regional Facilities Auckland (RFA)	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. **Regional Facilities Auckland is a charitable trust of which Regional Facilities Auckland Ltd, a 100% owned subsidiary of the council, is the sole trustee.*	Yes	*	*
Watercare Services Limited (Watercare)	Provides water and wastewater services and owns and operates the water and wastewater infrastructure. *Watercare Services Limited is restricted by LGACA 2009 section 57(1)(b) from paying any dividend or distributing any surplus directly or indirectly to Auckland Council.*	Yes	100	100

Basis of preparation

These consolidated prospective financial statements are prepared:

- for the purposes of meeting the Group and council's requirements under the LGA 2002, the LGACA 2009 and the Local Government (Financial Reporting and Prudence) Regulations 2014;
- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and comply with PBE Accounting Standards. In particular, these prospective financial statements have been prepared in accordance with PBE Financial Reporting Standard 42: Prospective Financial Statements;
- on a going concern basis and the accounting policies have been applied consistently throughout the planned period;
- on a historical cost basis with the exception of certain items identified in specific accounting policies below; and,
- in New Zealand dollars (NZD) and are rounded to the nearest thousand dollars, unless otherwise stated.

This information may not be suitable for use in any other context.

These consolidated prospective financial statements were adopted by the Governing Body of Auckland Council on 30 July 2020.

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

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

Comparative information

The Long-term Plan 2018-2028 adopted by the council on 28 June 2018, incorporating the amendment adopted on 20 June 2019, has 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.

The prospective consolidated financial statements include the forecasts of the council and its subsidiaries which are added on a line-by-line basis adding together like items. Transactions and balances between the council and its CCOs are eliminated on consolidation. Investments in subsidiaries are carried at cost less any accumulated impairment. Where necessary, adjustments are made to the financial information of subsidiaries, associates and joint ventures to bring their accounting policies in line with the Group.

Significant judgements, estimates and assumptions

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.

Significant judgements, estimates and assumptions have been applied in measuring certain provisions and property, plant and equipment revaluations.

Refer to note 2 for significant forecasting assumptions.

Implementation of new and amended standards

The Group and the council have determined that adopting PBE IFRS 9 does not materially impact the financial instruments of the Group and the council, except for the borrower notes of the Group and the council which will be accounted for at fair value through surplus or deficit. For the purposes of this annual plan we have not budgeted for any fair value gains of losses on financial instruments.

The five new standards, PBE IPSAS 34 Separate Financial Statements, PBE IPSAS 35 Consolidated Financial Statements, PBE IPSAS 36 Investment in Associates and Joint Ventures, PBE IPSAS 37 Joint Arrangements and PBE IPSAS 38 Disclosure of Interests in Other Entities, are effective from periods beginning on or after 1 January 2019. The impact of these new standards is immaterial to the financial statements.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to the Group and the council or are not expected to have a material impact on the financial statements of the Group and the council and, therefore, have not been disclosed.

Summary of significant accounting policies

ITEM	POLICY
Prospective statement of comprehensive revenue and expenditure	
Revenue	The Group and the council derive its revenue from exchange or non-exchange transactions. Exchange transaction revenue arises when the Group provides goods or services to a third party and directly receives approximately equal value in return. Non-exchange transaction revenue arises when the Group receives value from another party without giving approximately equal value directly in exchange for the value received. Non-exchange revenue comprises rates, and transfer revenue. Transfer revenue includes grants and subsidies and fees and user charges derived from activities that are partially funded by rates. Revenue is measured at fair value which is usually the cash value of a transaction.

Type	Recognition & measurement
Rates	In full at point of issuance of the ratings notice and measured at the amount assessed, which is the fair value of the cash received or receivable.
Grants and subsidies	When they become receivable unless there is an obligation in substance to return the funds. If there is such an obligation, the grants are initially recorded at fair value as grants received in advance and recognised as revenue when conditions of the grant are satisfied.
Development contributions	When the council is capable of providing the service for which the contribution was levied.
Financial contributions	When they are expended on the activity for which the contribution was levied.
Vested assets[1]	When control of the asset is transferred to the Group at its fair value.
Fines and infringements	When the infringement notice is issued.
Finance revenue[2]	Using the effective interest method.
Dividend revenue	When the Group's right to receive the dividend is established.
Regional fuel tax	At the point when supply of fuel occurs in the Auckland region.
Fees and user charges	
Water and wastewater	When invoiced or accrued in the case of unbilled services at fair value of cash received or receivable.
Sale of goods	When the substantial risks and rewards of ownership have been passed to the buyer.
Sale of services	On a percentage of completion basis over the period of the service supplied.
Port operations	In the period the services are rendered, by reference to the percentage of completion of the specific transaction.

Consents	By reference to the percentage of completion of the transaction at balance date based on the actual service rendered
Licences and permits	On receipt of application as these are non-refundable.

1. Arise when property developers undertake development which requires them to build infrastructure in the development area. When the development is complete these are vested to the Group.
2. Includes interest revenue and realised gains from the early close-out of derivative positions.

Expenditure	
Employee benefits	Employee entitlements for salaries and wages, annual leave, long service leave and other similar benefit are recognised as an expense and liability when they accrue to employees.
Grants, contributions and sponsorship expense	Where grants and subsidies are discretionary, the expense is recognised when the Group has advised its decision to pay and when conditions, if any, are satisfied. Non-discretionary grants are recognised on receipt of application that meets the specified criteria.
Finance Costs	Finance costs include interest expense, the unwinding of discounts on provisions and financial assets; and net realised losses on the early close-out of derivatives. Interest expense is recognised using the effective interest rate method. Interest expense includes the amortisation of borrowing costs recognised over the borrowing term.
Income tax	The Group and the council are exempt from income tax under the Income Tax Act 2007 except for certain income received from CCOs and port-related earnings. Income tax comprises current tax and deferred tax calculated using the tax rate that has been enacted or substantively enacted by the reporting 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, in which case, the current and deferred tax are also recognised in other comprehensive revenue and expenditure or directly in equity. Current tax is the amount of income tax payable 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.
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 70 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 100 years with subsequent renewals negotiated with the lessee. Rental revenue (net of any incentives given to lessees) is recognised as income 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. 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 Group and Auckland Council have early adopted PBE IFRS 9 as of 1 July 2018, which has an expected credit loss model for impairment of financial assets. The Group and the council have determined that adopting the credit loss model does not materially impact on the provision for impairment of receivables.
Derivative financial instruments	The Group and the council do not hold or issue derivative financial instruments for trading purposes. The Group uses derivative financial instruments, such as forward foreign currency contracts and interest rate swaps to mitigate risks associated with foreign currency and interest rate fluctuations. Such 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 non-current when the remaining maturity is more than 12 months, or as current when the remaining maturity is less than 12 months.

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 surplus or deficit. Other financial assets of the group and the council include loans to related parties, credit support annex, bonds, borrower notes, community loans and listed and unlisted shares. 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 and the council is the bid price at balance 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.
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. Any impairment losses for write-downs are recognised in the surplus or deficit. Any 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 are classified into three categories: • **Infrastructure assets** include land under roads and systems and networks integral to the city's infrastructure and 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 for administration, as a community service or as a business activity. Other operational assets include landfills, motor vehicles, office equipment, library books and furniture and fittings; and, • **Restricted assets** include property and improvement where the use or transfer of title outside of the Group is legally restricted. <u>Initial recognition and subsequent measurement</u> Property, plant and equipment is recognised initially at cost, unless acquired through a non-exchange transaction, in which case the asset is recognised at fair value at the date of acquisition. 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. Capital work in progress is recognised at cost less impairment and is not depreciated. <u>Revaluation</u> Infrastructure assets (except land), restricted assets (except improvements) and operational assets (except heritage assets and other operational assets) are revalued with sufficient regularity, at least every three 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 the off-cycle asset classes are revalued. Revaluations are carried out on an asset class basis. Net revaluation gains are recognised in other comprehensive revenue and are accumulated to the asset revaluation reserve in equity for that class of asset. Revaluation loss that results in a debit balance in the asset revaluation reserve is recognised in surplus or deficit. Any subsequent gain on revaluation is recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expenditure. <u>Depreciation</u> 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 of assets on a straight line basis over their useful economic lives.

Asset class	Estimated useful life (years)	Asset class	Estimated useful life (years)
Infrastructure		**Operational (continued)**	
Land and road formation	Indefinite	Marinas	1 to 100
Roads	8-100	Rolling stock	3 to 35
Water and wastewater	3-200	Wharves	4 to 100
Machinery	3-200	Works of art	Indefinite
Stormwater	10-200	Other operational assets	1 to 100
Other infrastructure	10-120		

Operational		Restricted	
Land	Indefinite	Parks and reserves	Indefinite
Buildings	1 to 100	Buildings	5 to 100
Train stations	6 to 60	Improvements	3 to 100
Specialised sporting and cultural venues	TBC	Specified and cultural heritage assets	Indefinite
Bus stations and shelters	10 to 40		

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

Service concession assets
Where the Group recognises an asset for the upgrades to the existing service concession assets, the Group also recognises a liability at the same amount as the asset. The liability recognised is reduced over the remaining period of the service concession arrangement.

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 the estimated useful economic life.

Asset class	Estimated useful life (years)
Computer software	1-15
Intellectual property	3-35
Other intangible assets	1-63

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

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, determined annually by an independent registered valuer. Gains or losses arising from fair value changes are included in surplus or deficit. Investment properties are valued individually and not depreciated.

Investment in other entities

Investment in associates and joint ventures is accounted for using the equity method in the Group and 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.

Asset impairment

Impairment of property, plant and equipment and intangible assets
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.

Intangible assets that have indefinite useful life are tested annually for impairment. Intangible assets that have finite useful life are 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 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.
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 within current liabilities. The liability for long-term employee entitlements is measured at the present value of estimated future cash outflows and is reported within non-current liabilities.
Borrowings	owings are initially recognised at face value plus transaction costs and are subsequently measured at amortised cost using the effective interest method.
Provisions	Provisions are recognised in the statement of financial position only where the Group has a present legal or constructive obligation as a result of past event, 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.
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.
Other policies	
Foreign currency transactions	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.

Note 2: Significant forecasting assumptions

The significant forecasting assumptions are based on the assumptions published in the Long-term Plan 2018- 2028 and only assumptions that have been adjusted for this Annual Plan are listed below.

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

ASSUMPTION DATA FOR ANNUAL BUDGET 2020/2021 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 2020/2021 of 1.85 per cent.	**Risk** - Growth differs significantly from forecasted Level of uncertainty - Moderate **Impacts** - If the growth in the rating base is higher or lower than that projected this will result in rates revenue above or below that projected. A 0.1 per cent variance in the growth experienced would result in a movement in total general rates revenue of $1.7 million.

Economic growth and return on investments	
Employment numbers and gross domestic product indicate how well the region's economy is doing. How well the economy is doing could influence the council's return on its investments: • 18.09 per cent shareholding in Auckland International Airport Limited • 100 per cent shareholding in Ports of Auckland The council is assuming that unfavourable economic conditions caused by COVID-19 will impact on the returns on these investments.	**Risk** – That economic growth differs significantly from that forecasted in this plan Level of uncertainty – high **Impact** – New Zealand's economic outlook, while outside the council's control, will affect the council's commercial investments such as Ports of Auckland Limited and Auckland International Airport. Economic growth also impacts on affordability of the council's rates and user charges. Revenue impacts may drive changes to both operational and capital expenditure. The economic outlook also affects local businesses, the region's level of employment and the rate of development.

Inflation	
Auckland Council uses a number of information sources (both internal and external) to inform projections of inflationary impacts on its costs and revenues. This includes projections for both the consumer price index (CPI) and other specific price movements faced by council. To account for the effects of COVID-19 on the general economy and prices, the council revised down its operating expenditure inflation assumption from 2.00 per cent to 1.25 per cent. As capital expenditure inflation faces a different set of supply and demand factors, this assumption was left at 3.00 per cent, with individual asset groups monitoring specific inflationary pressures in their specific areas.	**Risk** – Actual inflation is different from forecast inflation Level of uncertainty – Moderate **Impact** – 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. The council will continue to monitor price movements on an annual basis and any significant changes will be addressed in subsequent annual plans or long-term plans.

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 2020/2021 year the forecast average interest rate on council borrowing is 4.35 per cent, and on cash holdings is 0.25 per cent.	**Risk** – Prevailing interest rates differ significantly from forecast rate Level of uncertainty - low **Impact** – 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. Increases in interest rates flow through to higher debt servicing costs and higher rates funding requirements. For every 1.0 per cent change in market interest rates, the council's debt servicing costs would change by less than $20 million, due to the level of interest rate hedging currently in place.

Development contribution revenue	
Auckland Council's Financial Strategy and Revenue and Financing Policy state that growth-related infrastructure investment should be funded from development contributions. The council adopted a new Development Contribution Policy in December 2018 to enable the fair recovery of this investment. This policy came into effect from January 2019. For this plan we are assuming that while the development contribution price as set in the policy will remain unchanged, the total revenue collected by council in financial year 2020/2021 is forecast to be reduced when compared to the long-term plan primarily due to slowdowns in development activity from COVID-19 impacts. This reduction is a timing change (pushing revenue to future years) and in the longer-term the council still expects to recover an appropriate share of the cost of growth-related infrastructure from development contributions. The Development Contribution Policy will be further updated from time to time as required.	**Risk** - that development growth occurs at a different pace than projected or the Development Contribution Policy does not enable a fair recovery of growth costs. Level of uncertainty – high for pace of growth and low for the policy. **Impacts** - If development occurs more slowly than projected, the recovery period will be extended and the expenditure will need to be funded from 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.

Capital project projections	
Cost projections for individual capital projects are based on the best available information at the time of adoption and are set at a mid-point of the expected total project cost. For more complex projects a formal estimation process may be undertaken whereby a range of cost outcomes are estimated and budgets are set at a P50 level, being a level under which there is 50 per cent confidence the final cost will sit. Supporting information to inform projections can include historical costs of similar projects, supplier quotes or estimates, independent cost estimations, or expert advice. By using a midpoint (or P50) projection across our significant, and broad-based, investment programme the expected outcome is that the overall cost of investment should equal the total of the mid-point estimates.	**Risk** – The variance above and below estimated midpoints is not even. This could include any additional COVID-19 related contractual claims. Level of uncertainty – moderate **Impact** – If the total cost of capital investment is higher or lower than the budget it will result in changes to the level of council borrowings required.

Timing of capital expenditure	
Within the 10-year Budget 2018-2028 an assumption was made that while all projects will be delivered over the next decade not all capital expenditure will be delivered in the specific financial years set out in the Group of Activities statements. As a mitigation of the expected revenue shortfall caused by COVID-19, much of the uncommitted capital programme for the 2020/2021 year was deferred into future years. This means a higher proportion of the capital programme than expected is committed. Along with increased rates of actual capital delivery pre-COVID, this increases certainty around delivery and therefore, no timing assumption has been included for 2020/2021.	**Risk** – That the actual timing of the capital programme is different from that forecasted. Level of uncertainty – moderate **Impact** – Delivery of capital expenditure to a different time frame than projected would have both a financial impact and could impact the timing of when the proposed level of service improvements would be achieved. The financial implications would depend on the planned funding sources for the relevant capital expenditure and its associated expenses. The financial impact would be on funding requirements, borrowings, interest expense, depreciation expense and consequential operating expenditure. The actual timing of capital expenditure (and the achievement of related service level improvements) will be impacted by a number of factors. One of the key areas under the control of council is the quality of project management. Other areas such as the market's response to the increased programme certainty are beyond the control of the council.

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. In the 10-year budget, the target for 2020/2021 for non-strategic assets disposals was $24 million. In adopting this budget the council has increased this target by $220 million, giving a total target of $244 million. 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). The council expects to realise $40 million in 2020/2021 through these activities. The council's corporate property strategy is a self-funding plan where the movement towards more efficient and fit-for-purpose corporate accommodation is funded through the sale of other assets within the corporate property portfolio. As part of this strategy the council expects to realise $25 million in asset sales in 2020/2021. Further asset sales are also assumed to be realised as part of the Watercare drought-related debt mitigation (see below).	**Risk** - That sufficient disposals are not identified or realised to achieve the targets set. Level of uncertainty – moderate **Impact** - 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.

Watercare drought-related debt mitigation

In response to the drought situation, Watercare identified $224 million of capital projects to provide additional water supply and $15 million of additional operating costs. This urgent funding requirement puts pressure on the council group's overall projected debt to revenue ratio.

As part of the budget process, Watercare's board of directors agreed to mitigate $121 million of the debt impact of this additional expenditure using a mix of asset sales, revenue increases and capital deferrals.

At the time of preparing this budget for adoption, Watercare's board of directors were still determining the final mix of these levers, as well as detailed plans to achieve this. In lieu of this, this budget assumes:

- Watercare will achieve an additional $80 million of asset sales.
- Watercare will generate $13.7 million of revenue which, with leveraging, will mitigate $41 million of debt impact

Risk - That sufficient debt mitigations are not identified or realised to achieve the agreed target

Level of uncertainty – low

Impact - If the level of mitigation achieved by Watercare is higher or lower than forecast it will result in changes to the level, and pace, of capital investment that the council group (including Watercare) can prudently undertake.

Weathertightness claims

The council has considered the financial impact of weathertightness claims, including those already lodged and potential claims.

Following consideration of the most recent actuarial assessment the council is forecasting claim payments of $91 million for 2020/2021.

The cost of funding these settlements should not fall unfairly on ratepayers in the year of settlement. Rather than penalising 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

Impact If claims are higher or lower than forecast, it will result in changes to council borrowing requirements. Depending on how large the variance is, it may affect future

Waka Kotahi (NZTA) funding

ATAP funding

The Auckland Transport Alignment Project (ATAP) report was released by the Minister of Transport and the Mayor of Auckland in April 2018. This included a $28 billion, funded, programme of investment in transport activities for Auckland.

For the 2020/2021 financial year we are assuming:

- $305 million of capital subsidies. This factors in expected delivery of capital projects, commitments made under ATAP, and the ability to access agreed funding.
- $339 million of operating subsidies. This factors in the usual level of funding for anticipated service levels and patronage. This also includes additional funding agreed by NZTA to cover the shortfall of farexbox revenue due to reduced patronage from COVID-19 to 31 December 2020.

New Zealand Upgrade Programme

As part of the NZ Upgrade project, NZTA will be taking over the delivery of the Mill Road and Penlink projects.

NZTA will need to utilise the land the council had previously acquired for these projects. Compensation of $95 million for the acquisition costs incurred by the council is expected to be received in 2020/2021.

Risk - The process of allocating funding to activity classes and projects within those classes does not enable funding to be granted at the agreed level.

Level of uncertainty – moderate

Impact - 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.

Government shovel-ready funding	
As part of its response to the COVID-19 situation, the government committed $3 billion (including $500 million for Auckland) for shovel-ready projects to help stimulate the economy and create employment. As part of this process the council submitted a list of 73 key shovel ready projects to be considered. While the government has decided on which projects to fund, and has announced that almost $200 million would go towards Auckland Council submitted projects, it is still completing due diligence processes. Because of this, it is still largely unknown at this stage which projects will be funded, when funding would be received and in what form. As an assumption, this budget assumes that only projects the government has announced as funded, have been funded. These projects are: - Puhinui Interchange - Ferry Basin Redevelopment – Stage 1 - Northwestern Bus Improvements - Te Whau Pathway	**Risk** – The amount of government funding received is lower or higher than expected Level of uncertainty – High **Impact** – If the level of government funding for shovel-ready projects is lower than expected, the council would have to defer planned capital investment to future years. If the level of government funding for shovel-ready projects is higher than expected, the council would be able to deliver a larger capital programme in this financial year. Changes to planned capital investment would impact on housing, transport, environment and community outcomes for Auckland as well affecting the local economy and employment.

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 PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21
Operating surplus/ (deficit) after income tax per Prospective Statement of comprehensive revenue	**924,242**	**1,083,797**	**577,458**	**(506,339)**
Items recognised as income in Statement of comprehensive revenue and as capital expenditure funding sources in Funding Impact Statement:				
Capital subsidies	(516,822)	(475,319)	(453,638)	21,681
Development contributions	(258,310)	(306,698)	(136,698)	170,000
Non-cash items recognised in Statement of comprehensive revenue and not included in Funding Impact Statement:				0
Depreciation	964,835	1,037,578	1,051,289	13,711
Depreciation of make good provision added back in funding impact statement	(425)	(323)	(323)	0
Discounting of provisions	3,825	2,781	2,760	(21)
Recognition of revenue from vested assets	(299,609)	(375,122)	(409,921)	(34,799)
Amortisation of prepaid leases	(687)	(687)	0	687
Un-realised fair value gains and losses	(1,000)	0	(1,020)	(1,020)
Other reconciling items:				
Retro-fit your home targeted rate included in funding impact statement but not recognised as revenue in the statement of comprehensive income	6,183	7,106	5,034	(2,072)
Retro-fit your home targeted rate interest component recognised as revenue in the statement of comprehensive income	(1,708)	(2,330)	0	2,330
Share of equity accounted (surplus) /deficit from associates not distributed by way of dividends to Auckland Council	(6,483)	(9,236)	(1,701)	7,535
Prepaid lease revenue recognised in funding impact statement	2,619	9,556	0	(9,556)
Income tax recognised in statement of comprehensive revenue not included in the funding impact statement	39,477	40,264	31,223	(9,041)
Operating funding surplus/ (deficit) per Prospective Funding Impact Statement	**856,137**	**1,011,367**	**664,463**	**(346,904)**

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
Araparera	Araparera Forest harvest proceeds set aside for roading development in the area.	Development Auckland
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
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

The funding flows for these reserves are:

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL REPORT 30 JUNE 2019	DEPOSITS	WITHDRAWALS	BUDGET 30 JUNE 2020	DEPOSITS	WITHDRAWALS	ANNUAL PLAN 30 JUNE 2021
Cash flow hedge reserve	455	0	0	455	0	0	455
Available-for-sale investment revaluation reserve	29,588	0	0	29,588	0	0	29,588
Share of associates' reserves	725,247	0	0	725,247	0	0	725,247
Asset revaluation reserve	9,535,715	1,291,111	0	10,826,826	2,346,600	0	13,173,426
RESTRICTED EQUITY RESERVES							
Statutory funds	10,465	312	(4,887)	5,890	275	(1,463)	4,702
Trust and bequests	1,596	68	(25)	1,639	71	(348)	1,362
Regional fuel tax reserve	67,120	144,075	(52,390)	158,804	142,500	(60,690)	240,614
Other restricted equity	61,447	6,741	(20,259)	47,929	6,718	(25,032)	29,615
Total restricted equity	**140,627**	**151,196**	**(77,561)**	**214,262**	**149,564**	**(87,533)**	**276,293**
TARGETED RATES RESERVES							
Central City targeted rate reserve	49,349	23,692	(25,127)	47,914	23,841	(45,401)	26,354
Riverhaven Drive targeted rate reserve	(512)	93	(54)	(473)	3	0	(470)
Jackson Crescent wastewater targeted rate reserve	(2)	1	0	(1)	0	0	(1)
Point Wells wastewater targeted rate reserve	(67)	17	0	(50)	13	0	(37)
Harbourview Orangihina Park targeted rate reserve	1,464	7	0	1,471	7	0	1,478
Open space/ Volcanic cones	2,312	12	0	2,324	12	0	2,336
Araparera	703	0	(703)	0	0	0	0
Water quality targeted rate reserve	20,921	41,543	(50,746)	11,719	42,294	(38,900)	15,113
Natural environment targeted rate reserve	12,864	29,579	(30,079)	12,364	30,114	(32,900)	9,578
Accommodation provider targeted rate reserve	0	13,774	(10,991)	2,783	3,558	(3,558)	2,783
Rodney Local Board transport targeted rate reserve	3,421	4,340	(2,912)	4,850	4,421	0	9,271
Total targeted rates reserves	**90,452**	**113,059**	**(120,611)**	**82,900**	**104,264**	**(120,759)**	**66,405**
TOTAL RESERVES	**10,522,084**	**1,555,365**	**(198,172)**	**11,879,278**	**2,600,428**	**(208,292)**	**14,271,414**

Note 5: Auckland Council (Parent) financial statements

Prospective statement of comprehensive revenue and expenditure Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21	NOTES
Revenue					
Rates	1,888,341	1,975,138	1,987,516	12,378	1
Fees and user charges	299,104	309,544	253,869	(55,675)	2
Grants and subsidies	60,007	15,748	63,968	48,220	3
Development and financial contributions	258,310	306,698	136,698	(170,000)	4
Other revenue	237,204	269,048	234,555	(34,493)	5
Vested assets	98,866	92,894	113,494	20,600	6
Finance revenue	142,734	155,696	129,363	(26,333)	7
Total revenue	**2,984,566**	**3,124,766**	**2,919,463**	**(205,303)**	
Expenditure					
Employee benefits	567,255	560,979	544,737	(16,242)	8
Depreciation and amortisation	291,385	306,285	301,552	(4,733)	
Grants, contributions and sponsorship	1,067,312	1,007,150	1,160,117	152,967	9
Other operating expenses	640,883	570,038	662,266	92,228	10
Finance costs	436,098	540,326	434,057	(106,269)	11
Total expenses	**3,002,933**	**2,984,778**	**3,102,729**	**117,951**	
Operating surplus/ (deficit)	**(18,367)**	**139,988**	**(183,266)**	**(323,254)**	
Other gains and losses	0	0	0	0	
Share of surplus/ (loss) in associates and joint ventures	66,206	67,686	3,351	(64,335)	12
Operating surplus/(deficit) before income tax	**47,839**	**207,674**	**(179,915)**	**(387,589)**	
Income tax expense	0	0	0	0	
Surplus/ (deficit) after income tax	**47,839**	**207,674**	**(179,915)**	**(387,589)**	
Other comprehensive revenue					
Net gain on revaluation of property, plant and equipment	0	1,610,820	1,732,724	121,904	
Total other comprehensive revenue	**0**	**1,610,820**	**1,732,724**	**121,904**	
Total comprehensive revenue/ (expenditure)	**47,839**	**1,818,494**	**1,552,809**	**(265,685)**	

Notes to table:

1. The higher projected level of rates revenue is primarily due to an increase in Waste management targeted rate revenue largely from the postponement of Waste User Pays refuse service rollout, which was planned in 2020/2021 in the LTP; partially offset by the suspension of Accommodation Provider Targeted Rate till 31 March 2021.
2. The reduction in fees and user charges is driven by the adverse impact of COVID-19, where a slowdown of development projects is expected under greater economic uncertainty, resulting in less building and resource consent fee revenue; also its impact on Community Facilities and Services where a reduced use of our pools, leisure centres, holiday parks and community facilities will result in less revenue.
3. The increase in grants and subsidies is due to a timing change in forecast subsidies from central government for the 36th America's Cup and expected funding from central government as part of shovel ready initiatives.
4. Lower development contributions revenue is expected in 2020/2021 due to lower than anticipated development activity pre-COVID, payment timing changes under a new development contributions policy and the further impact of COVID-19 on economic activity
5. The decrease is primarily driven by lower projected dividends from Ports of Auckland Limited due to the COVID-19 impact on their business.
6. High levels of development activity pre-COVID are expected to result in higher forecast vested assets to be received from developers.
7. The changes are mainly due to lower than forecast interest rate and lower level of cash holdings.

8. The reduction is driven by savings initiatives proposed to mitigate the financial impact of COVID-19, including projected staff cost reductions from the operating model review, and other specific initiatives that decrease staff costs.
9. The variance is primarily due to increases in the funding to CCOs due to the impact of COVID-19 on the group revenue, and the remainder mostly relates to reclassification from other operating expenses as part of the Locally Delivered Initiatives(LDI) budget allocation and approved changes such as the continued support for tackling homelessness in Auckland and unspent grants deferred from prior financial years.
10. The increase is mainly due to approved changes including a large contract transferred from Auckland Transport for the maintenance of streetscapes, implementation of the Corporate Property Strategy, carry-forward of unspent budgets from prior financial years, and increased waste recycle processing costs.
11. The changes are mainly due to lower than forecast interest rate.
12. The reduction in share of profit reflects the impact of COVID-19 on returns from our investment in Auckland International Airport Limited.

Prospective statement of movement in equity Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21	NOTES
Contributed equity					
Opening balance	26,569,092	26,569,092	26,569,091	(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	**26,569,092**	**26,569,092**	**26,569,091**	**(1)**	
Accumulated funds					
Opening balance	(897,905)	(31,816)	(1,530,608)	(1,498,792)	1
Surplus/ (deficit) after income tax	**47,839**	207,674	(179,915)	(387,589)	2
Other comprehensive revenue	0	0	0	0	
Total comprehensive expenditure	**47,839**	**207,674**	**(179,915)**	**(387,589)**	
Transfer to/ (from) reserves	60,139	16,539	(45,536)	(62,075)	3
Balance as at 30 June	**(789,927)**	**192,395**	**(1,756,059)**	**(1,948,454)**	
Reserves					
Opening balance	**3,865,606**	**3,692,018**	**4,639,691**	**947,673**	**1**
Surplus after income tax	0	0	0	0	
Other comprehensive revenue	0	1,610,820	1,732,724	121,904	4
Total comprehensive revenue	**0**	**1,610,820**	**1,732,724**	**121,904**	
Transfer to/ (from) reserves	(60,139)	(16,539)	45,536	62,075	3
Balance as at 30 June	**3,805,467**	**5,286,299**	**6,417,951**	**1,131,652**	
Total equity					
Opening balance	**29,536,793**	**30,229,294**	**29,678,174**	**(551,120)**	
Surplus/ (deficit) after income tax	47,839	207,672	(179,915)	(387,587)	
Other comprehensive revenue	0	1,610,820	1,732,724	121,904	
Total comprehensive revenue/ (expenditure)	**47,839**	**1,818,492**	**1,552,809**	**(265,683)**	
Transfer to/ (from) reserves	**0**	0	0	0	
Balance as at 30 June	**29,584,632**	**32,047,786**	**31,230,983**	**(816,803)**	

Notes to table:

1. The variances are due to the updating of opening balances to reflect balances in the audited 2018/2019 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 transfer in accumulated funds and reserves reflects timing change on projects that are target rates funded.
4. The increase is mainly due to updating of assets opening balances to reflect balances in the audited 2018/2019 annual report.

Prospective statement of financial position
Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21	NOTES
Assets					
Current assets					
Cash and cash equivalents	80,000	180,000	80,000	(100,000)	1
Receivables and prepayments	271,347	347,287	370,799	23,512	
Derivative financial instruments	2,280	0	9,475	9,475	2
Other financial assets	155,165	135,850	60,439	(75,411)	
Inventories	13,856	11,906	13,861	1,955	
Non-current assets held for sale	136,213	174,000	132,349	(41,651)	3
Total current assets	**658,861**	**849,043**	**666,923**	**(182,120)**	
Non-current assets					
Receivables and prepayments	7,300	8,230	7,315	(915)	
Derivative financial instruments	290,484	173,434	441,516	268,082	2
Other financial assets	2,177,443	2,384,482	2,979,009	594,527	
Property, plant and equipment	15,879,726	17,789,007	17,695,212	(93,795)	4
Intangible assets	253,109	235,130	240,745	5,615	
Investment property	576,869	605,474	497,945	(107,529)	5
Investments in subsidiaries	20,348,867	20,787,265	19,730,543	(1,056,722)	
Investments in associates and joint ventures	598,361	1,177,831	2,515,218	1,337,387	
Other non-current assets	5,126	4,407	4,821	414	
Total non-current assets	**40,137,285**	**43,165,260**	**44,112,324**	**947,064**	
Total assets	**40,796,146**	**44,014,303**	**44,779,247**	**764,944**	
Liabilities					
Current liabilities					
Payables and accruals	679,494	589,757	719,699	129,942	
Employee entitlements	61,084	60,646	59,833	(813)	
Borrowings	744,999	1,285,915	1,457,231	171,316	6
Derivative financial instruments	2,715	2,000	8,464	6,464	2
Provisions	56,887	25,411	105,501	80,090	
Total current liabilities	**1,545,179**	**1,963,729**	**2,350,728**	**386,999**	
Non-current liabilities					
Payables and accruals	115,677	104,027	151,609	47,582	
Employee entitlements	1,946	2,333	1,555	(778)	
Borrowings	8,446,523	8,874,793	9,063,010	188,217	6
Derivative financial instruments	941,346	861,517	1,829,757	968,240	2
Provisions	160,843	160,118	151,605	(8,513)	
Total non-current liabilities	**9,666,335**	**10,002,788**	**11,197,536**	**1,194,748**	
Total liabilities	**11,211,514**	**11,966,517**	**13,548,264**	**1,581,747**	
Net assets	**29,584,632**	**32,047,786**	**31,230,983**	**(816,803)**	
Equity					
Contributed equity	26,569,092	26,569,092	26,569,091	(1)	
Accumulated funds	(789,927)	192,395	(1,756,059)	(1,948,454)	
Reserves	3,805,467	5,286,299	6,417,951	1,131,652	
Total ratepayers equity	**29,584,632**	**32,047,786**	**31,230,983**	**(816,803)**	
Minority interests	0	0	0	0	
Total equity	**29,584,632**	**32,047,786**	**31,230,983**	**(816,803)**	

Notes to table:

1. The decrease in cash and cash equivalents are due to the decision to reduce the level cash holding made in May 2019.
2. Due to the uncertainty of the potential future valuation of derivative financial instruments, the movement in derivative financial instruments only reflects the changes in value as recorded in the audited Annual Report 2018/2019.
3. The decrease is due to the rephasing of the transform and unlock programme.
4. The increase primarily reflects higher than expected revaluations and vested assets as indicated in previous Annual reports.
5. The decrease is mainly due to asset transfer to property, plant and equipment as indicated in the previous Annual report.
6. This increase is mainly due to revenue cash-flow shortfall resulting in higher debt. This is partially offset by cost reductions and increased asset sales.

Other variances are mainly due to the updating of opening balances to reflect balances in the audited 2018/2019 annual report and subsequent forecast information.

Prospective statement of cash flows Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21	NOTES
Cash flows from operating activities					
Receipts from rates revenue	1,888,341	1,975,138	1,937,516	(37,622)	1
Receipts from customers and other services	862,211	948,780	671,707	(277,073)	2
Interest received	142,734	155,696	129,363	(26,333)	3
Dividend received	65,679	6,396	14,473	8,077	4
Payments to suppliers and employees	(2,427,260)	(2,200,405)	(2,553,322)	(352,917)	5
Interest paid	(432,698)	(537,868)	(431,620)	106,248	6
Net cash from operating activities	**99,007**	**347,737**	**(231,883)**	**(579,620)**	
Cash flows from investing activities					
Proceeds from sale of other financial assets	0	0	0	0	
Acquisition of other financial assets	(3,168)	(2,960)	(3,895)	(935)	
Advances of loans to related parties	(164,435)	(254,582)	(168,974)	85,608	7
Sale of property, plant and equipment, investment property and intangible assets	204,639	71,000	310,013	239,013	8
Purchase of property, plant and equipment, investment property and intangible assets	(735,218)	(515,065)	(552,501)	(37,436)	9
Proceeds from community loan repayments	4,475	4,776	5,034	258	
Investment in associates and joint ventures	(203,000)	(359,100)	(395,000)	(35,900)	10
Advances to external parties	(50,162)	(6,000)	(6,000)	0	
Net cash from investing activities	**(946,869)**	**(1,061,931)**	**(811,323)**	**250,608**	
Cash flows from financing activities					
Proceeds from borrowings	1,922,860	1,909,721	2,216,241	306,520	
Repayment of borrowings	(1,174,998)	(1,195,527)	(1,335,189)	(139,662)	
Net cash from financing activities	**747,862**	**714,194**	**881,052**	**166,858**	
Net increase/(decrease) in cash and cash equivalents and bank overdraft	**(100,000)**	**0**	**(162,154)**	**(162,154)**	
Cash and cash equivalents and bank overdraft at beginning of the year	180,000	180,000	242,154	62,154	
Cash and cash equivalents and bank overdrafts at end of the year	**80,000**	**180,000**	**80,000**	**(100,000)**	

Notes to table:

1. The lower projected level of rates revenue receipts is primarily due to the projected take-up of the rates postponement policy and the suspension of the Accommodation Provider Targeted Rate till 31 March 2021. This is partially offset by the increase in Waste management targeted rate revenue largely from the postponement of Waste User Pays refuse

service rollout, which was planned in 2020/2021 in the LTP.

2. The variance in cash flows from operating activities reflects the updated projections included in the prospective statement of comprehensive revenue and expenditure.
3. The changes are mainly due to lower than forecast interest rate and lower level of cash holdings.
4. The reduction in projected dividends received particularly reflects the impact of COVID-19 on returns from our investment in Auckland International Airport Limited. It is largely offset by correction of split between receipts from customers and other services and dividend received.
5. The variance in payments to suppliers and employees reflects the updated projections included in the prospective statement of comprehensive revenue and expenditure.
6. The changes are mainly due to lower than forecast interest rate.
7. The variance relates to timing changes of transactions between the council and its CCOs.
8. The variance is primarily due to the decision to increase the target for sales of surplus non-service properties by $220m.
9. The variance in purchase of property, plant and equipment is mainly due to holding capital programme to help mitigate debt impact of revenue loss.
10. The decrease is due to timing changes in the City Rail Link project funding.

Note 6: Group depreciation and amortisation by group of activity

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LONG-TERM PLAN 2020/21	ANNUAL PLAN 2020/21	VARIANCE FROM LTP 2020/21
Roads and Footpaths	258,203	290,847	314,514	23,667
Public Transport and travel demand management	98,862	102,304	103,785	1,481
Wastewater	142,821	148,989	145,624	(3,365)
Water supply	109,544	110,743	110,896	153
Stormwater	63,025	64,344	64,344	0
Local Council Services	14,774	22,310	22,202	(108)
Regionally delivered council services	230,090	241,509	239,037	(2,472)
Council controlled services	47,515	56,532	50,565	(5,967)
	953,461	**1,037,578**	**1,050,967**	**13,389**

3.3 Tirohanga whānui i te kaupapa here reiti
3.3 Rating policy overview

We consulted on the Annual Budget 2020/2021 in February/March 2020, but with COVID-19 we are facing a very different financial picture. There is no business as usual scenario for 2020/2021 therefore we consulted again on the Emergency Budget 2020/2021 in May/June 2020. Our Emergency Budget consultation document set out two options for an average general rates increase of either 2.5 per cent or 3.5 per cent. We did not propose a zero or lower than 2.5 per cent average general rates increase as this would have required significant cuts to the level of services that we provide to Auckland. For 2020/2021 we decided to increase general rates by an average 3.5 per cent which also applies to the Uniform Annual General Charge. Additionally, we are continuing with our policy to slowly reduce the share of rates paid by businesses.

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.

ITEM	POLICY
Rates postponement for ratepayers impacted by COVID-19	• Ratepayers who are struggling financially as a result of COVID-19 can postpone up to $20,000 of their rates per property for the 2020/2021 year until 30 June 2022. Ratepayers can also postpone up to $5,000 of rates per property deferred from their May 2020 invoice. A postponement fee will be charged to cover interest and administration costs.
Suspending the Accommodation Provider Targeted Rate	• We have suspended the Accommodation Provider Targeted Rate (APTR) until 31 March 2021. Expenditure on major events and visitor attraction funded by the APTR is being reduced and the APTR is being reduced accordingly and will only be charged for the last three months of the next financial year (2020/2021).
Waste management changes	• The waste management base service targeted rate has been increased from $121.06 to $141.03. This increase is primarily driven by increased cost of providing a recycling service driven by declining global demand for recyclables • The waste management standard refuse rate in former Auckland City and Manukau City areas has been increased from $129.93 to $141.60 and the large refuse rate from $61.07 to $66.55
Waitākere rural sewerage service and changes	• We will retain the Waitākere rural sewerage service for ratepayers in the Waitākere Ranges Local Board area. The targeted rate will increase from 1 July 2021 for ratepayers in this area to recover the full cost of providing the service. The increased rate will be included in the consultation document for the Long-term Plan 2021-2031. • We will discontinue the Waitākere rural sewerage service and targeted rate for ratepayers in the Henderson-Massey Local Board and Upper Harbour Local Board areas from 1 July 2021.
Swimming/spa pool fencing compliance fee change	• We have introduced an annual swimming/spa pool fencing compliance targeted rate of $44 (incl. GST) to replace the three yearly inspection fee of $130 (incl. GST).
Clevedon wastewater and water connection targeted rate change	• We have introduced a Clevedon wastewater and water connection targeted rate to fund loans to those ratepayers who want to connect to the 'town' water and wastewater supply. This new rate will be implemented from 1 July 2021.
Retrofit Your Home scheme changes	• A Home Fit assessment will be required for all applications for the Retrofit Your Home scheme greater than $2000. The cost ($260 plus GST) will be recovered through the targeted rate.
Changes to the Business Improvement District Programme	• We are introducing targeted rates for the new One Warkworth Business Improvement District and Central Park Henderson Business Improvement District. • The Manukau Central Business Improvement District is being expanded.

Regulatory fee changes	• Having considered public feedback, we have decided to introduce changes to the following regulatory fees to increase transparency and cover the full cost of providing these services: - Changes to building and resource consent fees and deposits. - New micro-mobility device (i.e. e-scooters) license deposit. - Increase high impact commercial event permit fee from $1100 to $1500. • The changes to our regulatory fees will come into effect from 1 July 2020. A full list can be found on councils website https://www.aucklandcouncil.govt.nz/building-and-consents/resource-consents/Documents/consenting-property-information-fees-charges.pdf

We have deferred the proposed introduction of a $20 entry fee for international visitors to the Auckland Botanic Gardens for further consideration once New Zealand's borders are reopened.

We are removing the interest from our loan repayment targeted rates for the 2020/2021 financial year. We will resume charging interest in 2021/2022. This will give us time to work through the implications of the new and existing requirements under the Credit Contracts and Consumer Finance Act 2003 on our various voluntary financial assistance schemes.

This will apply to the following six financial assistance repayment targeted rates:

- Riverhaven Drive targeted rate
- Retro-fit your home targeted rate
- Kumeū Huapai Riverhead wastewater targeted rate
- On-site wastewater systems (septic tank) upgrades targeted rate
- Point Wells wastewater targeted rate
- Jackson Crescent wastewater targeted rate.

More details of the consultation feedback and the final decisions can be found at aucklandcouncil.govt.nz.

3.4 Tauāki whakaaweawe ā-pūtea
3.4 Prospective funding impact statement

Prospective consolidated funding impact statement
Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	ANNUAL PLAN 2019/20	LTP 2020/21	ANNUAL PLAN 2020/21
Sources of operating funding:			
General rates, UAGCs, rates penalties	1,653,885	1,752,213	1,744,032
Targeted rates	229,756	220,129	237,294
Subsidies and grants for operating purposes	320,573	305,689	411,109
Fees and charges	1,410,532	1,529,557	1,218,626
Interest and dividends from investments	70,564	70,930	9,078
Local authorities fuel tax, fines, infringement fees and other receipts	445,172	439,510	435,986
Total operating funding	**4,130,482**	**4,318,028**	**4,056,125**
Applications of operating funding:			
Payment to staff and suppliers	2,821,770	2,744,272	2,940,043
Finance costs	452,575	562,389	451,619
Other operating funding applications	0	0	0
Total applications of operating funding	**3,274,345**	**3,306,661**	**3,391,662**
Surplus (deficit) of operating funding	**856,137**	**1,011,367**	**664,463**
Sources of capital funding:			
Subsidies and grants for capital expenditure	516,821	475,320	453,638
Development and financial contributions	258,309	306,696	136,698
Increase (decrease) in debt	791,686	712,291	909,694
Gross proceeds from sale of assets	254,639	71,000	390,013
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	**1,821,455**	**1,565,307**	**1,890,043**
Application of capital funding:			
Capital expenditure:			
- to meet additional demand	886,522	774,944	747,930
- to improve the level of service	824,357	738,929	926,654
- to replace existing assets	760,462	600,823	497,121
Increase (decrease) in reserves	160,095	78,655	91,010
Increase (decrease) in investments	46,156	383,323	291,791
Total applications of capital funding	**2,677,592**	**2,576,674**	**2,554,506**
Surplus (deficit) of capital funding	**(856,137)**	**(1,011,367)**	**(664,463)**
Funding balance	**0**	**0**	**0**

Rating mechanism

This section sets out how the council sets its rates for 2020/2021. 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 2020.

Capital value ($)	755,142,966,119
Land value ($)	500,789,384,039
Rating units	579,275
Separately used or inhabited parts of a property	651,068

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 rates). 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, the ratepayer will be liable for only one uniform annual general charge.

The council will also set the following targeted rates which will have a fixed rate component:

- Waste management targeted rate
- part of some Business Improvement District targeted rates
- City centre targeted rate for residential properties
- 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, 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).

A UAGC of $439 (including GST) will be applied per SUIP for 2020/2021. This is estimated to produce around $243.3 million (excluding GST) for 2020/2021.

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 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 assessed by multiplying the capital value of a rating unit by the rate per dollar that applies to that ratepayer differential group.

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 land 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.

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 its differential category. Each part will also be classified as being a separate SUIP (see definition above).

DIFFERENTIAL GROUP	DEFINITION
Urban business	Land in the Urban Rating Area that is used for commercial, industrial, transport, utility or public communal – licensed 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)

Rural business	Land outside the Urban Rating Area that is used for commercial, industrial, transport, utility network(2), or public communal – licensed 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)
Farm and lifestyle	Any land 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 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.
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	and 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. The Urban Rating Area includes land in the Metropolitan Urban Limit (MUL2010 as defined in the Auckland Regional Policy Statement) as well as land within Pukekohe township. It also includes around 400 properties outside these areas where the Urban Rating Area has been extended in Pukekohe West (Franklin), East Tāmaki Heights (Howick), Takanini (Papakura), The Gardens (Manurewa), East Tāmaki (Howick), Papatoetoe (Manukau). You can view a map of the Urban Rating Area at www.aucklandcouncil.govt.nz/rates or at any Auckland Council library or service centre.

The long-term differential strategy

In 2020/2021 the business differential ratios will be set so that 31.68 per cent of general rates (UAGC and value-based general rate) come from businesses.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2020/2021. This is estimated to produce around $1,522.5 million (excluding GST) for 2020/2021.

Value-based general rate differentials for 2020/2021

PROPERTY CATEGORY	EFFECTIVE RELATIVE DIFFERENTIAL RATIO FOR GENERAL RATE FOR 2020/2021	RATE IN THE DOLLAR FOR 2020/2021 (INCLUDING GST) ($)	SHARE OF VALUE-BASED GENERAL RATE (EXCLUDING GST) ($)	SHARE OF VALUE-BASED GENERAL RATE (%)
Urban business	2.77	0.00540893	488,426,486	32.1%
Urban residential	1.00	0.00195455	857,940,398	56.4%
Rural business	2.49	0.00486804	47,973,320	3.2%
Rural residential	0.90	0.00175909	54,512,685	3.6%
Farm and lifestyle	0.80	0.00156364	71,655,260	4.7%
No road access	0.25	0.00048864	241,638	Less than 0.1%
Zero-rated(1)	0.00	0.00000000	0	0.0%
Urban moderate-occupancy online accommodation provider	1.88	0.00368174	124,748	Less than 0.1%
Rural moderate-occupancy online accommodation provider	1.70	0.00331357	24,373	Less than 0.1%
Urban medium-occupancy online accommodation provider	1.44	0.00281815	1,093,712	0.1%
Rural medium-occupancy online accommodation provider	1.30	0.00253633	502,734	Less than 0.1%

Note to table: 1. Zero-rated ratepayers are liable for the UAGC only, which is automatically remitted through the rate remission 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 2027/2028.

Water Quality Targeted Rate

Background

The council is funding an additional investment from 2018/2019 to 2027/2028 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 was set so that 25.8 per cent of the revenue requirement came from businesses. A targeted rate of $0.00010677 (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 $0.00006076 (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 $42.3 million (excluding GST) for 2020/2021, $10.7 million from business and $31.6 million from non-business.

Natural Environment Targeted Rate

Background

The council is funding an additional investment from 2018/2019 to 2027/2028 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 was set so that 25.8 per cent of the revenue requirement came from businesses. A targeted rate of $0.00007603 (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 $0.00004326 (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 $30.1 million (excluding GST) for 2020/2021, $7.6 million from business and $22.5 million from non-business.

Waste Management targeted rate

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 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 Papakura and some parts of Northcote, Milford and Takapuna. This is scheduled to be rolled out to the whole of urban Auckland from 2022/2023.

Solid waste targeted rates for 2020/2021 include:

- a region-wide base rate to cover the cost of recycling, inorganic collection, resource recovery centres, the Hauraki Gulf Islands subsidy and other regional waste services
- a standard refuse rate will apply in the former Auckland City and the former Manukau City to fund refuse collection
- an additional targeted rate for Papakura and parts of North Shore to cover the cost of the food scraps collection
- additional rates may apply to properties that request additional recycling or refuse services.

Where user charges currently apply, these will continue.

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 rate for waste management is 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 rate will be assessed

For land outside of the district of the former Auckland City Council where a service is provided or available, the targeted rate for the base service and the standard refuse service (for the former Manukau City) and the food scraps service (for the former Papakura District and the previous food scraps trial area in Northcote, Milford and Takapuna), will be charged on a per SUIP basis. See the UAGC section prior for the council's definition of a SUIP. 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 base service and the standard refuse service will be charged based of the number and type of services supplied or available to each rating unit. For rating units made up of one SUIP, the council will provide one refuse collection service. For rating units made up of more than one SUIP, the council will provide the same service as was provided at 30 June 2019, unless otherwise informed by the owner of the rating unit (that is, at least one base service and one refuse collection service). Land which has an approved alternative service will be charged the waste service charge that excludes the approved alternative service or services. See sample properties at the end of this section for examples on how these apply.

For land within the former district of Auckland City and Manukau City, a large refuse rate will apply, on top of the standard refuse rate, if a 240 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.

In the future, the waste management targeted rate 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 2020/2021. This is estimated to produce around $106.7 million (excluding GST) for 2020/2021.

Waste management targeted rates

SERVICE	DIFFERENTIAL GROUP	AMOUNT OF TARGETED RATE FOR 2020/2021 (INCLUDING GST) $	CHARGING BASIS	SHARE OF TARGETED RATE (EXCLUDING GST) ($)
Base service	Rating units in the former Auckland City	141.03	Per service available	20,322,456
	Rating units in the former Franklin District, Manukau City, North Shore City, Papakura District, Rodney District and Waitākere City	141.03	Per SUIP	48,290,923
Base service excluding recycling	Rating units in the former Auckland City	49.40	Per service available	1,314,915
Standard refuse	Rating units in the former Auckland City	141.60	Per service available	20,244,645
	Rating units in the former Manukau City	141.60	Per SUIP	14,275,660
Large refuse	Rating units in the former Auckland City and Manukau City	66.55	Per service available	862,216
Additional recycling	All rating units	91.63	Per service available	135,517
Food scraps	Rating units in the former Papakura District and the former food scraps trial area in Northcote, Milford and Takapuna	69.19	Per SUIP	1,262,651

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

- land which has an approved alternative refuse service will be charged the base service rate ($141.03)
- land which has an approved alternative recycling service will be charged the standard refuse rate ($141.60) plus the base service excluding recycling rate ($49.40)
- land which has approved alternative refuse and recycling services will be charged the base service excluding recycling rate ($49.40).

Accommodation provider targeted rate

Background

Auckland Council, through Auckland Tourism, Events, and Economic Development (ATEED), has a strong focus on developing Auckland's visitor economy into a sustainable year-round industry, including working with industry partners such as Tourism New Zealand and Auckland International Airport Limited to attract high-value visitors, and facilitating the establishment of world-class attractions. The Auckland Convention Bureau team attracts business events which inject millions annually into the economy.

ATEED is also focused on continuing to expand Auckland as a world-leading events city through attracting, delivering and/or supporting an annual portfolio of more than 30 major events.

Due to COVID-19, ATEED's visitor attraction and major events expenditure has been reduced. Once travel restrictions are lifted investment in visitor attraction and major events expenditure will be key to revitalising the tourism sector. For 2020/2021 the council will set the Accommodation provider targeted rate at a level that reflects ATEED's reduced expenditure on visitor attraction and major events. The Accommodation provider targeted rate will be invoiced for the 4th quarter of the 2020/2021 financial year only, payable in one instalment at the same time as the 4th quarter rates instalment due on 28 May 2021.

Activities to be funded

The Accommodation provider targeted rate will be used to help part fund the costs of visitor attraction, major events and destination and marketing which are part of council's "economic growth and visitor economy" activity.

How the rate will be assessed

A differentiated targeted rate will be assessed on capital value and applied to all rateable land in Zones A and B defined as business, moderate-occupancy online accommodation provider, and medium-occupancy online accommodation provider for rating purposes operated as Tier one, two, three, four, five, or six accommodation. The capital value to which the targeted rate applies excludes the value of the portion not attributable to the provision of commercial accommodation.

The rate will be differentiated by provider type and by location as laid out below.

Provider type

The rate will be differentiated by provider type as described in the categories of accommodation below:

1. hotels
2. motels and motor inns
3. lodges
4. pub accommodation
5. serviced apartments
6. campgrounds, motor parks, and holiday parks
7. backpackers and short stay hostels
8. bed and breakfasts and homestays.
9. high-occupancy online accommodation provider (residences 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)
10. moderate-occupancy online accommodation provider (residences 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)
11. medium-occupancy online accommodation provider (residences 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)

Long-stay residential accommodation is excluded from liability for the rate. Note that some motor inns, campgrounds, motor parks or holiday parks may be primarily long-stay accommodation and treated accordingly where appropriate supporting evidence can be provided. Additionally, any portion of commercial accommodation contracted for emergency housing by the Ministry of Social Development will be excluded from liability for the rate.

Where an accommodation operator offers differing accommodation types from one establishment then the different parts should be treated according to their differential category use. For example, many campgrounds, motor parks, and holiday parks offer a mixture of self-contained units (similar to motels), cabins (similar to backpackers), and camp sites.

Provider types will be grouped into the following seven tiers:

- Tier 1: hotels, serviced apartments and high-occupancy online accommodation providers*
- Tier 2: motels and motor inns, lodges, pub accommodation, and serviced apartments and high-occupancy online accommodation providers not included in Tier 1
- Tier 3: moderate-occupancy online accommodation providers that have characteristics similar to hotels (different to motels as described above)
- Tier 4: moderate-occupancy online accommodation providers that have characteristics similar to motels (as described above)
- Tier 5: medium-occupancy online accommodation providers that have characteristics similar to hotels (different to motels as described above)
- Tier 6: medium-occupancy online accommodation providers that have characteristics similar to motels (as described above)
- Tier 7: other accommodation providers such as backpackers, short stay hostels, bed and breakfasts, homestays and campgrounds.

* serviced apartments and high-occupancy online accommodation providers that have characteristics similar to motels (such as parking provided directly outside the apartment, managers accommodation on-site, buildings are 1 or 2 levels) will be classified as Tier 2 for the purposes of establishing liability for the Accommodation provider targeted rate.

Location

The rate will also be differentiated by location as described in the zones below:

- Zone A: accommodation providers located in local board areas of Albert-Eden, Devonport-Takapuna, Māngere-Ōtāhuhu, Maungakiekie-Tāmaki, Ōrākei, Waitematā.
- Zone B: accommodation providers located in local board areas of Henderson-Massey, Hibiscus and Bays, Howick, Kaipātiki, Manurewa, Ōtara-Papatoetoe, Puketāpapa, Upper Harbour, Waiheke, Whau.
- Zone C: accommodation providers located in local board areas of Franklin, Great Barrier, Papakura, Rodney and Waitākere Ranges.

Differential ratios

The table below sets out the differential ratios that are applied to the differential categories described above for the Accommodation provider targeted rate:

DIFFERENTIAL RATIOS		PROVIDER TYPE					
		TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TIER 6
Location	Zone A	1.0	0.6	0.50	0.30	0.25	0.15
	Zone B	0.5	0.3	0.25	0.15	0.125	0.075

Accommodation provider targeted rate

The following table sets out the Accommodation provider targeted rate to be applied to the differential categories described above for 2020/2021. This is estimated to produce around $3.56 million (excluding GST) for 2020/2021.

Rate in the dollar to be based on the capital value of the portion of the rating unit used for commercial accommodation (including GST) ($)		PROVIDER TYPE					
		TIER 1	TIER 2	TIER 3	TIER 4	TIER 5	TIER 6
Location	Zone A	0.00144682	0.00086809	0.00072341	0.00043404	0.00036170	0.00021702
	Zone B	0.00072341	0.00043404	0.00036170	0.00021702	0.00018085	0.00010851

Accommodation located in Zone C or used for Tier 7 purposes will not be liable for the Accommodation provider targeted rate.

City centre targeted rate

Background

The City Centre targeted rate is 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 2024/2025 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/rates or at any Auckland Council library or service centre.

A rate in the dollar of $0.00131164 (including GST) of rateable capital value will be applied to urban business land in 2020/2021. This is estimated to produce around $22.0 million (excluding GST) for 2020/2021.

A fixed rate of $62.40 (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 2020/2021. This is estimated to produce around $1.1 million (excluding GST) for 2020/2021.

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 $4.4 million (excluding GST) for 2020/2021.

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 – locally driven initiatives, Local planning and development – asset based services.

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/rates.

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 2020/2021. This is estimated to produce around $19.1 million (excluding GST) in targeted rates revenue for 2020/2021.

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

BID area	Amount of BID grant 2020/2021 (excluding GST) ($)	Amount of BID targeted rate revenue 2020/2021 (excluding GST) ($)	Amount to be funded by fixed charge for 2020/2021 (excluding GST) ($)	Fixed rate per rating unit for 2020/2021 (including GST) ($)	Amount to be funded by property value rate based on the capital value of the rating unit for 2020/2021 (excluding GST) ($)	Rate in the dollar for 2020/2021 to be multiplied by the capital value of the rating unit (including GST) ($)
Avondale	154,000	155,453	0	0.00	155,453	0.00131202
Birkenhead	196,350	196,051	0	0.00	196,051	0.00091537
Blockhouse Bay	56,000	56,000	0	0.00	56,000	0.00139843
Browns Bay	150,000	146,849	0	0.00	146,849	0.00050803
Central Park Henderson	400,000	400,000	220,868	250.00	179,132	0.00009994
Devonport	120,000	120,320	17,391	250.00	102,928	0.00061502
Dominion Road	180,000	179,659	0	0.00	179,659	0.00053216
Ellerslie	162,000	163,513	0	0.00	163,513	0.00208930
Glen Eden	91,920	84,226	0	0.00	84,226	0.00091340
Glen Innes	166,000	164,382	0	0.00	164,382	0.00103111
Greater East Tāmaki	545,000	541,635	337,783	195.00	203,851	0.00003598
Heart of the City	4,782,614	4,849,357	0	0.00	4,849,357	0.00041570
Howick	170,848	169,162	0	0.00	169,162	0.00089546
Hunters Corner	126,590	126,735	0	0.00	126,735	0.00076301
Karangahape Road	435,428	428,863	0	0.00	428,863	0.00048527
Kingsland	231,000	232,098	0	0.00	232,098	0.00043559
Mairangi Bay	67,500	67,500	5,000	250.00	62,500	0.00136611
Māngere Bridge	28,800	28,800	0	0.00	28,800	0.00136493
Māngere East Village	6,100	6,100	0	0.00	6,100	0.00029693
Māngere Town	284,949	284,949	0	0.00	284,949	0.00401509
Manukau Central	510,000	500,832	0	0.00	500,832	0.00033383
Manurewa	157,000	156,759	0	0.00	156,759	0.00101777
Milford	145,000	144,999	0	0.00	144,999	0.00062599
Mt Eden Village	92,035	93,716	0	0.00	93,716	0.00061265
New Lynn	192,738	189,114	0	0.00	189,114	0.00057433
Newmarket	1,691,613	1,789,050	0	0.00	1,789,050	0.00059522
North Harbour	690,621	664,867	344,596	150.00	320,271	0.00007931
North West District	180,000	179,674	94,565	250.00	85,109	0.00017969

BID area	Amount of BID grant 2020/2021 (excluding GST) ($)	Amount of BID targeted rate revenue 2020/2021 (excluding GST) ($)	Amount to be funded by fixed charge for 2020/2021 (excluding GST) ($)	Fixed rate per rating unit for 2020/2021 (including GST) ($)	Amount to be funded by property value rate based on the capital value of the rating unit for 2020/2021 (excluding GST) ($)	Rate in the dollar for 2020/2021 to be multiplied by the capital value of the rating unit (including GST) ($)
Northcote	120,000	118,333	0	0.00	118,333	0.00230206
Old Papatoetoe	100,692	101,509	0	0.00	101,509	0.00124450
One Warkworth	135,000	135,000	135,000	575.00	0	0.00000000
Onehunga	410,000	409,028	0	0.00	409,028	0.00112539
Orewa	276,285	275,482	0	0.00	275,482	0.00102082
Ōtāhuhu	663,000	667,127	0	0.00	667,127	0.00072178
Ōtara	94,730	91,946	0	0.00	91,946	0.00153462
Panmure	443,896	447,631	0	0.00	447,631	0.00148612
Papakura	250,000	246,629	0	0.00	246,629	0.00071578
Parnell	855,000	839,934	0	0.00	839,934	0.00052665
Ponsonby	570,618	559,367	0	0.00	559,367	0.00070067
Pukekohe	462,000	458,229	0	0.00	458,229	0.00051307
Remuera	242,564	243,103	0	0.00	243,103	0.00112463
Rosebank	455,000	427,086	0	0.00	427,086	0.00036095
South Harbour	81,325	81,324	0	0.00	81,324	0.00043944
St Heliers	138,484	140,561	0	0.00	140,561	0.00108820
Takapuna	443,895	444,219	0	0.00	444,219	0.00040562
Te Atatu	102,000	102,463	0	0.00	102,463	0.00136266
Torbay	17,265	17,265	0	0.00	17,265	0.00101814
Uptown	317,000	314,756	0	0.00	314,756	0.00017748
Waiuku	135,025	134,092	0	0.00	134,092	0.00103365
Wiri	737,000	726,013	0	0.00	726,013	0.00021301
Total	19,064,885	19,101,757	1,155,204		17,946,554	

Note to the table: Targeted rate amounts include surpluses and deficits (if any) carried over from 2018/2019 so may differ from grant amounts.

Business Improvement Districts fixed rate per property 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 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) of a 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, in the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. 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 2020/2021 for the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. This is estimated to produce around $1.2 million (excluding GST) for 2020/2021.

Local board area	LOCAL ACTIVITY TARGETED RATES	
	FIXED RATE FOR EACH SEPARATELY USED OR INHABITED PART OF A RATING UNIT FOR 2020/2021 (INCLUDING GST) ($)	REVENUE FROM THE TARGETED RATE (EXCLUDING GST) ($)
Māngere-Ōtāhuhu	33.02	556,042
Ōtara-Papatoetoe	31.34	597,696

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 2020/2021 (INCLUDING GST)
Council inspection required	$44
No council inspection required – successful inspection carried out by Independently Qualified Pool Inspector	$22

This is estimated to produce around $1.0 million (excluding GST) for 2020/2021.

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 rate will apply until the cost of the project is recovered. In 2020/2021 the council will not charge interest on the financial assistance provided. From 2021/2022 the council will resume charging interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest (if applicable) on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest (if applicable) 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 $7,416.14 (including GST) per rating unit for 2020/2021. This is estimated to produce around $38,693 (excluding GST) for 2020/2021.

Waitākere rural sewerage targeted rate

The Waitākere rural sewerage targeted rate is set as a uniform charge on all rating units in the Non-Drainage Area of the former district of the Waitākere City Council that have certain types of on-site waste management systems. These are scheduled to be pumped out by the council within a three-yearly cycle, with funding provided through the targeted rate. 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 increase the Waitākere rural sewerage targeted rate to fully recover the costs of providing this service and limit the service to the Waitākere Ranges Local Board area from 1 July 2021.

A regional compliance programme will be put in place over the next two to three years to ensure on-site wastewater systems across the region are adequately maintained and inspected to minimise environmental risk. Implementation will be phased across Auckland, with Waitākere coming under the programme in 2019. The existing pump out service and targeted rate will continue until the current contract expires in June 2021.

For 2020/2021 the targeted rate will be a uniform charge of $200.91 (including GST) for each on-site waste management system utilised in conjunction with the rating unit. This is estimated to produce around $700,000 (excluding GST) for 2020/2021.

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.

In 2020/2021 the council will not charge interest on the financial assistance provided. From 2021/2022 the council will resume charging interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest (if applicable) on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest (if applicable) 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 2020/2021. This is estimated to produce around $5.0 million (excluding GST) for 2020/2021.

Retro-fit your home targeted rate

YEAR OF REPAYMENT	RATE IN THE DOLLAR FOR 2020/2021 TO BE MULTIPLIED BY THE RATEPAYERS OUTSTANDING BALANCE AS AT 30 JUNE 2020 (INCLUDING GST) ($)
1	0.11111111
2	0.12500000
3	0.14285714
4	0.16666667
5	0.20000000
6	0.25000000
7	0.33333333
8	0.50000000
9	1.00000000

Kumeu Huapai Riverhead wastewater targeted rate

The Kumeu 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.

In 2020/2021 the council will not charge interest on the financial assistance provided. From 2021/2022 the council will resume charging interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest (if applicable) on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest (if applicable) and principal repayment required for that year. The targeted rate will apply for 15 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 Kumeu Huapai Riverhead wastewater targeted rate that council will apply in 2020/2021. This is estimated to produce around $4,500 (excluding GST) for 2020/2021

Kumeu Huapai Riverhead wastewater targeted rate

YEAR OF REPAYMENT	RATE IN THE DOLLAR FOR 2020/2021 TO BE MULTIPLIED BY THE RATEPAYERS OUTSTANDING BALANCE AS AT 30 JUNE 2020 (INCLUDING GST) ($)
1	0.07666667
6	0.11500000
8	0.14375000

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.

In 2020/2021 the council will not charge interest on the financial assistance provided. From 2021/2022 the council will resume charging interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest (if applicable) on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest (if applicable) and principal repayment required for that year. The targeted rate will apply for 15 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 On-site wastewater systems (septic tank) upgrades targeted rate that the council will apply in 2020/2021. This is estimated to produce around $1,100 (excluding GST) for 2020/2021.

On-site wastewater systems (septic tank) upgrades targeted rate3

YEAR OF REPAYMENT	RATE IN THE DOLLAR FOR 2020/2021 TO BE MULTIPLIED BY THE RATEPAYERS OUTSTANDING BALANCE AS AT 30 JUNE 2020 (INCLUDING GST) ($)
1	0.07666667
2	0.08846154

Clevedon wastewater and water connection targeted rate

The Clevedon wastewater and water connection targeted rate is set on land in Clevedon that has received financial assistance from Auckland Council to connect to Watercare's reticulated wastewater and/or water system. The rate will fund expenditure within the following activity: Regulatory services.

The ratepayer will repay the financial assistance and interest on a table mortgage basis. 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. 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 council will implement the targeted rate from 2021/2022.

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.

In 2020/2021 the council will not charge interest on the financial assistance provided. From 2021/2022 the council will resume charging interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest (if applicable) on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest (if applicable) 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 2020/2021. This is estimated to produce around $13,500 (excluding GST) for 2020/2021.

Point Wells wastewater targeted rate

TOTAL ASSISTANCE PROVIDED	AMOUNT OF TARGETED RATE PER RATING UNIT FOR 2020/2021 (INCLUDING GST) ($)
$8,000	623.15
$8,500	662.11
$9,000	701.05
$9,500	740.00
$10,000	778.94

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.

In 2020/2021 the council will not charge interest on the financial assistance provided. From 2021/2022 the council will resume charging interest on the financial assistance provided. The ratepayer will repay the financial assistance and interest (if applicable) on a table mortgage basis. The council will calculate the level of the targeted rate each year to fund the interest (if applicable) 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 $562.45 (including GST) per rating unit in 2020/2021. This is estimated to produce $489 (excluding GST) for 2020/2021.

Rates payable by instalment

All rates except the Accommodation provider targeted rate will be payable by four equal instalments due on:

- Instalment 1: 31 August 2020
- Instalment 2: 30 November 2020
- Instalment 3: 26 February 2021
- Instalment 4: 28 May 2021.

The Accommodation provider targeted rate will be payable in one instalment due on 28 May 2021.

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 2020/2021 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 2 September 2020 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 long-term plan decision making process.

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

Discount in 2020/2021

The discount is 0.37 per cent for 2020/2021.

Sample properties

The following section is intended to provide examples of the individual rates for 2020/2021.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
- Clevedon wastewater and water connection 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 and Natural Environment Targeted Rate

The table below shows indicative rates (general rate, Water Quality Targeted Rate, and Natural Environment 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 ($)	UAGC	GENERAL RATE (INCLUDING GST) ($)	WATER QUALITY TARGETED RATE (INCLUD-ING GST) ($)	NATURAL ENVIRONMENT TARGETED RATE (INCLUD-ING GST) ($)	TOTAL RATES (INCLUDING GST) ($)
Urban - business	500,000	439	2,704	53	38	3,235
	1,500,000	439	8,113	160	114	8,827
	3,000,000	439	16,227	320	228	17,214
	10,000,000	439	54,089	1,068	760	56,356
Urban - residential	500,000	439	977	30	22	1,468
	750,000	439	1,466	46	32	1,983
	1,000,000	439	1,955	61	43	2,498
	1,500,000	439	2,932	91	65	3,527

DIFFERENTIAL CATEGORY	CAPITAL VALUE ($)	UAGC	GENERAL RATE (INCLUDING GST) ($)	WATER QUALITY TARGETED RATE (INCLUDING GST) ($)	NATURAL ENVIRONMENT TARGETED RATE (INCLUDING GST) ($)	TOTAL RATES (INCLUDING GST) ($)
Rural - business	500,000	439	2,434	53	38	2,964
	1,500,000	439	7,302	160	114	8,015
	3,000,000	439	14,604	320	228	15,592
	10,000,000	439	48,680	1,068	760	50,947
Rural - residential	500,000	439	880	30	22	1,371
	750,000	439	1,319	46	32	1,836
	1,000,000	439	1,759	61	43	2,302
	1,500,000	439	2,639	91	65	3,234
Farm/lifestyle	500,000	439	782	30	22	1,273
	1,500,000	439	2,345	91	65	2,940
	3,000,000	439	4,691	182	130	5,442
	10,000,000	439	15,636	608	433	17,116
Urban moderate-occupancy online accommodation provider	500,000	439	1,841	30	22	2,332
	750,000	439	2,761	46	32	3,278
	1,000,000	439	3,682	61	43	4,225
	1,500,000	439	5,523	91	65	6,118
Rural moderate-occupancy online accommodation provider	500,000	439	1,657	30	22	2,148
	750,000	439	2,485	46	32	3,002
	1,000,000	439	3,314	61	43	3,857
	1,500,000	439	4,970	91	65	5,565
Urban medium-occupancy online accommodation provider	500,000	439	1,409	30	22	1,900
	750,000	439	2,114	46	32	2,631
	1,000,000	439	2,818	61	43	3,361
	1,500,000	439	4,227	91	65	4,822
Rural medium-occupancy online accommodation provider	500,000	439	1,268	30	22	1,759
	750,000	439	1,902	46	32	2,419
	1,000,000	439	2,536	61	43	3,079
	1,500,000	439	3,805	91	65	4,400

The following tables contain indicative values 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, and natural environment 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.

Former council area	SERVICE	TOTAL AMOUNT OF CHARGES (INCLUDING GST) ($)				
	NUMBER OF WASTE MANAGEMENT CHARGES	1	2	3	5	10
Auckland City	Full service (base service plus standard refuse service)	283	565	848	1,413	2,826
	Full service (base service plus standard refuse service)	141	282	423	705	1,410
	Opt out of refuse	191	382	573	955	1,910
	Opt out of recycling	49	99	148	247	494
	Opt out of both refuse and recycling	92	183	275	458	916
	Additional recycling	283	565	848	1,413	2,826
Manukau City	Full service (base service plus standard refuse service)	141	282	423	705	1,410
Papakura District, North Shore City, Waitākere City, Franklin District and Rodney District	Base service	69	138	208	346	692
Papakura District and the former food scrap trial area in North Shore	Food scraps	69	138	208	346	692

Accommodation provider targeted rate

Some rating units that provide visitor accommodation are liable for the Accommodation provider targeted rate.

RATING UNITS IN ZONE A THAT PROVIDE VISITOR ACCOMMODATION						
CAPITAL VALUE	ZONE A - TIER 1 RATE (INCLUDING GST) ($)	ZONE A - TIER 2 RATE (INCLUDING GST) ($)	ZONE A - TIER 3 RATE (INCLUDING GST) ($)	ZONE A - TIER 4 RATE (INCLUDING GST) ($)	ZONE A - TIER 5 RATE (INCLUDING GST) ($)	ZONE A - TIER 6 RATE (INCLUDING GST) ($)
500,000	723	434	362	217	181	109
1,500,000	2,170	1,302	1,085	651	543	326
3,000,000	4,340	2,604	2,170	1,302	1,085	651
10,000,000	14,468	8,681	7,234	4,340	3,617	2,170

RATING UNITS IN ZONE B THAT PROVIDE VISITOR ACCOMMODATION						
CAPITAL VALUE	ZONE A - TIER 1 RATE (INCLUDING GST) ($)	ZONE A - TIER 2 RATE (INCLUDING GST) ($)	ZONE A - TIER 3 RATE (INCLUDING GST) ($)	ZONE A - TIER 4 RATE (INCLUDING GST) ($)	ZONE A - TIER 5 RATE (INCLUDING GST) ($)	ZONE A - TIER 6 RATE (INCLUDING GST) ($)
500,000	362	217	181	109	90	54
1,500,000	1,085	651	543	326	271	163
3,000,000	2,170	1,302	1,085	651	543	326
10,000,000	7,234	4,340	3,617	2,170	1,809	1,085

City centre targeted rate

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

RATING UNITS IN ZONE B THAT PROVIDE VISITOR ACCOMMODATION	
CAPITAL VALUE	RATE (INCLUDING GST) ($)
500,000	656
1,500,000	1,967
3,000,000	3,935
10,000,000	13,116

RESIDENTIAL RATING UNITS LOCATED IN THE CITY CENTRE AREA	
NUMBER OF SEPARATELY USED OR INHABITED PARTS	RATE (INCLUDING GST) ($)
1	62
2	125
3	187
5	312
10	624

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

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	TOTAL TARGETED RATE AMOUNT (INCLUDING GST) ($)					
	NUMBER OF SEPARATELY USED OR NUMBER OF INHABITED PARTS	1	2	3	5	10
Māngere-Ōtāhuhu		33	66	99	165	330
Ōtara-Papatoetoe		31	63	94	157	313

Waitākere rural sewerage targeted rate

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

RESIDENTIAL RATING UNITS LOCATED IN	TOTAL TARGETED RATE AMOUNT (INCLUDING GST) ($)					
	NUMBER OF SEPTIC TANKS PUMPED OUT ONCE EVERY 3 YEARS	1	2	3	5	10
Former Waitākere City that have septic tanks pumped out by council	201	402	603	1,005	2,009	330

Swimming/spa pool fencing compliance

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	44
No council inspection required – successful inspection carried out by Independently Qualified Pool Inspector	22

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 AT BEGINNING OF 2020/2021 ($)			
	1,500	2,000	2,500	3,000
Rate for 1st year of repayment (including GST) ($)	167	222	278	389
Rate for 2nd year of repayment (including GST) ($)	188	250	313	438
Rate for 3rd year of repayment (including GST) ($)	214	286	357	500
Rate for 4th year of repayment (including GST) ($)	250	333	417	583
Rate for 5th year of repayment (including GST) ($)	300	400	500	700
Rate for 6th year of repayment (including GST) ($)	375	500	625	875
Rate for 7th year of repayment (including GST) ($)	500	667	833	1,167
Rate for 8th year of repayment (including GST) ($)	750	1,000	1,250	1,750
Rate for 9th year of repayment (including GST) ($)	1,500	2,000	2,500	3,500
Rate for 9th year of repayment (including GST) ($)	1,500	2,000	2,500	3,500

Kumeu Huapai Riverhead wastewater targeted rate

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

CATEGORY	OUTSTANDING BALANCE AS AT 30 JUNE 2020			
	5,000	7,000	9,000	11,000
Rate for 1st year of repayment (including GST) ($)	383	537	690	843
Rate for 6th year of repayment (including GST) ($)	575	805	1,035	1,265
Rate for 8th year of repayment (including GST) ($)	719	1,006	1,294	1,581

3.5 Te tokonga pūrongo me ngā pae tikanga penapena

3.5 Financial reporting and prudence benchmarks

Annual plan disclosure statement for the year ending 30 June 2021

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			Yes
• income	$1,773 million	$1,766 million	
• increases	3.5%	3.5%	
Debt affordability benchmark			No
• group debt as a percentage of group revenue	270%	290%	
Balanced budget benchmark	100%	100%	Yes
Essential services benchmark	100%	222%	Yes
Debt servicing benchmark	15%	10%	Yes

Notes

1. Rates affordability benchmark

For this benchmark:

- the group’s planned rates income including growth in the rating base, for the year is compared with quantified limits on rates contained in the financial strategy included in the group’s long-term plan; and
- 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 income for the year equals or is less than each quantified limit on rates; and
- its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2. Debt affordability benchmark

For this benchmark:

- the group’s planned rates income including growth in the rating base, for the year is compared with quantified limits on rates contained in the financial strategy included in the group’s long-term plan; and
- 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 income for the year equals or is less than each quantified limit on rates; and
- its planned rates increases for the year equal or are less than each quantified limit on rates increases.

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.

The council has set a prudential limit of group debt being less than 270 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 Standard and Poor's approach when they undertake their credit rating assessment[1].

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.

Note: This benchmark shows revenue equal to operating expenses as the prescribed calculation includes subsidies received for capital works as revenue. When considering the Local Government Act balance budget requirement, we look only at operating revenue sources. Therefore, despite this benchmark showing as "met" the council has resolved that it is not prudent to balance its budget in 2020/2021 (see section 3.1).

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 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.

Net debt refers to the group's financial liabilities less financial assets (excluding trade and other receivables).

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

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

[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.

Tūpuna Maunga Authority

Wāhanga tuawha: Te Whakarāpopototanga o te Mahere Whakahaere 2020/2021 mō te Tūpuna Maunga o Tāmaki Makaurau Authority

Part Four: Summary of the Tūpuna Maunga o Tāmaki Makaurau Authority – Operational Plan 2020/2021

Co-Governance of the Tūpuna Maunga/Volcanic Cones

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 Plan 2020/2021 process.

The Tūpuna Maunga Authority and Auckland Council are required to approve the Annual Operational Plan. The Tūpuna Maunga Operational Plan 2020/2021 must be considered and adopted concurrently with the Auckland Council's Plan 2020/2021. 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 Maru
Ngāti Pāoa
Ngāti Tamaterā
Ngāti Whanaunga
Te Patukirikiri

Ngāti Whātua
Ngāti Whātua o Kaipara
Ngāti Whātua Ōrākei
Te Rūnanga o Ngāti Whātua

Waiohua Tāmaki Rōpū
Ngāi Tai ki Tāmaki
Ngāti Tamaoho
Ngāti Te Ata
Te Ākitai Waiohua
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 / volcanic cones) in Ngā Mana Whenua o Tāmaki 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 covered by the Act include:

Matukutūruru - Wiri Mountain
Maungakiekie - One Tree Hill
Maungarei - Mount Wellington
Maungawhau - Mount Eden
Owairaka / Te Ahi-ka-a-Rakatura - Mount Albert
Pukewīwī / Puketāpapa - Mount Roskill
Te Kōpuke / Tītīkōpuke - Mount St John
Ōhinerau - Mount Hobson
Ohuiarangi - Pigeon Mountain
Te Tātua a Riukiuta – Big King
Ōtāhuhu – Mt Richmond
Takarunga - Mount Victoria
Maungauika - North Head
Rarotonga - Mount Smart.

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 and one non-voting Crown representative appointed by the Minister for Arts, Culture and Heritage. The term of the Authority aligns with the term of the Auckland 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 / Mt 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 Auckland 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 / Mt 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 Auckland Council staff across the Governance and Parks, Sport and Recreation 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 wide spread support.

Strategic Framework: Tūpuna Maunga Values

In its Integrated Management Plan for the Tūpuna Maunga, the Tūpuna Maunga Authority has articulated a set of values of the Tūpuna Maunga. The values promote the statutory purpose of the Tūpuna Maunga Authority under section 109 of the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014, 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 and the other people of Auckland.

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 these relationships are thought of and expressed.

The values provide a strategic framework to guide the Tūpuna Maunga Authority in making any decision about the Tūpuna Maunga. The values are the key driver of the Tūpuna Maunga 10-year work programme that was confirmed through the Long-term Plan 2018-2028.

The values are as follows:

VALUES	WHAT THIS MEANS FOR THE TŪPUNA MAUNGA
Wairuatanga/ Spiritual	- restore and recognise the relationship between the Maunga and its people - tread gently - recognise the tihi is sacred - 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 - encourage culturally safe access - restoring customary practices and associated knowledge - recognise European and other histories and interaction with the Maunga
Takotoranga /Landscape	- protect the integrity of the Tūpuna Maunga - encourage design that reflects Tūpuna Maunga Values - promote a connected network of Maunga - preserve the visual and physical integrity of the maunga as landmarks of Tāmaki - active restoration and enhancement of the natural features of the Maunga - encourage activities that are in keeping with the natural and indigenous landscape
Mauri Pūnaha Hauropi/ Ecology and Biodiversity	- strengthen ecological linkages between the Maunga - Maunga tū mauri ora, maunga tū Makaurau ora /if the Maunga are well, Auckland is well - restore the biodiversity of the Tūpuna Maunga
Mana Hononga Tangata/ Living Connection	- a place to host people - actively nurture positive relationships - give expression to the history and cultural values of the Maunga - rekindle the sense of living connection between the Maunga and the people

Tūpuna Maunga Authority

VALUES	WHAT THIS MEANS FOR THE TŪPUNA MAUNGA
Whai Rawa Whakauka/ Economic and Commercial	- focus on commercial activities that create value and enhance experience - explore alternative and self-sustaining funding opportunities - foster partnerships and collaboration - alignment with the Tūpuna Maunga Values
Mana Whai a Rēhia/ Recreational	- promote health and wellbeing - encourage informal inclusive recreation activities - balance informal and formal recreation - recreational activities consistent with tikanga Māori - Maunga are special places and treasures handed down

Tūpuna Maunga Operational Plan 2020/2021

Each financial year, the Tūpuna Maunga Authority and Auckland Council must agree an annual operational plan to provide a framework in which the Auckland 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 2020/2021 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 2020/2021 also sets out the 10-year work programme and funding envelope confirmed through the Long-term Plan 2018 -2028. The budget for 2020/21 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 include:

Policy and Management

- 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 full-time officer to manage compliance activities under the Reserves Act 1977.

Healing

- protection and restoration of the tihi (summits) through pedestrianisation of the tihi and significant track and viewing platform developments
- protection and restoration of historic kumara pits, pā sites and wāhi tapu
- restoration of indigenous native ecosystems; reintroducing native plants and attracting native animal species; removing inappropriate exotic trees and weeds
- pest control on all Maunga in line with Auckland's plan to be pest free by 2050.

Development

- cultural interpretation including distinct entrance ways, pou whenua, visitor information hubs and educational signage
- exemplary visitor infrastructure including tracks and viewing platforms, toilets and play spaces
- removal of redundant infrastructure (built structures, water reservoirs, impermeable surfaces, etc) and returning areas to open space
- commercial activities to develop alternative revenue streams to invest in the protection and enhancement of the values of the Tūpuna Maunga.

Connection

- Mana whenua living connection programme focusing on their role as kaitiaki (guardians), restoring customary practices and associated knowledge and enabling cultural activities
- on-site staff to protect and enhance the Tūpuna Maunga and the visitor experience
- volunteer programmes to connect communities to the Tūpuna Maunga

Tūpuna Maunga Authority

- education programmes, community events and a bespoke website that celebrates the living connection that all communities have with the Tūpuna 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 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 that was endorsed in the Auckland Council's 10-year Budget (Long-term Plan) 2018-2028 is shown in Table 2.

The budget for 2020-21 and the subsequent years fits within this endorsed funding envelope. In the context that there have been financial impacts arising from the COVID-19 pandemic, the overall budget in the 2020/2021 financial year has been amended from the 2018-2028 funding envelope shown below. The Operational Expenditure has been reduced by 5 per cent to give a new total of $3.5 million and $1.2 million of the Capital Expenditure has been deferred to give a new investment level of $5.9 million.

Table 2 Funding envelope for the Tūpuna Maunga Authority endorsed in the Auckland Council's 10-year Budget (Long-term Plan) 2018-2028

Long Term Plan 2018-2028 funding requirement
Tūpuna Maunga Authority

FUNDING ENVELOPE	2018/19 $000's	2019/20 $000's	2020/21 $000's	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
Net Operating expenditure:*										
Net Operating expenditure 2018-2028**	3,518	3,484	3,493	3,489	3,512	3,642	3,897	3,917	3,917	3,917
Net Operating expenditure 2018-2028 (including inflation)***	3,578	3,615	3,696	3,766	3,867	4,090	4,464	4,577	4,668	4,762
Capital expenditure:										
Capital expenditure 2018-2028	5,093	7,008	7,110	6,925	8,875	9,086	9,395	9,820	12,780	12,800
Total LTP Funding requirement 2018-2028	**8,611**	**10,492**	**10,603**	**10,414**	**12,387**	**12,728**	**13,292**	**13,737**	**16,697**	**16,717**
Total LTP Funding requirement 2018-2028 (including inflation)	**8,671**	**10,623**	**10,806**	**10,691**	**12,742**	**13,176**	**13,859**	**14,397**	**17,448**	**17,562**

Notes:
* Net operating expenditure excludes depreciation
** Figures are in 2017/18 year values
*** Inflation is calculated at Council agreed rates

Wāhanga tuarima: He pārongo atu anō
Part Five: Additional information

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 promotes our vision for Auckland to be a world class city and 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 committees – three committees of the whole (Environment and Community; Finance and Performance; Parks, Arts Community and Events; and Planning), and reporting and standing committees (Appointments and Performance Review; Audit and Risk; Civil Defence and Emergency Management; Regulatory; Strategic Procurement; Auckland Domain; Value for Money and Council Controlled Organisation oversight).

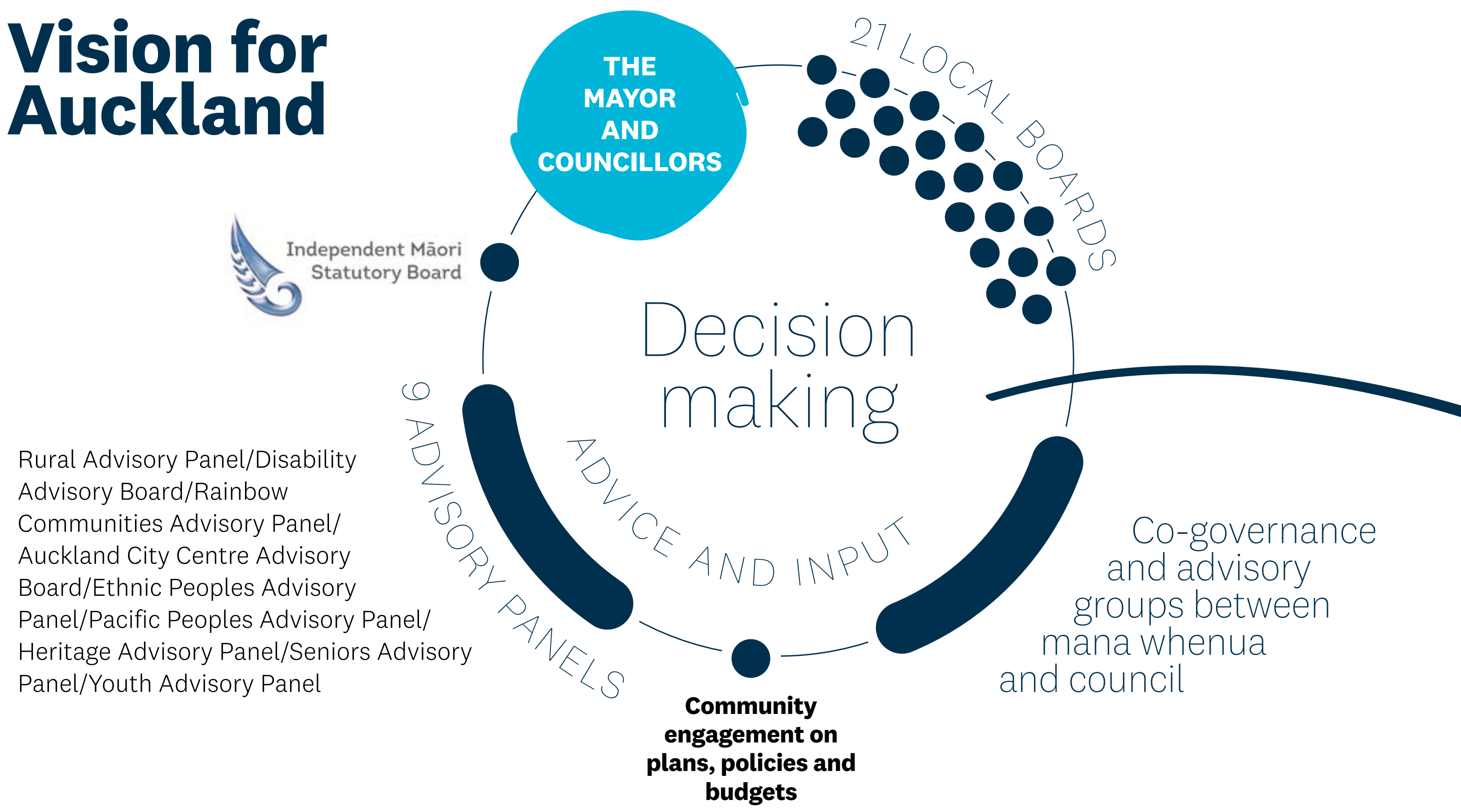
We have 149 local board members, spread over 21 boards, who make decisions on the local services, such as parks, libraries, community halls and pools, which form the fabric of our local communities.

Local boards

The 21 local boards are a key part of the governance of Auckland Council with a wide-ranging role that spans most 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
- identify and develop bylaws for the local board area and propose them to the governing body
  - 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 2020/2021 are included in this annual budget and can be found in Volume 2.

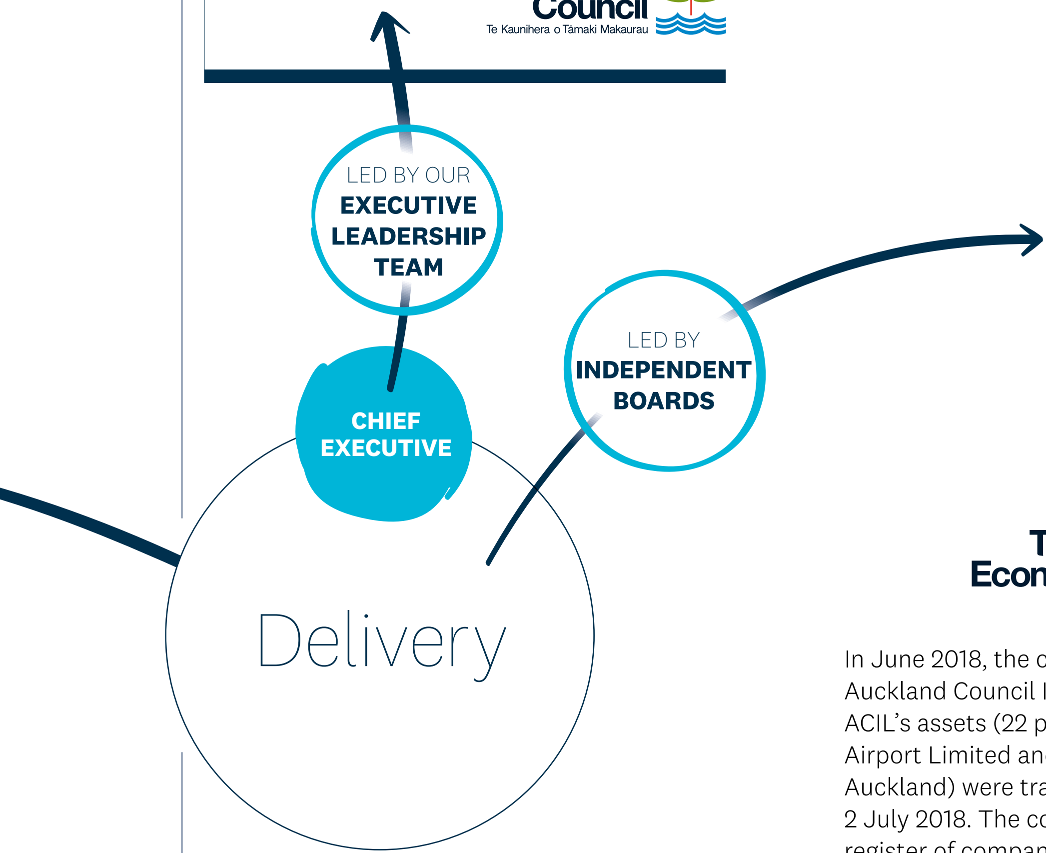
To find out which local board area you are in, follow this path from the website home page: About Council > Local Boards > Find your ward and local board

AUCKLAND COUNCIL GROUP

AUCKLAND COUNCIL

We deliver a wide range of services, events and facilities.

Auckland Council
Te Kaunihera o Tāmaki Makaurau



CCOs

Council-controlled organisations operate separately from Auckland Council. Each CCO is overseen by a board of directors.

Auckland Transport
An Auckland Council Organisation

Panuku Development Auckland
An Auckland Council Organisation

Watercare
An Auckland Council Organisation

Regional Facilities Auckland
An Auckland Council Organisation

Auckland Tourism, Events and Economic Development
An Auckland Council Organisation

In June 2018, the council decided to disestablish Auckland Council Investments Limited (ACIL). ACIL's assets (22 per cent of Auckland International Airport Limited and 100 per cent of Ports of Auckland) were transferred to council, effective on 2 July 2018. The company was removed from the register of companies in November 2018.

Council-controlled organisations

The council commissioned an independent review of its five substantive council controlled organisations in early 2020. The independent panel was tasked with reviewing: the effectiveness of the CCO model, roles and responsibilities, the accountability mechanisms between CCOs and the council, and the culture of CCOs.

The panel is expected to provide a final report with recommendations and present their findings to the Governing Body in the first quarter of 2020/2021. The Governing Body will then consider which of the panel's recommendations will be adopted and implemented during 2020/2021.

Background information about the review and wider community engagement is available on the CCO review webpage.

The Independent Māori Statutory Board

The Independent Māori Statutory Board has specific responsibilities and legal powers to promote issues of significance to Māori and assist Auckland Council to make decisions and act in accordance with statutory provisions relating to Te Tiriti o Waitangi. The Board has voting rights on Auckland Council's key decision-making committees and promotes cultural, economic, environmental and social well-being issues that are significant to Māori. It provides direction and guidance to help improve council's responsiveness to Māori.

The board and the Governing Body will also meet at least four times each year to discuss the council's performance of its duties. The nine Independent Māori Statutory Board members are:

- Mr David Taipari, Chairperson
- Mr Glenn Wilcox, Deputy Chairperson
- Mr Renata Blair
- Hon. Tau Henare
- Ms Liane Ngāmane
- Mr Terrence (Muka) Hohneck
- Mr Tony Kake
- Mr Denis Kirkwood
- Ms Josie Smith
- Ms Karen Wilson.

For more details on the IMSB, please visit www.imsb.maori.nz.

Co-governance arrangements

As a result of Treaty of Waitangi Settlements, legislation has established co-governance entities which require the council to co-govern alongside mana whenua as Treaty partners:

i. The Ngāti Whātua Ōrākei Reserves Board was established under the Ōrākei Act 1991 and currently operates under the Ngāti Whātua Ōrākei Claims Settlement Act 2012 and has three council appointees.

ii. Te Poari o Kaipātiki ki Kaipara (officially the Parakai Recreation Reserve Board) is established under the Ngāti Whātua o Kaipara Claims Settlement Act 2013 and has three council appointees.

iii. The Tūpuna Maunga o Tāmaki Makaurau Authority (or Maunga Authority) is established under the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014 and has six council appointees.

In addition, the council nominates two members of the Mutukaroa (Hamlins Hill) Management Trust and four members of the Te Motu a Hiaroa (Puketutu Island) Governance Trust and local board members participate alongside mana whenua in the Pukekiwiriki Pā Joint Management Committee, Wai o Maru Co-Management Committee, Te Pūkaki: Tapu o Poutukeka Historic Reserve and associated Māori Lands Co-management Committee, and Rangihoa and Tawaiparera Committee (in abeyance).

Advisory panels

Auckland Council's demographic and sector advisory panels enable the council to ensure that the views and needs of a wide range of communities of interest are incorporated in council's decision-making. Advisory panels provide advice to the governing body and council staff within the remit of the Auckland Plan on the following areas:

- Auckland Council's regional policies, plans and strategies
- Regional and strategic matters including those that Council-Controlled Organisations deal with
- any matter of particular interest or concern to Auckland's diverse communities.

Auckland Council has six demographic advisory panels and three sector panels.

Demographic advisory panels:

- Disability Advisory Panel
- Rainbow Communities Advisory Panel
- Ethnic Peoples Advisory Panel
- Seniors Advisory Panel
- Pacific Peoples Advisory Panel
- Youth Advisory Panel.

Sector panels:

- Auckland City Centre Advisory Board
- Rural Advisory Panel
- Heritage Advisory Panel.

For more detail on Auckland Council's advisory panels, please visit our website www.aucklandcouncil.govt.nz/advisorypanels

5.2 Glossary of terms

Activity or service

The services the council provides to the community. This includes things lik e running buses, collecting rubbish and maintaining parks

Accommodation Provider Targeted Rate

A rate paid only by owners of properties such as motels, hotels and Airbnb properties. The money received from this rate is used to fund major events and undertake other activities to attract visitors to Auckland

Annual Plan, Annual Budget or Emergency 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. Next year's budget is referred to our Emergency Budget because of the need to respond to a significant financial challenge for 2020/2021

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.

AT

Auckland Transport, the organisation that delivers transport service on behalf on the council.

ATAP

The Auckland Transport Alignment Project, a collaborative project between Auckland Council and Central Government to align strategic transport priorities for the Auckland region

ATEED

Auckland Tourism, Events and Economic Development, the organisation that delivers major events for council and provides tourism promotion and economic development services on council's behalf

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)

BID

Business improvement district

Capital investment, capital expenditure or capital programme

Building (or buying) assets such roads, pipes and buildings that are we use to provide services to Aucklanders

Centres

Localities identified as urban centres which include the city centre and fringe, metropolitan centres, town centres and local centres. Centres are typically higher density, compact mixed-use environments with high quality public transport links and provide a wide range of community, recreational, social and other activities

CRL

The City Rail Link project

CRL Limited

The separate legal entity that will deliver the CRL

Commercial activities

Retail, information and communication, finance and insurance, and other service sectors. These sectors typically can afford relatively higher land prices/rents, and locate well in town centres

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

The charge representing consumption or use of an asset, assessed by spreading the asset's value over its estimated economic life. Depreciation includes amortisation of intangible assets unless otherwise stated

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

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

Ratepayers across Auckland pay to fund general services

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 decisions. Because each ward may vary in population, some wards have more than one councillor

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

Gross operating expenditure

Total without deductions of depreciation and finance costs

Hapū

Kinship group, clan, tribe, sub tribe - section of a large kinship group

Household

One or more people usually resident in the same dwelling, who share living facilities. A household can contain one or more families or no families at all. A household that does not contain a family nucleus could contain unrelated people, related people, or could simply be a person living alone

Infrastructure

The fixed, long-lived structures that facilitate the production of goods and services and underpin many aspects of quality of life. Infrastructure refers to physical networks, principally transport, water, energy, and communications

Iwi

Groups of whānau or hapū related through a common ancestor

Kaitiaki

Guardians of the environment

Kaitiakitanga

Guardianship including stewardship; processes and practices for looking after the environment, guardianship that is rooted in tradition

Local boards

There are 21 local boards which share responsibility for decision-making with the governing body. They represent their local communities and make decisions on local issues, activities and facilities

Local Board Agreement

An annual agreement between the governing body and each local board, setting out how the council will, in that year, reflect the priorities and preferences in its local board plan for the year in respect of various things, including the local activities to be provided in the local board area

Local Board Plan

A plan that reflects the priorities and preferences of the communities within the local board area in respect of the level and nature of local activities to be provided by the council over the next three years

Local Government Act 2002 (LGA 2002)

Legislation that defines the powers and responsibilities of territorial local authorities such as Auckland Council

Local Government (Rating) Act 2002 (LGRA)

Defines how territorial local authorities such as Auckland Council can set, assess and collect rates

Long-term Plan or the LTP (Also known as the 10-year budget)

This document sets out the council's vision, activities, projects, policies, and budgets for a 10-year period. Also commonly referred to as the LTP, the 10-year budget

Mana whenua

Iwi, the people of the land who have mana or customary authority. Their historical, cultural and genealogical heritage are attached to the land and sea

Mataawaka

Māori who live in Auckland but do not whakapapa to mana whenua

Mātauranga Māori

Māori wisdom. In a traditional context, this means the knowledge, comprehension or understanding of everything visible or invisible that exists across the universe

Maunga

Mountain, mount, peak; Auckland's volcanic cones

Mauri

Mauri is the pure state of an object or substance. Sometimes referred to as the 'life force', mauri is contingent upon all things being in balance or in harmony

New Zealand Transport Agency (NZTA)

Plans and delivers sustainable transport networks across New Zealand, In Auckland and has responsibility for maintaining the state highway network roads

One Local Initiative

As part of the 10-year Budget, each of our 21 Local Boards has identified a project that they believe to be the most important for their local community

Operating budget or operating expenditure

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 liking paying grants to community organisations and paying interest on money the council has borrowed

Pā

Fortified Māori settlements, villages and towns

Panuku

Panuku Development Auckland, the organisation that provides property management and development services to the council and Aucklanders

Papakāinga

A location including meeting facilities, homes, vegetable gardens, a cemetery and other things required to sustain a whānau, hapū or iwi. Known previously as unfortified Māori settlements, villages and towns

Papakāinga housing

Housing development within a papakāinga framework

Penlink

Penlink is a proposed alternative route between the Whangaparaoa Peninsula and State Highway 1 (SH1) at Redvale

Rangatahi

Younger generation, youth

Rangatira

Chief

Rangatiratanga

Chiefly authority. A state of being. It is expressed in who we are, and how we do things; ability to make decisions for the benefit of their people and the community in general; confers not only status but also responsibility to ensure that the natural world and its resources are maintained into the future; recognises iwi and hapū right to manage resources or kaitiakitanga over the ancestral lands and waters. The Māori version of article 2 of the Treaty uses the word 'rangātiratanga' in promising to uphold the authority that tribes had always had over their lands and taonga

Rates

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

Rates postponement

Allowing ratepayers to delay paying the rates they owe until a later date

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

Rūnanga

Assembly or council in an iwi context

RLTP

The Regional Land Transport Plan provides the blue print for Transport in Auckland over the next decade

RFA

Regional Facilities Auckland, the organisation that manages Auckland Zoo and the Auckland Art Gallery along with venues used for conventions, shows, concerts and major sporting events

RFT

Regional Fuel Tax

RPMP

Regional Pest Management Plan

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

Taonga

A treasured item, which may be tangible or intangible

Tāmaki Makaurau

The Māori name for Auckland

Tangata Whenua

Indigenous peoples of the land

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

Te Tiriti o Waitangi / The Treaty of Waitangi

The written principles on which the British and Māori agreed to found a nation state and build a government

Te Toa Takitini

A top-down council group approach to better enable the council group to identify, invest, and track progress on activities that deliver on the Auckland Plan, transform the organisation and deliver Aucklanders great value for money. It derives from the whakatauki (proverb): Ehara taku toa i te toa takitahi, engari he toa takitini, Success is not determined by me alone, it is the sum of the contribution of many

The Auckland Plan 2050

Our long-term spatial plan for Auckland looks ahead to 2050.

It considers how we will address our key challenges of high population growth, shared prosperity, and environmental degradation

Tikanga

Customary lore and practice

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.

UAGC

Uniform Annual General Charge – a fixed rate set uniformly across all properties regardless of property value or category, applied to every separately used or inhabited part of a rating unit (e.g. a dwelling on a section, a shop in a mall, or a granny flat)

Unitary Plan

The Auckland Unitary Plan is the planning rule book that sets out what can be built and where. It is essential for protecting what makes our city special, while unlocking housing and economic growth and strengthening our community

Waka

Canoe, vehicle, conveyance

Waste

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

Watercare

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

WMMP

Waste Management and Minimisation Plan, 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

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5.3 Key word index

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Birkenhead
Corner of Rawene Street and Hinemoa Street, Birkenhead

Bledisloe Lane (CBD)
Bledisloe House, Ground Floor, 24 Wellesley Street, Auckland CBD

Glenfield
90 Bentley Avenue, Glenfield

Graham Street
Ground level, 35 Graham Street, Auckland CBD

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

Helensville
49 Commercial Road, Helensville

Henderson
6 Henderson Valley Road, Henderson

Hibiscus and Bays
Corner of Bute Road and Glen Road, Browns Bay

Huapai
296 Main Road (SH16), Huapai

Manukau
Ground floor, Kotuku House, 4 Osterley Way, Manukau

Orewa
50 Centreway Road, Orewa

Papakura
35 Coles Crescent, Papakura

Pukekohe
82 Manukau Road, Pukekohe

Takapuna
9 The Strand, Takapuna

Te Manawa
11 Kohuhu Lane, Westgate

Waiheke Island
10 Belgium Street, Ostend, Waiheke Island

Warkworth
1 Baxter Street, Warkworth

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9 Main Street, Whangaparāoa

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Auckland Council