Tahua ā-tau 2022/2023

Annual Budget 2022/2023

Volume 1

Our annual plan for 2022/2023

Auckland Council
Te Kaunihera o Tāmaki Makaurau

Mihi

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

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

About this document

This is Te Kaunihera o Tāmaki Makaurau/Auckland Council's plan for delivering services and building infrastructure during the 2022/2023 financial year, the second year of the council's 10-year Budget 2021-2031 (The Recovery Budget, Long-term Plan or LTP).

Public consultation ran during February and March 2022. This included online feedback opportunities and events across the Auckland region. More than 11,500 Aucklanders had their say on the budget, almost triple the number of responses received through the preceding annual budget consultation.

This plan was adopted by the council's Governing Body on 29 June 2022.

Volume 1

Our annual plan for 2022/2023

Section One contains our plan for 2022/2023, including the climate action budget, the impact of our budget challenges and ways of mitigation, plans to roll out the waste service standardisation, explanation of the rate changes, increased local board decision-making and information regarding Māori identity and wellbeing.

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

Section Three contains the financial overview for our organisation as a whole, key changes to rates and other fees, prospective financial statements for 2022/2023, rating policy overview, prospective funding impact statement and other key financial information.

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

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

Volume 2

Local board information and agreements

Section One provides information on local boards and a summary of their planned expenditure for 2022/2023.

Section Two contains a local board agreement (outlining local activity initiatives and budgets for 2022/2023) for each of the 21 local boards.

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

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

Rārangi kōrero

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He kupu nā te Koromatua

Message from the mayor

Auckland Council's Annual Budget 2022/2023 is a climate action budget. It will enable more than $1 billion of extra investment over 10 years to reduce emissions and tackle climate change across Auckland. It will lay the foundation to deliver on the ambitious Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan while giving practical effect to council's 2019 climate emergency declaration.

The recent release of the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report included a stark warning to the world: to avoid a climate catastrophe that will have severe impacts on our children and grandchildren, we need to take urgent action to drastically reduce climate emissions.

Though sobering, the warning from the IPCC is not a surprise. The effects of climate change are already impacting our city and country, with extreme weather events like droughts and floods increasing in frequency and putting our communities and infrastructure at risk. Last year was New Zealand's hottest on record and recent predictions suggest that parts of Auckland will face a sea level rise of 30cm over the next 10 to 20 years.

The climate action budget lays the groundwork for the urgent action we need to take to avert a climate disaster and ensure a stable climate and a sustainable future. Through the funding mechanism of a Climate Action Targeted Rate (CATR), $574 million will be raised over 10 years, ringfenced for direct climate action in Tāmaki Makaurau. This funding will be leveraged to seek to unlock a further $482 million through central government co-funding and other sources.

The CATR will enable over $600 million of new investment in bus services to encourage people to shift from cars to public transport, including 10 new frequent bus routes in the south, west and east of the city, an extension to the frequent service on the Northern Express up to Hibiscus Coast Station, and improvements to nearly 70 existing bus routes region wide. It will make improved services available to more than 1 million Aucklanders, see 170,000 more people brought within 500m of a frequent bus route and result in around 15 million annual bus trips by 2032.

Hundreds of millions of dollars more will also go towards new low-emission ferries, new electric or hydrogen buses, completing key links in the city's cycling network, delivering 35 kilometres of upgraded footpaths and pedestrian crossings to improve walkability, and planting thousands of six to eight-year-old native trees predominantly in low-income areas with low canopy coverage.

At the same time as delivering the biggest package of climate action of any council in New Zealand, this budget continues to respond strongly to the ongoing challenges caused by COVID-19 and the worsening global economic situation.

Budget decisions by elected members during this electoral term and since the pandemic began have been tough but prudent, with a focus on reprioritising expenditure and finding efficiencies while maintaining the services and facilities Aucklanders value and rely on. As a result, Auckland Council is in a strong position to respond to future uncertainties and continue to deliver

important services and facilities, as well as maintaining as much as possible the critical infrastructure investment needed to create a world-class city. Our debt is only 17.6 per cent of the value of our asset base of over $60 billion and our debt to revenue projection is at 253 per cent in the coming year, well below our threshold limit of 290 per cent. We are also continuing to move towards fully funding our depreciation by 2028.

A combination of financial levers—including the full use of the first tranche of the government's Better Off funding from Three Waters Reform Programme, capital deferrals and reductions to low-priority spending—will ensure the council's finances can continue to be managed sustainably in the face of an increasingly challenging operating environment. We will seek reductions to low-priority spending and increased efficiencies in service delivery from 2023/2024.

These measures will ensure that council continues to respond prudently to uncertainty created by global economic factors precipitated by the COVID-19 pandemic and exacerbated by the Russian war on Ukraine, including higher than expected inflation and interest rates, materials and labour shortages, and supply chain disruption.

Despite the challenges council faces and the limits on our spending, the average capital investment over each of the next three years will be $650 million more than the average over the last four years. Critical and high-risk projects, as well as projects that strongly support growth and climate action, will be prioritised and the city will continue to tackle the problems created by past underinvestment in infrastructure.

The climate action budget is critical to ensure we have the resources to respond to the severe threat of climate change while maintaining a prudent and sensible approach to managing council finances. Much more investment will be needed from central and local government to fully deliver on our climate commitments and respond to future challenges. However, this budget is a further important step towards building a sustainable, climate-friendly future and the creation of a world-class, inclusive and globally competitive city.

Hon Phil Goff, CNZM, JP
Koromatua | Mayor of Auckland

Ngā tāngata o te Kāhui Hautū

Governing Body members

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

Hon Phil Goff CNZM, JP
Mayor

Bill Cashmore
Deputy Mayor Franklin

John Watson
Albany

Wayne Walker
Albany

Dr Cathy Casey
Albert-Eden-Puketāpapa

Hon Christine Fletcher QSO
Albert-Eden-Puketāpapa

Sharon Stewart QSM
Howick

Paul Young
Howick

Alf Filipaina MNZM
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 JP
Orākei

Greg Sayers
Rodney

Linda Cooper JP
Waitākere

Shane Henderson
Waitākere

Pippa Coom
Waitematā and Gulf

Tracy Mulholland
Whau

He karere nā te tumu whakarae

Message from the chief executive

This Annual Budget (for the second year of our Recovery Budget) sets a prudent pathway to weather the many financial clouds hanging over us, while continuing to prepare for further challenges such as climate change and the dynamic economic environment.

Through the Climate Action Targeted Rate we will progress delivery of our climate commitments. And it will be a priority for council to deliver on those actions so that current and future generations benefit.

Along with that focus on climate action, this Budget sets out a staged approach to manage financial pressures to close what would otherwise be forecast ongoing gaps of $90-150 million a year. It recognises that for the 2022/2023 financial year we have flexibility to manage pressures such as the impact of COVID-19 on many of our revenue streams, but also that we must put in place robust measures to counterbalance the ongoing impacts that inflation and interest rates are having on our costs.

The immediate approach includes using Better Off funding that we expect to receive as part of the central government's Three Waters Reform Programme. This will fund around $127 million of operating expenditure projects we have planned for 2022/2023. We will also use our borrowing capacity wisely to fund priority capital spending, while at the same time deferring $230 million of capital spend over the next three years, beginning with $30 million of deferrals in 2022/2023. In balancing this spend we will work with the Governing Body and local boards to ensure all critical and high-risk projects, as well as projects that strongly support growth and climate action, are not delayed.

In addition to the significant cost reduction targets within the 10-year Budget we will commence work on identification of $30 million of detailed cost reduction options for the 2023/2024 financial year and a further $50 million for the year after (2024/2025).

We will work with incoming elected members (mayor, councillors and local board members) following elections in October 2022, to consider cost reductions and service priorities as well as provide advice on the use of other levers to balance the budget, such as higher rates increases, revenue enhancement or further financial returns from our assets. We will also provide advice on other opportunities to deliver services effectively and efficiently in a more financially sustainable manner, and look at opportunities associated with RMA reform, water reform and the Future of Local Government review. This might mean adjustments to service levels which we will need to consult Aucklanders on.

We are committed to working across the council group to deliver ongoing prudent and sustainable budgets, and to work in support of our customers, communities and elected members to deliver effectively on the outcomes outlined in this budget.

This includes progressing the many major projects being worked on across the council family in 2022/2023 such as the 15 kilometre shared pathway alongside the Whau river; urban regeneration programmes in Northcote, Takapuna, Avondale, Henderson, Manukau, Papatoetoe Pukekohe, Ormiston and the City Centre; advancement of the Eastern Busway and supporting the delivery of a range of events like the Matariki and Pasifika Festivals, World Rally Championship and the WBSC Men's Softball World Championship and preparing ourselves for the FIFA Women's World Cup 2023.

While we are in challenging and unprecedented times economically and socially and in terms of the impacts of climate change, there is much to be proud of in the highly-valued services provided by the council to the communities of Tāmaki Makaurau. Our library services, parks and regional parks all receive very high levels of customer satisfaction, we are working on ways to improve our Regulatory Services by making it easier for customers to get what they need done, and our teams are working hard to regain momentum on many infrastructure projects large and small after the impacts from COVID-19.

We value our partnerships with central government, mana whenua, business sectors and community groups, as by collaborating effectively we can achieve more for Aucklanders and Tāmaki Makaurau.

Jim Stabback
Tumu Whakarae | Chief Executive

Te tirohanga whānui

Overview

A CREDIBLE AND SUSTAINABLE APPROACH

This is a climate action budget that demonstrates a strong commitment to addressing the climate emergency. It also addresses long-term financial prudence while providing for some of the demands for additional spending on public services and infrastructure in Auckland.

It sets out spending and revenue plans for the 12 months to 30 June 2023.

This budget takes the next step on climate action with the introduction of a Climate Action Targeted Rate (CATR).

At the same time, the COVID-19 pandemic challenge of the past two years has been exacerbated by new and ongoing economic factors such as rising inflation, higher interest rates, supply chain difficulties and a labour market squeeze.

This has created a substantial ongoing gap between costs and revenue that needs to be carefully managed and this budget prepares for that.

Globally

The climate is changing ▸ COVID-19 impact

Nationally

▸ Rising wages, interest rates and inflation ▸ Strong economy ▸ Low unemployment ▸ Government policy affecting local government

Locally

Auckland is growing, with impact on ▸ Congestion ▸ Our environment ▸ Socio-economic inequity ▸ Housing affordability

KEY ISSUES

CLIMATE
This budget introduces a Climate Action Targeted Rate (CATR)

BUDGET CHALLENGES
Need to use available budget levers to manage ongoing operating gap

WASTE
Over the next three years we will continue to standardise waste services

BUDGET CHALLENGES ADDRESSED THROUGH:

BETTER OFF FUNDING

MAINTAINING AVERAGE GENERAL RATES INCREASE 3.5%

PRUDENT USE OF DEBT

We are preparing for ongoing gaps of $90-150 million for future budgets through:

- **Implementing capital deferrals**
- **Analysing tactical and strategic service reductions**
- **Reviewing future rates settings if needed**
- **Investigating balance sheet options**

Wāhanga tuatahi:
Ngā take matua

Section One: Key matters

Te mahi mō te āhuarangi

1.1 Climate action

As New Zealand's largest city, Auckland can significantly contribute to combating climate change, leaving a stable climate for future generations. This budget takes the next step on climate action, with the introduction of a Climate Action Targeted Rate (CATR).

THE ISSUE

In June 2019, Auckland Council unanimously declared a climate emergency, recognising our region's role in limiting global temperature rise.

Around 43.4 per cent of Auckland's total emissions come from transport which has increased by 86 per cent between 1990 and 2018. Even if we can reduce transport emissions, we still have to plan for increasing temperatures and extreme weather events such as floods, droughts and cyclones etc.

We have previously taken action on climate, with:

The adoption of Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan

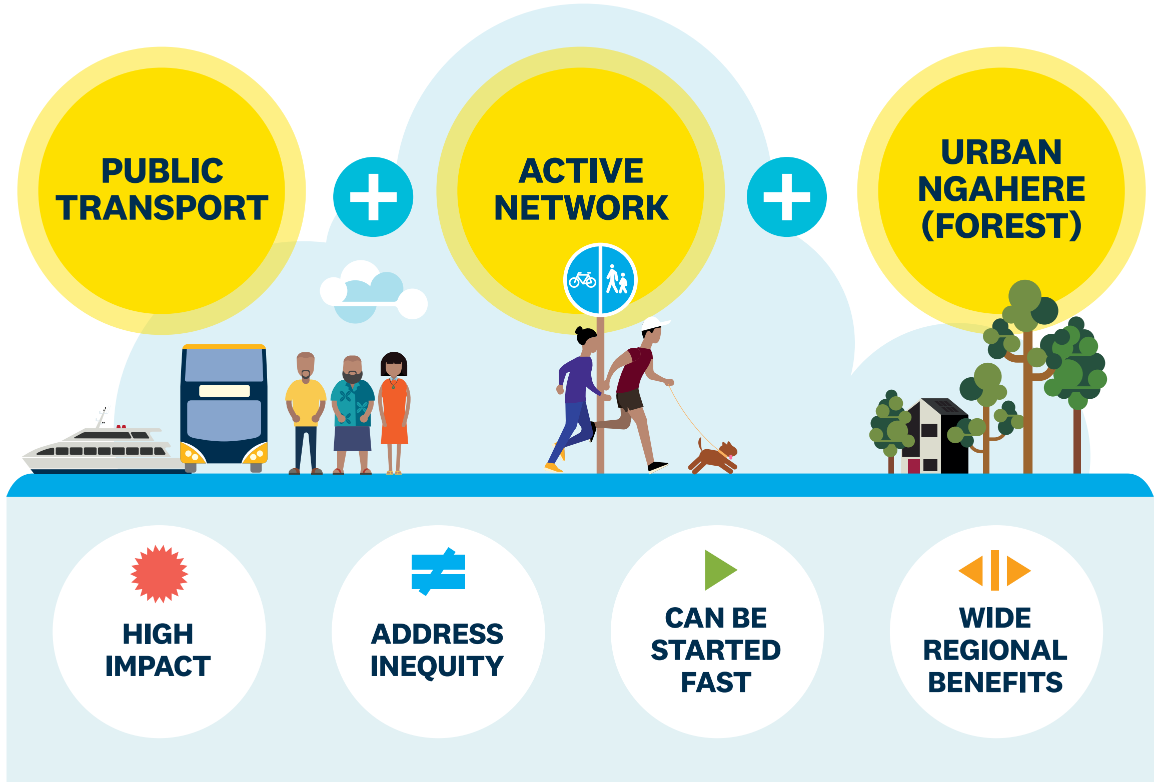
The development of the Transport Emissions Reduction Plan

$152 million of additional climate action in the Recovery Budget.

Despite the progress being made, Auckland's emissions are not remotely tracking in line with the target to reduce emissions by 50 per cent by 2030.

We have made a start but there's more to do. By implementing a $1 billion climate action package, we set the foundation for further climate action in our city.

CLIMATE ACTION PACKAGE



WHAT WE ARE DOING

Building on the climate investments the council has already made in the 10-year Budget 2021-2031, we are planning additional investment of $574 million to be funded by a targeted rate over the next 10 years. This equates to $1.12 per week for a median value ($1.2 million) residential property for the 2022/2023 year.

We will use this funding to unlock government co-funding ($354 million) and with the expected fare revenue ($127 million), we expect to be able to invest an additional $1.056 billion investment in buses, ferries, walking, cycling and our urban forest canopy over the next 10 years.

This climate action package puts an immediate focus on enhancing low carbon transport options and greening our neighbourhoods as well as generating wide regional benefits and addressing existing inequity in the provision of services.

More than two-thirds (68 per cent) of individuals who submitted feedback on the budget supported the proposed targeted rate, with organisations and Māori entities also endorsing the proposal at 66 per cent and 67 per cent support respectively.

The targeted rate will be set based on capital value and will increase in line with the planned average general rates increase each year. More detail about how the rate will be calculated is set out on page 25.

The funding will be ring-fenced so that there is full transparency around how and why we are spending this money.

WHAT WE GET WITH THE PACKAGE

The funding will be used to invest in...

PUBLIC TRANSPORT + **ACTIVE NETWORK** + **URBAN NGAHERE (FOREST)**

Providing much greater access to efficient and reliable low-carbon public transport

Improve frequency & coverage of bus services in all Auckland wards, including new frequent bus routes and an extension of existing services. Over a million Aucklanders will be within 500m of these improvements

Addition of 79 low-emissions buses and 6-7 low-emissions ferries

Wharf upgrades & charging infrastructure to allow for electric ferries

Providing safe, convenient and well-connected walking and cycling options for many more Aucklanders

Completion of key links in the separated cycling network, including connections to schools and jobs in the North Shore, Manurewa, Onehunga, Hobsonville and New Lynn

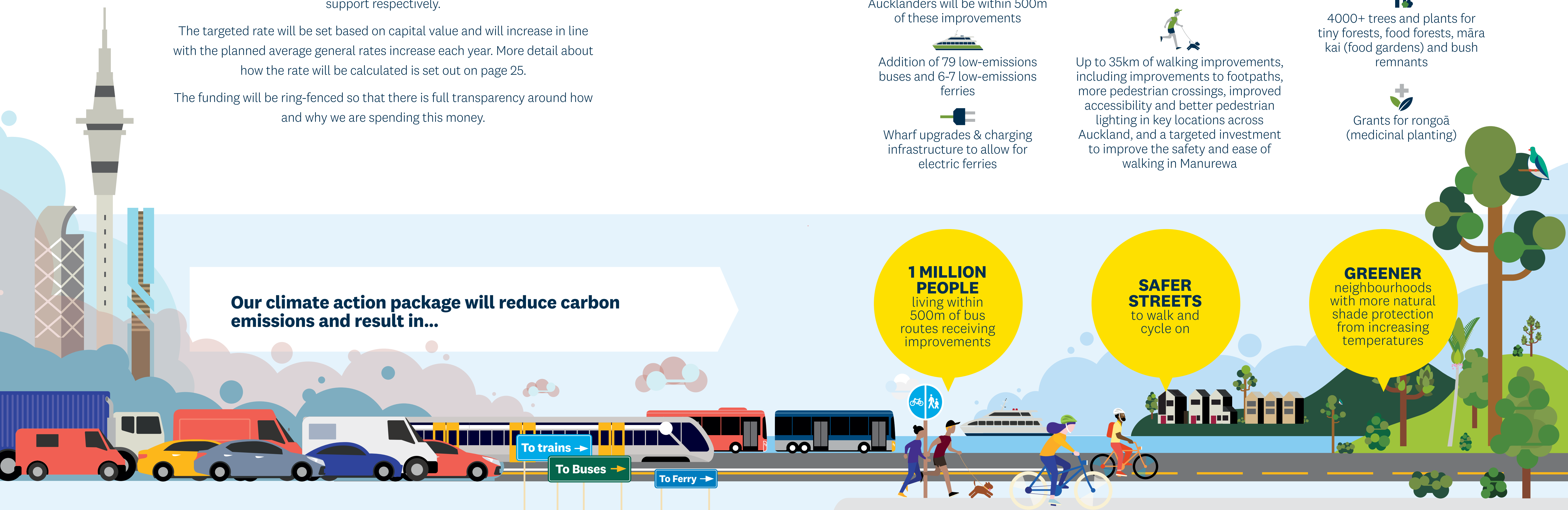
Up to 35km of walking improvements, including improvements to footpaths, more pedestrian crossings, improved accessibility and better pedestrian lighting in key locations across Auckland, and a targeted investment to improve the safety and ease of walking in Manurewa

Planting trees now to prepare for a warmer future, reducing vulnerability to extreme heat

Around 14,800 native trees planted in areas of heat vulnerability/lowest canopy cover

4000+ trees and plants for tiny forests, food forests, māra kai (food gardens) and bush remnants

Grants for rongoā (medicinal planting)



Our climate action package will reduce carbon emissions and result in...

1 MILLION PEOPLE living within 500m of bus routes receiving improvements

SAFER STREETS to walk and cycle on

GREENER neighbourhoods with more natural shade protection from increasing temperatures

Ngā uauatanga me ngā whakangāwaritanga

1.2 Budget challenges and mitigation

Along with the focus on climate action, a range of other budget measures are contained in this budget to ensure the council responds in a sustainable and financially prudent way to manage both the ongoing impacts of the COVID-19 pandemic and unfavourable economic factors.

The economic outlook continues to be highly uncertain and therefore this budget outlines a staged approach to manage financial pressures over time and to close what would otherwise be an ongoing gap of $90-150 million a year.

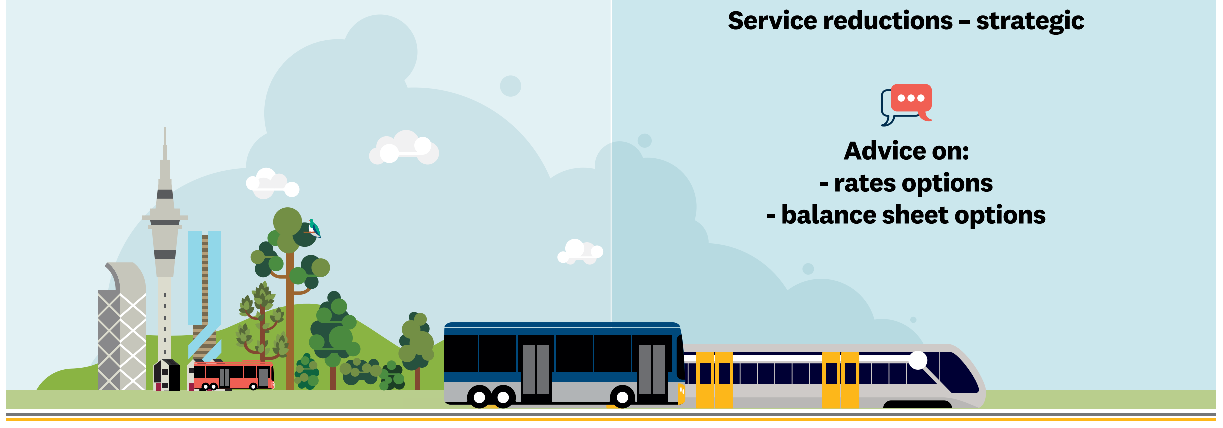
Two key factors driving the budgetary challenges are:

- COVID-19 related impacts on the council's revenue will persist for longer than previously projected.
- Recent changes to economic conditions including increases in interest rates, inflation, supply chain constraints and a labour market squeeze mean that operating costs across the group have increased and will be materially higher from 2022/2023 onwards.

The availability of Three Waters Better Off funding has helped us balance the budget without immediate changes to services. This also provides the council with the time to work through a number of options to address the ongoing budgetary challenges, but all will involve trade-offs and consequences.

Further details of the budget pressures and our forecasting assumptions are detailed in the Financial Overview on page 56.

OUR APPROACH FOR 2022/2023	OUR PREPARATIONS TO ADDRESS FUTURE YEARS
Better Off funding	**Capital deferrals**
Prudent use of debt to fund capital investment	**Service reductions – tactical**
	Service reductions – strategic
	Advice on: **- rates options** **- balance sheet options**



THE PRESSURES

COVID-19 – the sting in the tail

COVID-19 has and will continue to have a larger and more persistent impact on our revenue than previously projected. This includes:

- A slower recovery of ports revenue, and dividends from Auckland International Airport Limited.
- An ongoing reduction in public transport usage due to more people working from home and some people being hesitant to return to using public transport.
- Less revenue from facilities and events due to border restrictions and a reluctance to gather.
- A total projected impact of $900 million over time (up from $750 million in the Recovery Budget).

A resurgence of the Omicron variant or the emergence of a new variant might create further disruption to council revenue and activity.

The economy is looking different

Projections for key economic indicators are looking sharply different to when the 10-year Budget was agreed. A rebounding domestic economy and global supply chain constraints are leading to higher inflation, higher interest rates and increasing costs. This includes higher wage pressure and staff costs and a permanent uplift in costs of supplies and outsourced services.

Government policy is changing rapidly

There continues to be uncertainty around Government policy changes potentially affecting local government such as additional costs related to legislative and statutory requirements, including responding to the government's new National Policy Statement – Urban Development, Three Waters Reform and the review of the Resource Management Act 1991.

Growth and demand

Despite short-term disruptions, the longer-term pressures of an increasingly diverse and rapidly growing city have not gone away. There continues to be pressure on us to invest more in key priority areas such as transport, housing, environmental protection and supporting our communities.

THE MITIGATION

The council has a number of levers, or options, to manage its budget pressures. Each of these levers have different limitations and impacts on community outcomes, affordability, and/or long-term financial sustainability. These options will be used in combination with each other.

Operational spending

We have achieved more than $2 billion of savings over the past 10 years. In the 10-year Budget, a $90 million annual cost reduction target was set from 2021/2022 onwards and we will continue our progress to achieve and lock in those savings. Staff will also commence work on detailed identification of $30 million of further cost reduction options for the following year (2023/2024) and a further $50 million for the year after (2024/2025).

Whether to proceed with these or consider other options such as higher rates increases will be a decision for the new council. What is important is that steps are taken in 2022/2023 to ensure the council has options to sustainably and prudently manage its finances for future years.

Borrowing

We need to maintain a strong commitment to long-term financial prudence. A weakening of this commitment could lead to a credit rating downgrade which would increase interest costs and make it more difficult for us to access capital funding when needed to help deliver on key strategic objectives. The key policy settings that ensure financial prudence are set out in our 10-year Budget and include our debt-to-revenue ratio and our balanced budget approach. These policies set annual targets and state that the council does not generally use borrowing to pay for operating expenses.

While we will be making some additional use of borrowings in 2022/2023, we will not change or depart from our key financial prudence policy settings.

For the next two financial years, there exists limited capacity to fund more of the capital programme with debt rather than current revenues. This frees up that revenue to help with the gap in the short-term while staying within our key prudential settings including the timeframe for fully funding depreciation (by 2027/2028).

It should also be noted that our level of borrowing in relation to our assets is considered prudent. Council's gross borrowing was around $10.7 billion as at 30 June 2021, which was 17.6 per cent of its total assets of $60.8 billion. This is forecast to be 17.7 per cent of total assets of $63.6 billion at the end of June 2022, and 18.3 per cent on total assets of $65.7 billion at the end of June 2023.

Capital investment

We will reduce operating costs such as interest, running costs, maintenance and depreciation by deferring some capital projects. Project deferrals may be needed simply to offset the impact of rising construction costs. The 10-year Budget included a $31.8 billion capital investment programme which was prioritised based on risk.

We plan to defer $230 million from the next three years (2022/2023 to 2024/2025). This represents 4 per cent of relevant capital expenditure over those three years. The total deferral for the 2022/2023 year is $30 million, or less than 2 per cent of capital expenditure. This will still result in average planned capital investment of $2.85 billion per annum over the next three years. That is $650 million (or 30 per cent) more than what has been delivered on average over the last four years. A risk-based capital prioritisation framework has been used to ensure that all critical and high-risk projects can still be progressed. We will also ensure projects that strongly support growth and climate action are prioritised. The financial impact of the deferral will be a lower overall spend in the earlier years of the 10-year period than previously planned and higher overall spend in the later portion.

Asset recycling

Asset recycling is the sale or long-term lease of underutilised assets to enable more investment into other assets that provide greater benefits for Auckland. Targets of up to $70 million per annum were set in the 10-year Budget for the recycling of non-strategic assets and these targets are maintained. The existing targets set through the Emergency Budget and Recovery Budget are already challenging and, particularly in current market conditions, increases to targets would not be practical.

Revenue

Rates and Charges: After considering feedback, we have decided to maintain the 3.5 per cent overall average increase in general rates to existing ratepayers for 2022/2023 (as planned in the 10-year Budget). Factoring in the Climate Action Targeted Rate (CATR) and waste management rates, the total average increase across all ratepayer groups will be 5.6 per cent. Most other fees and charges are adjusted in line with inflation, aside from water and wastewater tariffs which Watercare's board of directors have resolved to increase by 7 per cent on 1 July 2022.

Better Off funding: We are expecting to receive around $127 million of Better Off funding in the 2022/2023 financial year as part of central government's Three Waters Reform Programme. This funding is intended to support a wide range of objectives and local wellbeing outcomes and can be used to meet either operating and/or capital expenditure requirements. We will use Better Off funding to help address the cost and revenue pressures for 2022/2023 by using it to fund previously planned operating expenditure projects.

Our approach for 2022/2023

As indicated in the mitigation section above, our approach for balancing the budget in 2022/2023 comprises:

- Using the $127 million first portion of the government's Three Waters Better Off funding available to Auckland. This will allow us to reduce the pressure from COVID-19-driven revenue loss and economic impacts without immediate changes to services.
- For the 2022/2023 year the council has capacity above its targeted minimum level of depreciation funding due to planning to fund more capital expenditure from operating sources and less from borrowing. We are now planning to borrow more for this capital expenditure, while remaining above the depreciation funding policy minimum. This means that some of our operating revenues, that were previously planned to contribute towards capital expenditure, are now available to cover our cost pressures. Overall debt will be marginally higher, while remaining well within our prudential settings.

Our preparations to address future years

The ongoing budget challenge for the council to solve could be $90 million to $150 million depending on inflation and interest outcomes.

A number of mitigation levers are available to address the ongoing funding gap and more may become available as we move into future planning processes with time for full staff advice and public consultation.

We need to take some immediate action so our approach for 2022/2023 includes some key preparations to make sure the new council is in a strong position to make prudent financial decisions. The ongoing elements of this package include:

CAPITAL DEFERRALS

Capital deferrals of $230 million out of the next three years and into the last three years of the 10-year Budget. The deferral of capital expenditure delivers consequential $14 million reductions in future operating costs such as interest, running costs, maintenance, and depreciation.

Many projects will continue to progress through planning and design, and with some projects the scheduled completion dates may be more or less maintained. The types of projects with spending deferred or re-phased include:

- Localised projects such as Avondale community centre development, Waikaraka Park improvements, Ostrich Farm and Purchase Hill development.
- Local initiatives such as Walter Massey Park, and Flat Bush Multi-use Centre developments.
- Regional Park developments such as access improvements at Muriwai, Te Arai and Mahurangi East.
- Auckland Transport initiatives such as Connected Communities or some level crossing removals.
- Looking at timeframes for delivering some roading improvement programmes such as Lake Road and Lincoln Road.
- Changing the timing of Eke Panuku acquisition programmes in places like Onehunga and Panmure.
- Delaying low-risk legacy Tātaki Auckland Unlimited asset renewal programmes.
- Delaying the use of some of the built heritage protection fund.

SERVICE REDUCTIONS - TACTICAL

Tactical service level opportunities to deliver $30 million of ongoing operating expenditure reduction, from 2023/2024. More detailed analysis of these initiatives would need to be completed by around November 2022 so that the new council can consider including them in the public consultation on the Annual Budget 2023/2024.

These could include:

- optimising transport services through rail and road maintenance contract enhancements
- consolidating data centres further across the group
- reviewing rental income opportunities
- reviewing revenue opportunities including implementing new industry funding tools, seeking co-funding opportunities with government or introducing new products and services across council facilities
- delaying, reducing or stopping lower priority services such as investment activities related to economic development or some urban regeneration activities
- standardising, prioritising or reducing maintenance and servicing of parks, sports fields, or council facilities
- reducing low priority community educational programmes
- considering reductions of funding where council is a funder of other organisations.

SERVICE REDUCTIONS - STRATEGIC

A strategic service level review aiming to deliver approximately $50 million of additional ongoing operating expenditure reduction, from the first year of the next 10-year Budget (2024/2025).

The lead-time for these reductions will allow a more strategic approach to be taken. This approach could involve a systematic look at the services we provide to the community, how they are delivered and the role of council in delivering the services. The review of services can start now but will need to be continued by the new council and may involve extensive public consultation where appropriate before implementing any changes.

This process will likely require fresh thinking about these matters and may fundamentally challenge the status quo in some areas. It will require considerable elected member input and it may be an opportunity for the new council to clearly define what it considers to be its core role in the community and therefore what it considers to be core council services.

The council's Value for Money Committee is well placed to assist with scoping this work and overseeing its progress.

Part of this work is about delivering community services differently to better meet the current and future needs of our diverse communities and will likely be the continuation of the work that started with the Recovery Budget.

The council has agreed a service prioritisation framework to assist with focusing on priority services and how they should be delivered (e.g., do more, less, or do differently to meet additional savings targets set through this budget).

Framework for service prioritisation

WHAT ARE THE THINGS THAT WE:

	Must do?	Should do?	Could do?	Won't do?
These are things that	• are required by law (including our legal obligations to Māori) • are essential services	• deliver on key priorities like climate action, transport, the environment and community development	• mitigate key risks • provide additional/ improved services for our customers and communities	• don't align to key priorities • don't deliver value • can be provided just as well by others
How we will prioritise	We will do these first	We will do these to the extent that we can afford to	Of these, we will do the things that deliver the most value or reduce the most risk	We will look to stop doing these
Opportunities to improve value for money	• Should we do more / less? • Could we do this differently? • Can we do this better? • Can we partner with someone else to get better outcomes?			• Stop • Phase out • Leave to others

Further impacts and opportunities

The council might need to address further adverse impacts of higher inflation and interest rates, cost increases for major projects like the City Rail Link (CRL) and further climate-related costs. On the other hand, there may be opportunities associated with Ports of Auckland, water reform and the Future of Local Government review. As these factors all remain uncertain they are not specifically incorporated into this budget, rather this is context for the new council to consider.

The incoming council has a range of options and opportunities available and the development of the next 10-year Budget will be the key decision point to consider these. These include further capital deferrals, a different mix of operating cost reductions, different rate settings and additional balance sheet options such as how to optimise financial returns from the Ports of Auckland.

Changes emerging from the current Future of Local Government review will likely advocate more devolution of funding from central to local government. In addition, changes to New Zealand's transport funding system are likely to coincide with the introduction of congestion charging.

If the Three Waters Reform proceeds as the government indicates it will be the second tranche of the Better Off funding in the order of $381 million allocated to Auckland would become available from 1 July 2024 depending on the outcome of ongoing reform.

Additionally, responsibility for some or all stormwater services and investment will transition from the council group to a new water services entity.

In summary

This budget utilises 'Better Off' funding that we expect to receive as part of the central government's Three Waters Reform Programme to relieve immediate cost pressures. This will fund around $127 million of operating expenditure projects we have planned for 2022/2023. We will also use our borrowing capacity wisely to fund priority capital spending. To prepare to address a gap of $90 to 150 million in future years we are deferring $230 million of capital spend over the next three years, analysing some tactical service level reductions of $30 million for 2023/2024 and investigating strategic service level reductions of $50 million in 2024/2025 for the consideration of the future council. We will also analyse and prepare advice for options on future rates settings and balance sheet options to close the gap.

Te Whakaōrite i ngā Ratonga mō te Para

1.3 Waste service standardisation

Over the next three years we will continue to standardise waste services and charges across Auckland to achieve the outcomes planned in the Waste Management and Minimisation Plan 2018.

This year, we consulted with Aucklanders on a proposal to a move to a region-wide rates funded refuse collection service with a choice of three bin sizes to accommodate different household needs. We considered feedback which included 57 per cent of individuals supporting the move to a region-wide rates-funded model with just 33 per cent of individuals not supporting it.

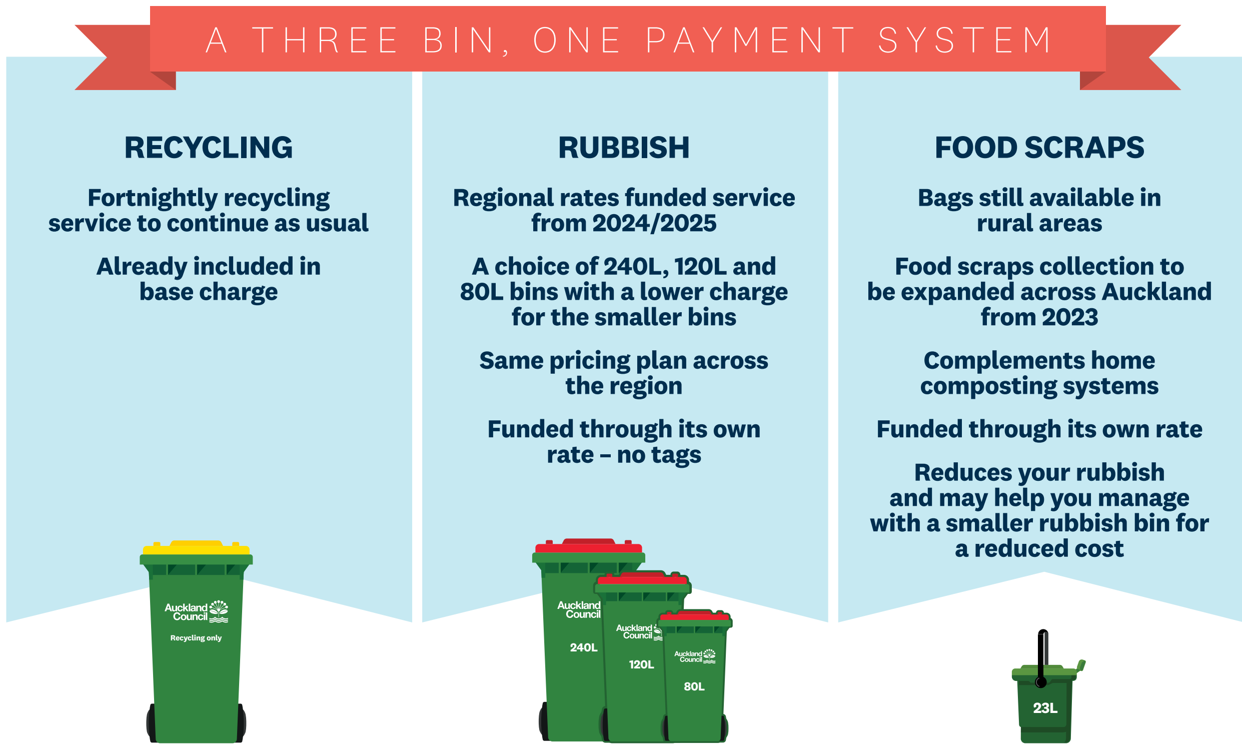
We have, therefore, decided to amend the Auckland Waste Management and Minimisation Plan 2018 to move to a region-wide rates-funded rubbish collection service with a choice of three bin sizes (with different pricing for each) to accommodate different household needs. Standardised services and charges across the region will mean everyone with the same sized bin pays the same rate no matter where they live, which is more equitable.

For most households, the rates-based service will be cheaper than the previously planned pay-as-you-throw (PAYT) model with prepaid bin tags or bags.

We will also standardise which properties can opt out of council waste services and charges, including:

- Allowing non-residential properties (excluding lifestyle properties) to opt out of council waste services and associated targeted rate charges at their request, effective from 2023/2024.
- Allowing multi-unit residential developments (10 or more units) to opt out of council's kerbside waste services and associated targeted rates if we cannot provide a suitable service. This will be effective from 2022/2023 for properties in the former Auckland City Council (ACC) area, and from 2023/2024 for the rest of the region.
- Where the service is funded from a targeted rate, charging all multi- separately used or inhabited part (SUIP) residential (including lifestyle) properties with 2-9 SUIPs a targeted rate for council's kerbside waste service on a per SUIP basis from 2022/2023.
- Applying a minimum targeted rate charge to all eligible rateable SUIP (such as a house, a minor unit next to the main house, or a shop in a shopping mall) across Auckland that are not currently paying this to cover the costs of council's regional initiatives.

How we manage our waste in Tāmaki Makaurau/Auckland is a critical issue for the health of our environment and for doing our bit for the climate. Our vision is to do what is best for the environment while keeping costs for households as low as possible.



Estimated cost of all three services in 2024/2025*

RUBBISH BIN SIZE	RUBBISH	RECYCLING	FOOD SCRAPS	TOTAL
80-litre	$124	$127	$61	**$312**
120-litre/140-litre or 104 bags	$187	$127	$61	**$375**
240-litre	$276	$127	$61	**$464**

*all costs are estimates which may be impacted by inflationary pressures.

The benefits

The agreed approach will bring benefits including:

- Economical: when all three bins are in place (rubbish, recycling and food scraps), with the smallest refuse bin, the estimated total cost of all three services ($312) is only $20 more than what households currently pay for only two services (currently $293 for 120-litre rubbish and recycling).
- Ease: a choice of three rubbish bin sizes to suit your needs. You can save money if you produce less waste, but if you need more space, bigger bins are available.
- Equity: standardised services and charges across the region, so that everyone with the same sized bin pays the same no matter where you live.
- Emissions reduction: reducing waste to landfill and our climate emissions.

The following are the timing and cost impacts of the standardisation.

Rubbish collection

- Households in Manukau and central Auckland will continue to pay for their rubbish collection through their waste targeted rate.
- Households in current PAYT areas will no longer be required to buy tags and will shift to paying through a targeted rate via a staged implementation.
- Bags will still be available in rural areas and Auckland city centre.
- A rate-funded refuse service is planned to start in April 2024 in Papakura and Franklin and continue for the North Shore and Waitākere throughout 2024/2025, with a service starting in Rodney at the same time.
- Although changes in rates will not come into effect this year, operational lead times require certainty of decision-making well in advance.

Food scraps

- The food scraps service is currently available in Papakura and parts of the North Shore.
- We will be extending this service to the rest of urban Auckland in 2023.
- During the 2022/2023 financial year, the service will be introduced to the households in Waitākere and North Shore that are not currently receiving the service.
- The food scraps service is funded by a targeted rate charged to each SUIP of a rating unit within the areas receiving the service.
- The targeted rate for 2022/2023 is $71.28 per SUIP for properties in Papakura and the parts of North Shore currently receiving the service.
- Properties in areas where the services are being introduced will pay a portion of the charge based on when the service starts.

Ō reiti

1.4 Your rates

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

Consistent with the 10-year Budget 2021-2031, our Annual Budget 2022/2023 includes an average general rates increase for existing ratepayers of 3.5 per cent.

To ensure cost recovery of our waste activity there will be an increase to the waste management targeted rates.

After considering feedback, we have decided to introduce a Climate Action Targeted Rate. This rate will provide $574 million over the next 10 years to be invested in improvements to buses, ferries, walking, cycling and our urban forest canopy. The targeted rate will add an additional 2.2 per cent to the rates increase for the average value residential property and an additional 1.9 per cent for the average value business property.

The combined impact of changes to general rates, waste management targeted rates and the introduction of the Climate Action Targeted Rate will be an average rates increase of 5.6 per cent across all ratepayers.

We consider that business rates are too high compared to residential rates and we have an existing policy to address this. This policy, known as the Long-term Differential Strategy (LTDS), adds an additional 0.34 per cent to the increase in rates for the average value residential ratepayer, and lowers the increase in rates for the average value business ratepayer by 0.93 per cent. The overall increases for the average value residential and business properties are $200 and $771 respectively.

The makeup of these increases is shown in the following table:

$	AVERAGE RESIDENTIAL	AVERAGE BUSINESS
Average CV	**1,436,000**	**3,893,500**
Total rates 2021/2022	**3,107**	**17,427**
Breakdown of changes to 2021/2022 total rates		
General rates increase (excluding the effect of LTDS)	97.33	585.82
Effect of LTDS	10.46	-161.30
Change to Water Quality Targeted Rate	2.17	16.36
Change to Natural Environment Targeted Rate	-0.17	3.22
Change to Waste Management Base Service rate	-2.25	-2.25
Change to Waste Management Standard Refuse rate	22.83	n/a
Climate Action Targeted Rate	69.40	329.16
Total rates 2022/2023	**3,307**	**18,198**
$Annual change	200	771
$Weekly change	3.84	14.83
Annual change per cent	6.43%	4.42%

We revalue properties to ensure we continue to set rates fairly between properties and that rates reflect movements in property values. Rates for the 2022/2023 year are assessed based on the capital values published in March 2022. The movement of a property's rates from the last rating year will depend on how the capital value of the property moved in the latest revaluation compared to other properties in Auckland and is likely to be different from the average figures shown above.

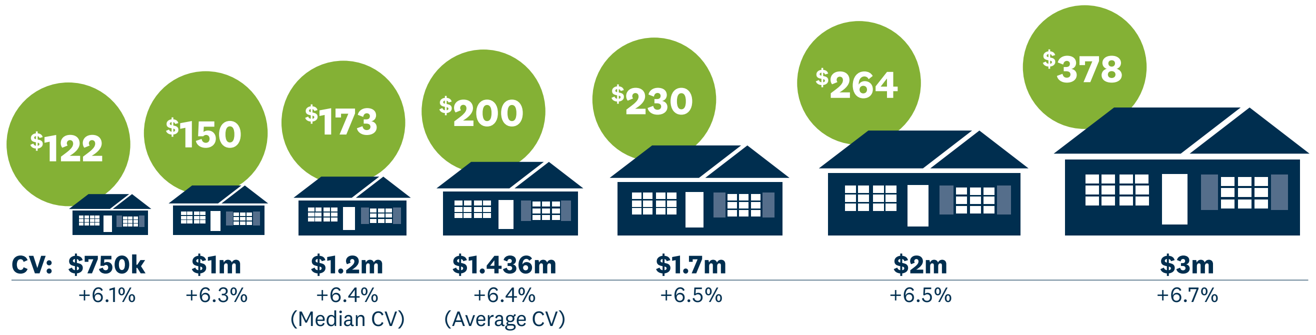
We are increasing the waste management targeted rates to recover the increased cost of delivering our waste management services as a result of

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

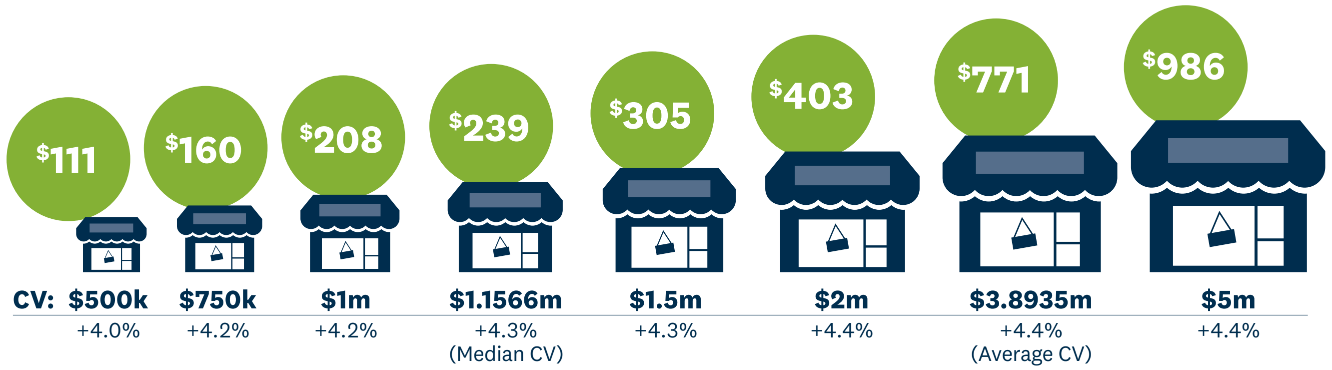
The prices for rubbish bin tags and rubbish bags for the council's kerbside collection in the remainder of the city are scheduled to rise by a similar rate (in stages).

The following graphic illustrates the overall rates increase for residential and business ratepayers for a range of property values. Note that individual rates increases will vary depending on how the capital value of a property moved in the latest revaluation. The increases shown in the graphic are for demonstrative purposes only. They are calculated based on the assumption that the property's capital value has moved in line with the average movement of all properties within the sector in the latest revaluation. To find out what your rates are for 2022/2023 please visit **https://www.aucklandcouncil.govt.nz/property-rates-valuations/pages/find-property-rates-valuation.aspx**

Estimated increases for residential ratepayers 2022/2023



Estimated increases for business ratepayers 2022/2023



The rates calculated above include general rates, the Water Quality Targeted Rate, the Natural Environment Targeted Rate, the Waste Management Base Service Rate, the Waste Management Standard Refuse Rate (included for residential properties only) and the Climate Action Targeted Rate. We have included the Standard Refuse Rate for residential properties as it provides a useful proxy for these costs across the region including areas where this rate is not applied. It is not included for business properties as it only applies to some business properties in the former Auckland City Council area. A number of other changes have been made to our rating policy and may affect individual properties (see page 91 for more detail).

The rates shown above do not include water charges which are set by Watercare. To support a significant increase in capital investment over the next 10-years, Watercare's board of directors have resolved to increase water and wastewater tariffs by 7 per cent on 1 July 2022. You can see more information on the Watercare website **www.watercare.co.nz**

Te tuku kia nui ake ngā whakatau a ngā poari ā-rohe pātata mō ngā ratonga o te hapori ā-rohe pātata

1.5 Increasing local board decision-making over local community services

We provide local community services like local parks, libraries, pools, recreation centres, community halls and events that support strong Auckland communities. We are increasing local board responsibilities for decisions over local community services.

Decisions over local community services are currently made by either local boards or the Governing Body. For example:

- the Governing Body (the mayor and the councillors) are responsible for decisions on where new local facilities will be built, investment in existing assets and facilities, and the allocation of funding to deliver services.
- local boards are then responsible for decisions over the services and programmes delivered in their local area using this funding, including some decisions on keeping facilities fit-for-purpose.

We have reviewed how these responsibilities are shared and how well this serves the diverse needs of our communities. Our review found that local boards having a greater role in service decisions would enable better representation of local views and priorities and allow stronger alignment of responsibilities with those intended by the legislation.

The changes would expand local board decision-making powers by:

- making them responsible for most local community service asset decisions, such as where new facilities, parks and reserves will be developed
- giving them more flexibility to prioritise local community services within the total funding allocated to the local board
- allowing them to deliver outcomes in their local board area that are better aligned to their local board plans and priorities
- increasing their accountability for the local community service outcomes in their area.

The increase in local board responsibility for service levels is anticipated to allow for more localised service decisions that align with local priorities. As a result, Aucklanders may see different community services among local board areas.

Changes have been made to the allocation of decision-making for non-regulatory activities in the Decision-making Responsibilities of Auckland Council's Governing Body and Local Boards to give effect to increased local board decision-making (Volume two Section three). Minor changes have also been made to the Local Boards Funding Policy to provide the funding flexibility required under these changes to decision-making responsibilities.

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

1.6 Improving outcomes for Māori in Tāmaki Makaurau

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

In July 2021, Kia ora Tāmaki Makaurau, the council group's Māori Outcomes framework, received its full and final committee approval. This groundbreaking framework is the first to bring together the aspirations of Māori in Tāmaki Makaurau, the council group's contribution towards achieving those aspirations, and performance measurement of our mahi.

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.

The framework will also support the council in its long-term intention to move towards a more Māori-led approach.

The council is currently developing an implementation strategy/roadmap to improve how Kia Ora Tāmaki Makaurau is delivered across the Auckland Council Group in 2022/2023 and beyond.

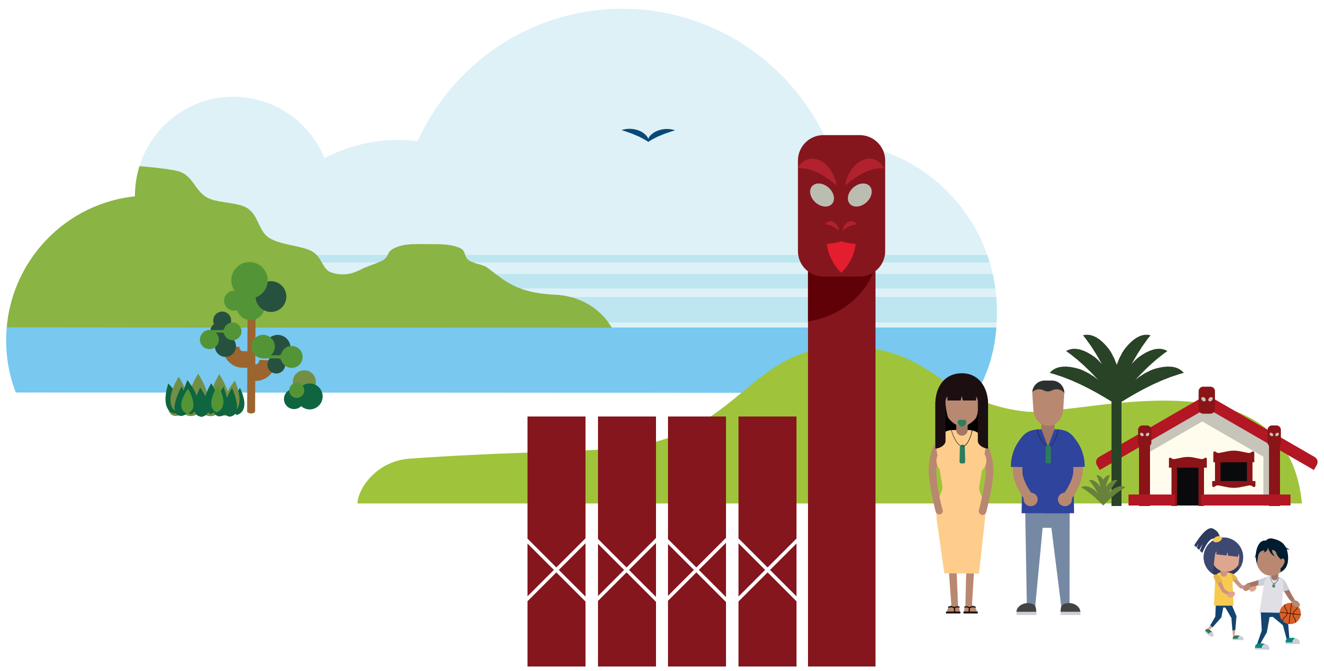
This is not about reworking Kia Ora Tāmaki Makaurau, but rather how we can sharpen up its deliverables and how we deliver.

This mahi will support us to successfully implement the framework by giving firmer direction to Auckland Council and CCOs, and lift our performance.

The roadmap will prioritise groups of outcomes to direct our resources and efforts, and most importantly, achieve the greatest impact for Māori in Tāmaki Makaurau.

The council is also undergoing an engagement review which will help inform our approach to fostering better relationships with Māori in Tāmaki Makaurau moving forward.

In 2022/2023 Auckland Council's Māori Outcomes Budget is $18.7 million.



Our 10 priorities

KIA ORA TE MARAE: MARAE DEVELOPMENT

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

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

KIA ORA TE UMANGA: MĀORI BUSINESS, TOURISM AND EMPLOYMENT

Aspiration: Intergenerational wealth is created through a thriving Māori economy

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

KIA ORA TE KĀINGA: PAPAKĀINGA AND MĀORI HOUSING

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

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

KIA ORA TE AHUREA: MĀORI IDENTITY AND CULTURE

Aspiration: Tāmaki Makaurau is rich with Māori identity and culture

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

KIA ORA TE RANGATAHI: REALISING RANGATAHI POTENTIAL

Aspiration: Rangatahi Māori realise their potential

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

KIA ORA TE WHĀNAU: WHĀNAU AND TAMARIKI WELLBEING

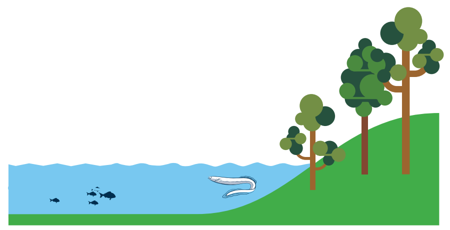
Aspiration: Empowered whānau Māori across Tāmaki Makaurau

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

KIA ORA TE TAIAO: KAITIAKITANGA

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

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



KIA ORA TE REO: TE REO MĀORI

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

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

KIA HĀNGAI TE KAUNIHERA: AN EMPOWERED ORGANISATION

Aspiration: Council achieves outcomes and benefits for and with Māori

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

KIA ORA TE HONONGA: EFFECTIVE MĀORI PARTICIPATION

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

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

Wāhanga tuarua:
2022/2023 Ngā Miramiratanga ā-Tahua Pūtea

Section Two: 2022/2023 Budget highlights

Ngā whakawhanaketanga matua ka arohia e tātou hei ngā tau 2022/2023

2.1 Major developments we are working on in 2022/2023

North Auckland

Northern seawall, Orewa Beach
To prevent erosion at the northern end of Orewa Beach

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

Scott Point sustainable sports park development
Development of a sustainable sports park with greenways, community hub, courts and open space infrastructure

Riverhead War Memorial Park playspace and carpark renewal
Increasing the park amenities, including expanding and upgrading the existing playground

West Auckland

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

North West Bus Improvements
Easing congestion for West Aucklanders working in the city centre

Community Centre replacement in Avondale
Develop a new integrated community centre and library in Avondale

West Wave Aquatic Centre
Comprehensive renewal

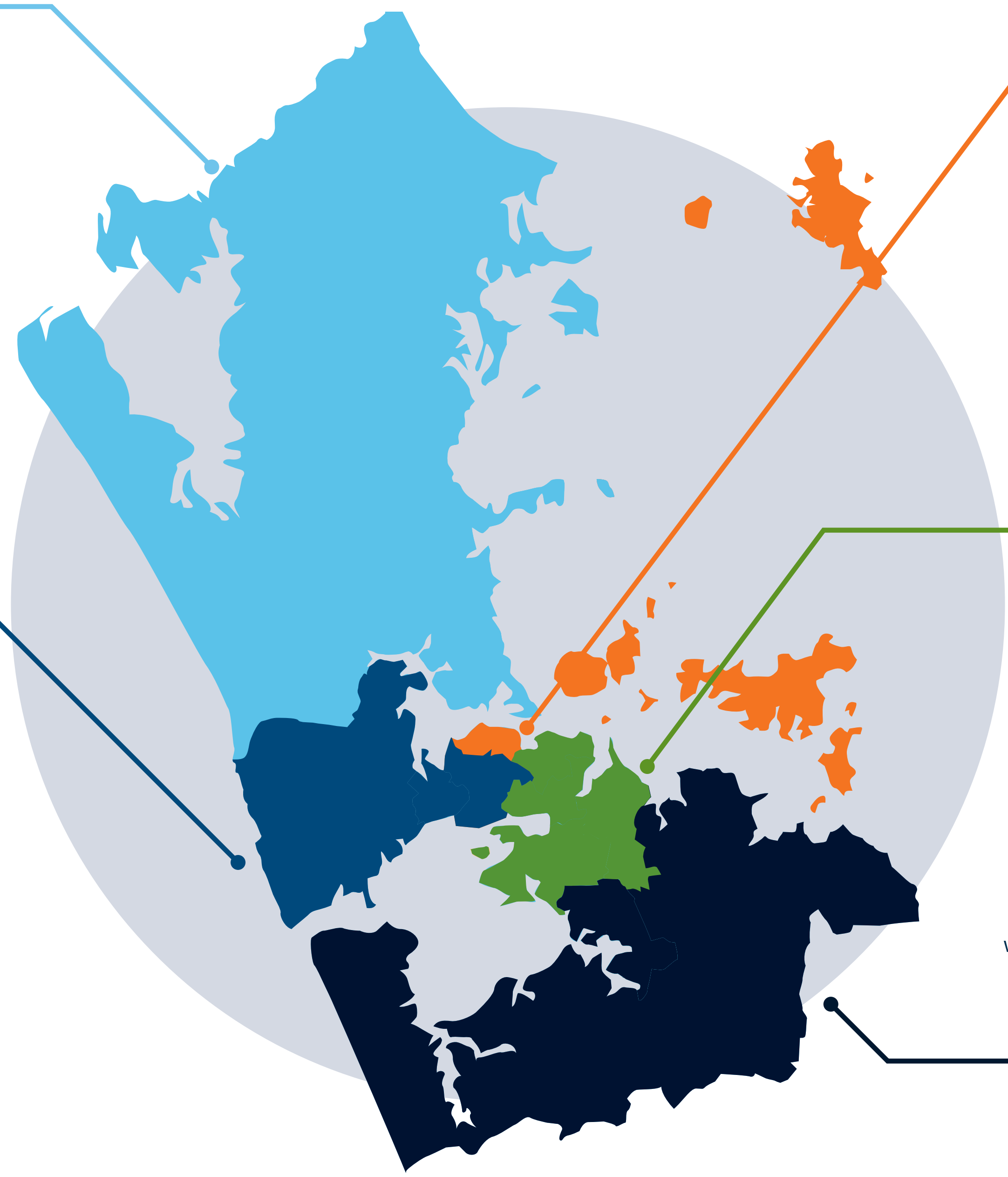
Region Wide

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

Urban Cycleways
More rapid and flexible delivery of safe cycling facilities

Natural environment programme
Including track improvements and Kauri dieback infrastructure

Eke Panuku transform and unlock
Redevelopment of town centres and construction of public spaces



Central Auckland

City Centre Library
Comprehensive renewal and building refit of City Centre Library

Windmill Park building renewals
Rebuilding of a facility suitable for providing storage and spectator seating

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

East Auckland

Jubilee Bridge
Comprehensive upgrade and renewal

Eastern Busway
Stage two Pakuranga to Botany

St Heliers Library Interior and Exterior Renewals
Refurbishment of the library to align with accessibility, heritage and seismic strengthening requirements

Colin Maiden Park
Sportsfield lighting upgrade

South Auckland

Hingaia Park Development
Stage 1 of the park. Increasing green space for recreation and community enjoyment

South-West wastewater servicing
Wastewater treatment for communities in the Kingseat, Clarks Beach, Glenbrook Beach and Waiuku areas

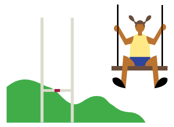
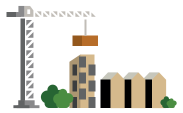
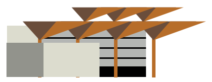
Major sports fields upgrades
at Mountfort Park, Papatoetoe Recreation Grounds and Māngere Centre Park from the Sport and Recreation Facility Investment Fund

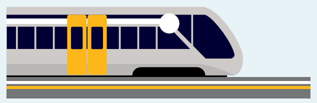
Coastal Asset Renewals
Renewals to wharves, boat ramps, jetties, seawalls and beachfronts from the Coastal Asset Renewals Regional fund

Ngā wāhi matua i whakapaua ai he pūtea

2.2 Key areas of spend

On the following pages we set out our budgets for covering the costs of delivering planned services for the 2022/2023 financial year.

		CAPEX 1 YEAR: 2022/2023 (capital investment)	OPEX 1 YEAR: 2022/2023 (operating expenditure)	WHAT WE DO	HOW WE FUND IT
	**Transport**	$1,286m	$1,779m	We help Aucklanders move around the city 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.	• Both capital and operating expenditure are supported by funding from the National Land Transport Fund • Around a third of the cost of public transport is funded through fares • Parking charges and fines cover the costs of parking services • Specific initiatives funded by the Rodney Local Board Targeted Rate and the Climate Action Targeted Rate • The remainder of costs are primarily funded through general rates and the regional fuel tax.
	**Water supply, wastewater and stormwater**	$847m	$901m	Our water functions include supplying safe drinking water and treating wastewater to a high standard so that it can be safely discharged into the environment. We also manage stormwater to minimise flooding and protect waterways and provide infrastructure that keeps pace with the growth of Auckland.	• Water and wastewater services provided by Watercare are completely funded through charges directly charged to users • The Water Quality Targeted Rate funds the acceleration of investment to clean up our rivers, streams, beaches, and harbours • Other stormwater activities and investments are primarily funded through general rates.
	**Parks and community**	$234m	$873m	We support strong and diverse Auckland communities by providing a wide range of arts, sports, recreation, library, and community services.	• Activities in this area are primarily funded through general rates to reflect the public good nature of these activities • Additional planting of urban ngahere (forest) is to be funded by the Climate Action Targeted Rate.
	**City centre and local development**	$113m	$134m	We help deliver a vibrant city centre and local town centres. We do this to support businesses and a thriving economy, strong and inclusive communities, and showcase the culture and identity of Auckland.	• Capital investment by Eke Panuku in upgrading a portfolio of specific centres is funded through the sale of other properties within this portfolio • Investment to upgrade and enhance the city centre is supported by the City Centre Targeted Rate • Other investment in these areas is primarily funded from general rates.
	**Economic and cultural development**	$73m	$263m	Arts, natural environment, sport and live performance events 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.	• Much of the activity of Tātaki Auckland Unlimited Limited (formerly known as Auckland Unlimited Limited) is funded through commercial revenues from stadia and cultural venues, alongside user charges at the Auckland Zoo and the Auckland Art Gallery • The remainder of costs are primarily funded through general rates.
	**Environmental management and regulation**	$51m	$555m	We nurture, look after and monitor Auckland's natural environment, and protect it from a variety of natural and human threats. We collect and dispose of Auckland's rubbish and recycling. We keep Aucklanders and whānau safe through our consenting, licensing, and compliance functions.	• The bulk of our regulatory activity is funded through consent fees, licences and compliance fees • The Natural Environment Targeted Rate supports a package of additional investment to combat pests and weeds and support the environment • The remainder of costs in this area are primarily funded from government grants and through general rates. • The collection and disposal of privately generated waste is funded through a mixture of targeted rates and PAYT charges. Waste services in public areas e.g. public litter bins, are funded through the general rate. The waste levy also helps to fund some waste minimisation initiatives.
	**Council support**	$196m	$605m	We support Auckland Council to deliver services and elected representatives to make decisions. We provide emergency management for the city and grants for large regional amenities. Council support includes the operations of the Ports of Auckland.	• The costs of running the Ports of Auckland are covered by their commercial revenues • The other council support costs are primarily funded from general rates.
	TOTAL	**$2,800m**	**$5,110m**		



CAPEX
$1,286m
2022/23

OPEX
$1,779m
2022/23

Ngā tikanga kawe

2.3 Transport

We help Aucklanders and the goods needed to move around the city 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.

Our plan

Making Auckland's transport system safe

Improving the safety of Auckland's transport system. Commitment to delivering the Safe System, targeting all elements of road safety for all users. Our focus remains on Vision Zero for Tāmaki Makaurau, with a goal of no deaths and serious injuries (DSI) on our transport system by 2050.

Providing and accelerating better travel choices

Major investment in public transport, walking and cycling to provide Aucklanders with a range of initiatives to improve access and optimise the public transport system. Improving active options, such as walking and cycling.

Providing excellent customer experience

Investment to drive a shift in customer behaviour and expectations, while also improving their experience of Auckland's transport network.

Improving the resilience and sustainability of the transport system and reducing greenhouse gas emissions

AT is fully committed to reducing its own greenhouse gas emissions and to helping reduce Auckland's transport emissions. Our plan focuses on accelerating mode shift towards more sustainable modes, such as public transport, walking, cycling, and micromobility. Our planned investment will also ensure that we maintain our critical assets and core services.

Enabling and supporting growth

AT will continue to play a role with key stakeholders to facilitate urban regeneration and placemaking, and to support development in both brownfield and greenfield areas.

What we will deliver

Urban and rural road safety programmes

- Investigate, design and construct road and intersection safety improvements on high-risk roads and intersections
- Progress on a safe speeds programme as part of an integrated nationwide road safety programme.

Continue to work to reduce carbon emissions from the transport system including work to support mode change and continuing to increase the number of low emissions buses and acquiring new low emission ferries funded by the CATR.

Continue to improve the timing of our asset renewals programmes, particularly the repair of roads.

Safe cycling facilities, to progress the Urban Cycleways Programmes as well as Cycle education campaigns and training.

Implement the Community Connect concession, which is the 50 per cent discount on public transport fares for Community Services Card holders funded by the government.

Deliver improvements to the bus network such as serving new developments and the North West network improvements.

Progress the Eastern Busway

Purchase of new electric multiple unit (EMU) trains in advance of CRL go live

Challenges

Public transport recovery

Ongoing COVID-19 impacts and permanent behavioural shifts towards people working from home will make growing public transport usage back to pre-COVID-19 levels challenging in the short term.

Growth

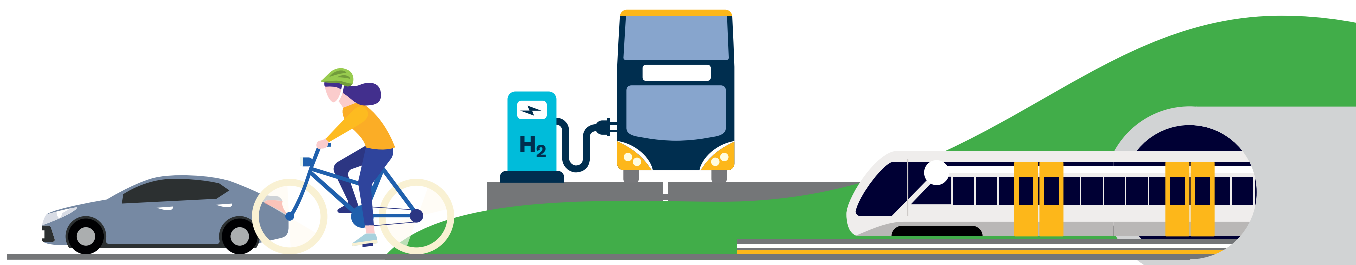
Auckland's increasing population and demand for travel is leading to faster deterioration of road pavements. The cost of renewals of assets is also increasing and a backlog of needed renewals is emerging, particularly from COVID-related budget reductions.

Congestion

The benefits of decongesting Auckland's transport network have been estimated to be between $900 million and $1.3 billion per year (approximately 1 to 1.5 per cent of Auckland's GDP). There is significant potential for walking and cycling to play a much greater role, in addition to public transport), in lowering the congestion.

Safety

Auckland has a serious problem with road deaths and serious injuries (DSI). In 2020 alone, 37 people died and 489 people were seriously injured on our roads.



Financial information

Capital investment list

PROGRAMME/PROJECT ($MILLION)	ANNUAL PLAN 2022/23
Asset Management (Renewals)	211
Network renewals	**211**
Eastern Busway Stage 2 to 4 (Alliance)	136
Climate Action Targeted Rate Programme (including Ferries and Cycling)	15
Ferry investment not funded by CATR	26
CRL Day One - Level Crossing Removal	4
Public Transport Safety, Security and Amenity	12
Rapid transit and ferry	**193**
Lincoln Road Corridor Improvements	8
Lake Road/Esmonde Road Improvements	1
Connected Communities	21
Midtown Bus Improvements	1
Urban Cycleways Programme	64
On-going Cycling Programme	6
Corridors and places	**102**
Hill Street Intersection Improvement	1
Safety Programme	57
Minor Improvements	6
Local Board Initiatives	10
Local safety and amenity	**75**
Supporting Growth - Post Lodgement and Property	6
Supporting Growth - Investigation for Growth projects	8
Customer and Business Technology	20
EMU Rolling Stock and Stabling Tranche for CRL	53
Rosedale and Constellation Bus Stations	30
Eastern Busway Stage 1	14
Northwest Bus Improvements	12
Ormiston Town Centre Link	10
Huapai Improvements	9
Wainui Improvements	7
Matakana Link Road	7
Network Performance	6
Minor Cycling and Micromobility (Pop-Up Cycleways)	6
Other projects and programmes[1]	86
Other	**276**
Auckland Transport	**857**
Underdelivery assumption	(85)
City Rail link investment (AC share)	**514**
Total	**1,286**

Note 1: Includes Projects Funded by Rodney Transport Targeted Rate, Tamaki Drive/Ngapipi Road Safety Improvements, Mangere Cycleways (Airport Access) Street Lighting Improvements, Seismic Strengthening Programme, Airport to Botany Rapid Transit Route Protection and number of other smaller programmes.

Capital expenditure (CAPEX) table

CAPEX			
2022/23	**2023/24**	**2024/25**	**TOTAL**
$1,286m	$1,284m	$1,200m	$3,770m

Direct operating performance

$(MILLION)	LONG-TERM PLAN 2021/22	LONG-TERM PLAN 2022/23	ANNUAL PLAN 2022/23
Net direct expenditure[1]	**338**	**322**	**383**
Direct revenue			
Fees and user charges	269	296	250
Subsidies and grants	368	370	424
Other revenue	64	65	60
Direct expenditure			
Personnel	156	161	171
Grants, contributions & sponsorship	-	-	-
Other operating expenses	883	892	945

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.

CAPEX
$847m
2022/23

OPEX
$901m
2022/23

Te putunga wai, waipara me te wai āwhā

2.4 Water supply, wastewater and stormwater

Our water functions include supplying safe drinking water and treating wastewater to a high standard so that it can be safely discharged into the environment. We also manage stormwater to minimise flooding and protect waterways and provide infrastructure that keeps pace with the growth of Auckland.

Our plan

Deliver safe and reliable water services 24/7

We have the responsibility and dedication to provide Aucklanders with safe and high-quality drinking-water. Our water safety planning strengthens focus on preventive measures across the whole drinking-water supply system, promotes a multi-barrier approach to managing risks and supports continuous improvement to guide day-to-day activities now and into the future.

Minimum cost, efficient, financially robust provider both now and into the future

To be financially stable over the long term, we consider network age and resilience, risk, future demand, debt levels, interest costs and inter-generational equity.

High performing infrastructure

We have developed asset replacement and rehabilitation programmes to monitor the condition and performance of assets. Asset renewal decisions are based on a risk assessment of the likelihood and consequence of failure, taking into account the asset's age and life expectancy, condition, performance, system resilience and criticality.

Future-proofed growth and supply assurance

Our aim is to align our longer-term planning of new or upgraded infrastructure to meet council's spatial development priorities and give effect to the Future Urban Land Supply Strategy (FULSS). This allows us to consent and construct bulk water and wastewater infrastructure efficiently.

Protect and enhance our natural environment

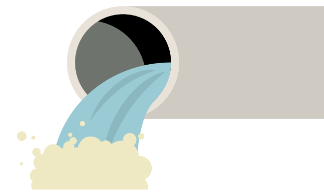
We treat our wastewater to the highest standards and discharge it safely to the receiving environment. We monitor events, such as drought and extreme rainfall events, so that we can adapt to the changing climate. We carefully consider long-term infrastructure planning where decisions we make today may have to last up to 100 years.

What we will deliver

Continue to upgrade and replace watermains for growth and supply assurance as well as ensuring the watermains that have reached the end of the useful life are replaced. Projects include Ardmore to Redoubt Rd watermain, Nihotupu No.1 and Huia No.1 watermain.

Progress implementation of a smart meter programme designed to detect and reduce leakage.

Continue to upgrade and expand infrastructure to reduce wastewater overflows and reduce stormwater from entering the wastewater network. Projects include Central interceptor, Northern interceptor, Pukekohe wastewater treatment plant upgrade, Warkworth, Snells and Algies wastewater network, Western Isthmus Water Quality Improvement, Warkworth, Snells and Algies wastewater network.



Continuing a leak detection programme. Expand the Inflow and Infiltration reduction programme and network renewals programme, to improve and coordinate cost-effective asset refurbishment.

Urban and rural stream rehabilitation programmes to improve the health of streams and to reduce contamination heading to our harbours. Infrastructure and project work in progress includes Wairoa Catchment Rural Waterways Protection, Whau Wildlink funding.

With funding from the Water Quality Targeted Rate, contaminant reduction programmes will reduce litter and pollutants in our waterways and marine environment.

Challenges

Three Waters reform

We acknowledge that the water sector faces challenges and would benefit from reforms at a national level and we support some aspects of the reform proposal. However, we have concerns with some of the proposed reforms and will continue to engage with central government to ensure the best possible outcomes for Aucklanders.

Growth

Water infrastructure is a key enabler of growth and there is major pressure for investment in both greenfield and brownfield development areas.

Contamination of streams and beaches

Storm events result in contamination of streams, beaches and harbours across Auckland.

Financial information

Capital investment list

PROGRAMME/PROJECT ($MILLION)	ANNUAL PLAN 2022/23
Waikato A Water Treatment Plant	2
Wellsford water supply	3
Other water treatment programmes	4
Local Water Network Renewals	18
Huia 1 and Nihotupu 1 Watermain Replacement	32
North Shore boost pumping	2
Redoubt Road Reservoir complex expansion	20
Pukekohe water supply	6
Other water networks programmes	29
Water supply	**117**
Central Interceptor	281
Local Sewer Network Renewals	7
Northern Interceptor	6
Southern Interceptor Augmentation	29
Western Isthmus Programme	12
Otara catchment upgrades	11
North Shore trunk sewer and pump station upgrades	36
Other wastewater network programmes	58
North East Sub-regional Wastewater Servicing	57
South West Sub-regional Wastewater Servicing	21
Rosedale WWTP Upgrade	49
Electrical Systems	3
Wastewater treatment other programmes	18
Wastewater treatment	**588**
Shared service programmes	**10**
Watercare	**715**
Ports of Auckland Outfall Upgrade	13
Stanmore Road to Fife Street Stormwater Upgrade - Stanmore section	6
Walters Road Drain Upgrade	5
Kitchener Road Box Culvert Emergency Renewal & pipe network upgrade	4
Other Renewals and upgrades	15
Clinker Place New Lynn	9
University of Auckland Khyber Pass Road	9
Auckland Housing Programme Stormwater Partnerships	5
Other Growth projects	4
Waitaro Stream, Corban Reserve Culvert Upgrade	16
Other Flood control projects	4
Environmental mitigation	1
Regional catchment & asset planning, fresh water management tool and Western Isthmus Water Quality Improvement Programme model build	13
Blockhouse Bay Separation	5
Waterview Separation	5
Picton Street - Stage 2	3
Urban Contaminant Reduction Programme	3
Pt Chevalier Separation	2
Oruarangi (Airport Oaks) Stormwater Treatment Wetpond	2
Other Water quality improvement programme renewal projects	7
Stormwater	**132**
Total	**847**

Capital expenditure (CAPEX) table

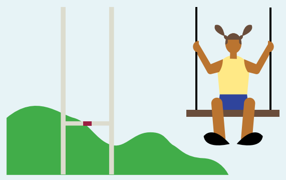
CAPEX			
2022/23	**2023/24**	**2024/25**	**TOTAL**
$847m	$911m	$1,067m	$2,825m

Direct operating performance

($MILLION)	LONG-TERM PLAN 2021/22	LONG-TERM PLAN 2022/23	ANNUAL PLAN 2022/23
Net direct expenditure[1]	**(411)**	**(475)**	**(530)**
Direct revenue			
Fees and user charges	615	675	588
Subsidies and grants	-	-	-
Other revenue	152	163	339
Direct expenditure			
Personnel	86	89	85
Grants, contributions & sponsorship	1	2	4
Other operating expenses	269	272	308

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.



CAPEX $234m 2022/23

OPEX $873m 2022/23

Ngā papa rēhia me te hapori

2.5 Parks and community

We support strong and diverse Auckland communities by providing a wide range of arts, sports, recreation, library, and community services.

Our plan

Renewing our assets

Maintenance of, and targeted investment in, our existing parks and community facilities to keep them fit for service and reduce our climate footprint.

Further investment in our ngahere

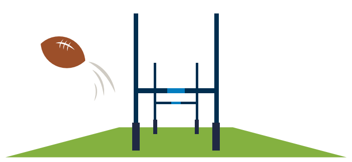
A key action in our climate change package is the planting of 200ha of native forest in our regional parks.

Looking at new ways to deliver community services

Investigating new ways to meet the needs of our growing and more diverse population through greater use of partnerships, digital services and multi-purpose facilities.

What we will deliver

Sports and Local Park development including progressing development of open space and sports fields infrastructure to help more people be more active more often.



Progress Te Whau pathway. A 15km shared path alongside the Whau river that links the Waitematā and Manukau harbours providing a safe walking and cycling route for commuters and recreation.

Development of Colin Dale Park. A world class motorsports venue to provide for a range of motorsport activities.

Coastal asset renewals. Including renewals to wharves, boat ramps, jetties, seawalls, and beach fronts from the Coastal Asset Renewals Regional fund to protect our sensitive environmental character.

Land acquisitions. Including negotiating purchase of new open space and land to meet the needs of our growing population.

Challenges

Increasing utilisation of our services and facilities

After COVID-19 and exploring alternative methods of delivery, while ensuring the safety of the community.

Adapting to changing needs

Auckland's communities are growing and changing, with increased and more diverse needs.

Financial information

Capital investment list

PROGRAMME/PROJECT ($MILLION)	ANNUAL PLAN 2022/23
Renewals - Local	98
Renewals - Regional	28
Growth - Land Acquisition	29
Growth - Development	9
Regional Development	4
One Local Initiatives (OLI)	17
Libraries	14
Locally Driven Initiatives (LDI)	4
Coastal Renewals & Slips	7
LTP Discrete Projects	20
LTP Specific Purpose Funds	19
Arts and culture	1
Other projects	7
Pools and leisure centre	2
Underdelivery assumption	(25)
Total	**234**

Capital expenditure (CAPEX) table

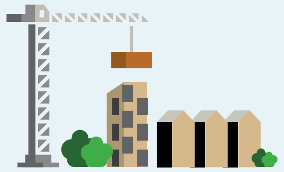
CAPEX			
2022/23	2023/24	2024/25	TOTAL
$234m	$236m	$249m	$719m

Direct operating performance

($MILLION)	LONG-TERM PLAN 2021/22	LONG-TERM PLAN 2022/23	ANNUAL PLAN 2022/23
Net direct expenditure[1]	**428**	**435**	**480**
Direct revenue			
Fees and user charges	46	50	38
Subsidies and grants	15	8	15
Other revenue	28	29	42
Direct expenditure			
Personnel	185	185	180
Grants, contributions & sponsorship	53	49	58
Other operating expenses	279	288	336

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.



CAPEX
$113m
2022/23

OPEX
$134m
2022/23

Pokapū Tāone me te Whanaketanga ā-Rohe

2.6 City centre and local development

We help deliver a vibrant city centre and local town centres. We do this to support businesses and a thriving economy, strong and inclusive communities, and showcase the culture and identity of Auckland.

Our plan

Focus areas for growth

Our investment will continue to be priortised in key areas including in the North West (for growth around Red Hills, Whenuapai and Westgate), Drury and CRL stations (Mt Eden and Karangahape)

Catalyse urban redevelopment to achieve thriving town centres and places

Thriving town centres are places that enable growth and enhance high quality urban development, unique identity, supportive community, integrated transport, healthy natural environment, urban living and a prosperous and robust local economy.

Create strategic value from property assets

Driving strategic and commercial value from council property assets to generate revenue for the council and to deliver services to tenants, berth holders and other specialist property services.

Provide sector leadership in sustainable urban regeneration

Including in climate and sustainability action, partnership with mana whenua and Māori outcomes, placemaking and activation, effective partnerships and relationships, quality design, a highly collaborative business culture with a focus on leadership, innovation, learning and development and looking after our health, safety and wellbeing.

Compact city

The Development Strategy and Auckland Unitary Plan encourages a more compact city which in time reduces the need to travel. We also ensure that provision for walking and cycling are incorporated in our planning.

What we will deliver

Urban regeneration programmes, which involves the planning of neighbourhoods and improvement of buildings in areas such as Northcote, Takapuna, City centre and waterfront, Karangahape, Maungawhau, Avondale, Henderson, Manukau, Papatoetoe, Pukekohe, and Ormiston in order to make these even better places to live.

Development portfolios including. Haumaru Housing Ltd – a portfolio of affordable rental housing specifically for the elderly; Transport Oriented Developments with Auckland Transport – which are the creation of compact, walkable, pedestrian-oriented, mixed-use communities centred around high-quality transport systems, and making the best use of the properties we use to deliver council services.

Victoria Street Linear Park. Transformation of this area into a thriving place for movement, rest and recreation. It will become a place that connects and embraces our diverse and growing city centre and become a more people focused and greener link across the city.

Challenges

Government policy/legislative changes

Ability to manage and respond to proposed legislative changes.

Growth

Auckland's population continues to grow rapidly. The demand for new infrastructure is rising while there is a growing need to look after our existing roads, water pipes, public transport, parks and community facilities.

Financial information

Capital investment list

PROGRAMME/PROJECT ($MILLION)	ANNUAL PLAN 2022/23
Renewals	8
Transform and unlock locations	42
Waterfront	21
Development	9
Eke Panuku Development Auckland	**80**
Victoria Street Linear Park	12
Myers Park Underpass	4
Wai Horotiu Queen Street	8
Midtown Precinct	3
Downtown Precinct	3
Town Centre Revitalisation	1
Other City Centre projects	2
Development Programme Office	**33**
Total	**113**

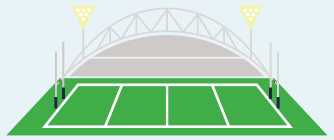
Capital expenditure (CAPEX) table

CAPEX			
2022/23	2023/24	2024/25	TOTAL
$113m	$169m	$126m	$408m

Direct operating performance

($MILLION)	LONG-TERM PLAN 2021/22	LONG-TERM PLAN 2022/23	ANNUAL PLAN 2022/23
Net direct expenditure[1]	**22**	**25**	**32**
Direct revenue			
Fees and user charges	0	1	0
Subsidies and grants	-	-	-
Other revenue	41	39	45
Direct expenditure			
Personnel	31	31	35
Grants, contributions & sponsorship	1	1	1
Other operating expenses	32	34	42

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.



CAPEX $73m 2022/23

OPEX $263m 2022/23

Te Whanaketanga ā-Ōhanga, ā-Ahurea hoki

2.7 Economic and cultural development

Arts, natural environment, sport and live performance events enrich lives of Aucklanders and its visitors. We promote Auckland as a place to work, invest, study and visit. We support the creation of quality jobs for all Aucklanders.

Our plan

Enhance Auckland as a culturally vibrant city

By delivering exhibitions and events that cover performing arts, sports and our cultural and natural heritage.

Expand economic opportunities

Through providing support to Auckland businesses to innovate and thrive through partnering and delivering programmes and projects that enhance innovation, support business growth and enhance skills and talent.

Achieve social, economic, cultural and environmental return on investments

Ensure that the large range of cultural and economic places, facilities and collections provide and effective return for Aucklanders and visitors

Enhancing Auckland's local, national and global reputation and appeal

What we will deliver

A 12-month programme of events and attractions to inspire Aucklanders.

Film Studios construction. Complete the expansion of Auckland Film Studios with the construction of two studios.

Auckland Art Gallery. Renewals in addition to various art exhibitions throughout the year.

Auckland Zoo. Continue delivery of the Future Zoo developments.

Develop a new digital content, engagement and transactional platform to support great online experiences for Aucklanders and visitors right across the region by helping partners across the city communicate what makes Auckland unique and desirable.

Support the delivery and leverage a range of major events - World Rally Championship - Women's Rugby World Cup - WBSC Men's Softball World Championship - Te Matatini - FIFA women's World Cup.

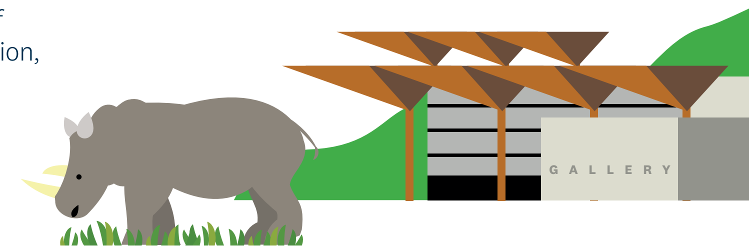
Challenges

Economic development

Many businesses are struggling from the disruptive impacts of the pandemic, including border closures, supply chain disruption, uncertainty and increased costs.

Tourism and visitor attraction

Reduced international visitor numbers and potential impacts for future events.



Financial information

Capital investment list

PROGRAMME/PROJECT ($MILLION)	ANNUAL PLAN 2022/23
Auckland Zoo Renewals	13
Film Studios construction	15
Maritime museum	2
Auckland Live and Other facilities	7
Auckland Stadiums	8
Auckland Art Gallery	16
Aotea Centre	2
Corporate support projects	5
Visitor security	3
Technical Equipment Renewal	1
Other renewals	1
Total	**73**

Capital expenditure (CAPEX) table

CAPEX			
2022/23	**2023/24**	**2024/25**	**TOTAL**
$73m	$57m	$51m	$181m

Direct operating performance

($MILLION)	LONG-TERM PLAN 2021/22	LONG-TERM PLAN 2022/23	ANNUAL PLAN 2022/23
Net direct expenditure[1]	**102**	**105**	**120**
Direct revenue			
Fees and user charges	38	50	46
Subsidies and grants	17	17	12
Other revenue	36	37	24
Direct expenditure			
Personnel	84	85	95
Grants, contributions & sponsorship	13	14	11
Other operating expenses	97	110	95

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.

CAPEX $51m 2022/23

OPEX $555m 2022/23

Ngā Mahi Whakahaere, Whakarite hoki ā-Taiao

2.8 Environmental management and regulation

We nurture, look after and monitor Auckland's natural environment, and protect it from a variety of natural and human threats. We collect and dispose of Auckland's rubbish and recycling. We keep Aucklanders and whānau safe through our consenting, licensing, and compliance functions.

Our plan

Investing in environmental protection

Continued investment in environmental protection will be enabled with the Natural Environment Targeted Rate. With this funding increase the number of threatened species we are managing and actively manager pests across 72 per cent of the prioritised eco systems. Protection from pests assists native species in resilience to climate change.

Zero waste Auckland

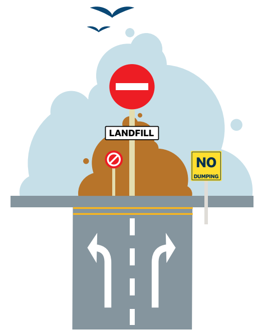
We will continue our work to eliminate food scraps from our waste into the environment with the on-going roll out of our food waste service and increase the network of community recycling centres.

What we will deliver

Community Recycling Centres (CRC). Provide Auckland's facilities when you can drop off unwanted items and materials for reuse and recycling. Aim to reduce waste to landfill by reusing, re-purposing and recycling as much as possible.

Waste minimisation. Reducing waste to landfill and our climate emissions by diverting landfill and recycling properly. Shoreline adaptation plans – development of sustainable, systems-based approach to the management of Auckland's shorelines in partnership with Mana Whenua.

Natural environment programme. Including track improvements and Kauri dieback infrastructure.



Challenges

A degrading natural environment

Our rapid growth is putting pressure on our environment, along with the spread of pests, weeds and diseases threatening many of our native species. Approximately two-thirds of Auckland's local native species are under threat of extinction.

Financial information

Capital investment list

PROGRAMME/PROJECT ($MILLION)	ANNUAL PLAN 2022/23
Waste service bins	2
Food scrap service bins	8
Community Recycling Centre Waitākere	5
Other Transfer Stations and Community Recycling Centres	5
Waste Solutions	**20**
Natural environment and climate change response programme	9
Environmental Services	**9**
Closed landfill and coastal landfill remediation	15
Coastal asset renewals	5
Resilient land and coasts	**20**
Regulatory	**2**
Total	**51**

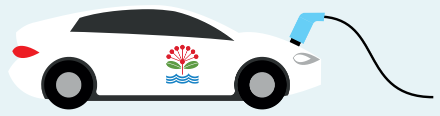
Capital expenditure (CAPEX) table

CAPEX			
2022/23	2023/24	2024/25	TOTAL
$51m	$39m	$31m	$121m

Direct operating performance

($MILLION)	LONG-TERM PLAN 2021/22	LONG-TERM PLAN 2022/23	ANNUAL PLAN 2022/23
Net direct expenditure[1]	**111**	**120**	**125**
Direct revenue			
Fees and user charges	245	251	272
Subsidies and grants	6	8	10
Other revenue	4	4	6
Direct expenditure			
Personnel	176	179	203
Grants, contributions & sponsorship	5	3	5
Other operating expenses	185	201	205

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.



CAPEX $196m 2022/23

OPEX $605m 2022/23

Te Tautokona o te Kaunihera

2.9 Council support

We support Auckland Council to deliver services and elected representatives to make decisions. We ensure compliance with national standards for the environment. We provide emergency management for the city and grants for large regional amenities. Council support includes the operations of the Ports of Auckland.

Our plan

Ongoing review of services, assets and efficiency

Auckland Council will continue to focus on organisational efficiency and cost savings to ensure our $90 million per annum savings target is met.

Enhancing Auckland's readiness for natural disasters

Auckland Emergency Management will continue to work with communities to increase their resilience to both natural disasters and the impacts of climate change.

Ports of Auckland Limited

Auckland Council will continue to hold Ports of Auckland Limited as an investment to generate a return for Aucklanders.

What we will deliver

Implementation of the Government's National Policy Statement for Urban Development.

Use the service prioritisation framework as a basis to analyse and consider cost reductions and service priorities as well as provide advice on the use of other levers to balance the budget while maintaining essential services.

Work in support of our customers, communities and elected members to deliver effectively on the outcomes outlined in this budget.

Developing Auckland's **Transport Emissions Reduction Plan** (TERP).

Support implementation of **Auckland's Climate Action Plan**.

Challenges

Impact on our investments

Return on our investments in Auckland International Airport Limited and Ports of Auckland have been impacted due the COVID-19 pandemic.

Workforce pressures - the high inflationary environment is putting pressure on market salaries. This means it will cost more to attract and retain staff needed to deliver council services.

Financial information

Capital investment list

PROGRAMME/PROJECT ($MILLION)	ANNUAL PLAN 2022/23
Corporate property (Worksmart)	35
Corporate property renewals	6
Information and communications technology	21
Vehicle renewal and decarbonisation	4
Timing adjustments	34
Other support areas	17
Ports of Auckland	80
Total	**196**

Capital expenditure (CAPEX) table

CAPEX			
2022/23	**2023/24**	**2024/25**	**TOTAL**
$196m	$174m	$167m	$537m

Direct operating performance

($MILLION)	LONG-TERM PLAN 2021/22	LONG-TERM PLAN 2022/23	ANNUAL PLAN 2022/23
Net direct expenditure[1]	**353**	**327**	**255**
Direct revenue			
Fees and user charges	254	281	283
Subsidies and grants	-	-	127
Other revenue	20	22	19
Direct expenditure			
Personnel	302	306	317
Grants, contributions & sponsorship	98	98	98
Other operating expenses	227	227	269

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: Ō mātou tahua pūtea

Section Three: Our finances

Te tirohanga whānui ki te pūtea

3.1 Financial overview

Introduction

Auckland Council's current financial strategy, as set out in our Recovery Budget, seeks to balance the need for investment in our city with ensuring the costs of that investment are acceptable.

Addressing the significant demand for investment in Auckland requires a considered approach to the levers available to the council to provide an appropriate supply of investment capacity.

Work on the council's financial outlook has found that key areas of uncertainty, identified through the Recovery Budget, are now beginning to create some financial challenges. This includes addressing more prolonged impacts of COVID-19 on the council's income while managing a structural shift in our cost base driven by rising inflation, interest rates, and supply chain constraints. While these impacts can be addressed in the short-term primarily through the Better Off funding promised by central government and a change to the funding mix for our capital programme, the ongoing impacts will need to be addressed through other levers to ensure financial sustainability.

This section provides a high-level overview of the key financial projections for the 2022/2023 financial year and explains how we fund our activities.

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

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

Additionally, this section discusses the importance of ensuring long-term financial sustainability and prudence and the approach the council is taking now to enable the new council to decide how best to address the projected budget challenges and prepare for further pressures that could eventuate.

Our budget for 2022/2023

Key financial projections for 2022/2023

$ MILLION	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023
Total capital investment	2,871	2,942	**2,800**
Total operating expenditure	4,673	4,808	**5,110**
Average general rates increase	5.00%	3.50%	**3.50%**
Rates revenue	2,122	2,253	**2,281**
Total operating funding sources	4,498	4,798	**5,046**
Total assets	61,067	63,891	**65,863**
Total borrowing	11,745	12,783	**12,077**
Total equity	43,883	45,651	**49,283**
Debt to revenue ratio	272%	277%	**253%**

Capital investment across the group

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 2022/2023 is $2.286 billion and in addition, we plan to invest $514 million in City Rail Link Limited. The total capital investment for Auckland over 2022/2023 is projected to be $2.8 billion.

DELIVERED BY	$ MILLION
Auckland Council	591
Auckland Transport	857
Watercare	715
Tataki Auckland Unlimited Limited	73
Ports of Auckland Limited	80
Eke Panuku Development Auckland	80
Underdelivery assumption	(110)
Total capital expenditure	
Investment in City Rail Link Limited	514
Total capital investment	

Funding our capital investment

The following table shows how we plan to fund our capital expenditure and other capital outflows in 2022/2023.

CAPITAL EXPENDITURE AND OTHER OUTFLOWS $ MILLION	ANNUAL BUDGET 2022/2023
Growth	740
Service level improvement	821
Renewals	725
Weathertightness claims	110
Investment in City Rail Link Limited	514
Other	(115)
Total	**2,795**

FUNDING SOURCES $ MILLION	ANNUAL BUDGET 2022/2023
Capital subsidies	502
Development contributions	265
Asset sales	106
Operating cash surplus	1,079
Borrowings	843
Total	**2,795**

Operating expenditure and revenue sources

It is forecast that the Auckland Council group will spend $5.1 billion in operating expenditure in 2022/2023. This covers the council's day-to-day operations and services, from collecting rubbish to maintaining parks and issuing building consents. It includes costs related to the capital expenditure programme such as interest, maintenance and depreciation (a non-cash cost).

The $5 billion of operating revenue sources covers $4 billion of cash operating expenditure, leaving a cash surplus of $1 billion to fund capital expenditure.

OPERATING EXPENDITURE $ BILLION	ANNUAL BUDGET 2022/2023
Staff	1,087
Interest	503
Other	2,378
Sub-total	**3,968**
Depreciation and amortisation	1,141
Total	**5,109**

OPERATING FUNDING SOURCES $ BILLION	ANNUAL BUDGET 2022/2023
Rates	2,281
Fees and user charges	1,477
Subsidies and grants	594
Other	694
Total	**5,046**

Maintaining financial sustainability and addressing future challenges

A sustainable financial approach looks at both prudence to prepare for the future and a balanced approach to funding the needs of today.

Maintaining a strong commitment to long-term financial prudence is critical to ensuring the council can maintain ongoing and cost-effective access to the capital it needs to fund its investments and to be able to respond to any future shocks. There are also specific obligations under the Local Government Act 2002 (LGA) that require local authorities to conduct their business in a financially prudent manner.

The key policy settings that ensure financial prudence are the debt-to-revenue limit and balanced budget approach included in the council's Financial Strategy, and the depreciation funding policy included in the council's Revenue and Financing Policy, both of which are included in the 10-year Budget 2021-2031.

Prudent debt management

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

In setting the prudential limit on our borrowing in the 10-year Budget 2021-2031, Auckland Council looked at the relationship between our debt and our revenue. This limit is an indicator of the ability of the council to cover its borrowing costs from its different revenue sources. We worked with our rating agencies to consider an appropriate debt to revenue limit. Alongside this indicator the council, and rating agencies, also take into consideration factors such as the level of interest, annual cashflows and the flexibility of the planned capital programme.

The 10-year Budget 2021-2031 set a prudential limit of group debt being less than 290 per cent of group revenue. When assessing our debt to revenue ratio against this limit, a number of adjustments are made which are consistent with Standard and Poor's approach when they undertake their credit rating assessment.

When agreeing the 10-year Budget 2021-2031, the council considered whether we could maximise our debt within the 290 per cent cap. However, we considered that it would be prudent to maintain debt headroom to allow capacity to deal with any future shocks. Given this, over the long-term we are targeting debt-to-revenue levels below 270 per cent of revenue.

Balanced budget and funded depreciation

Under the Local Government Act 2002, the council is required to ensure our operating revenues (under generally accepted accounting principles) are set at a level that is sufficient to meet operating expenditure for each financial year. As shown in Section 3.5 we project to balance our budget in 2022/2023.

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

We are also moving towards a long-term policy of fully funding depreciation. Depreciation is a non-cash charge that reflects the reduction in the usability of our assets over time. Because this is a non-cash expense, any revenue raised to cover depreciation generates a cash surplus which is used to fund capital expenditure.

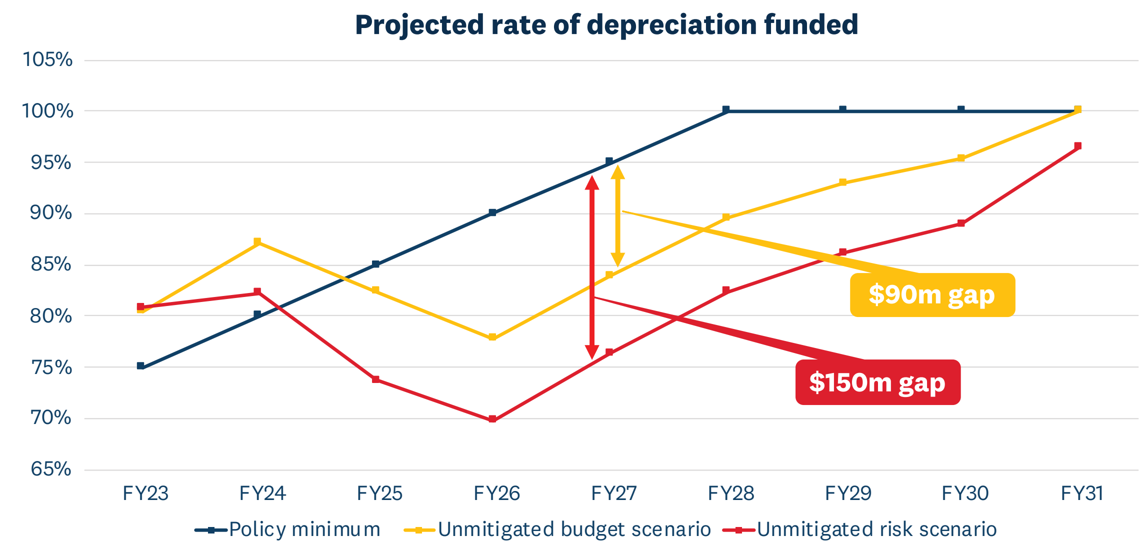
Fully funding depreciation from rates and current revenue would mean that on average we are not relying on borrowing to fund asset replacement expenditure over the long run. This represents a sustainable approach, as it ensures that operating expenditure is covered by operating revenues and borrowing is only used to finance investment that will deliver enduring benefits. The legacy councils only funded 63 per cent of depreciation and our previous policy was to progressively move to 100 per cent by 2025.

The impacts of COVID-19 disruption on our revenue streams caused us to revisit our existing policy for funding depreciation through the 10-year Budget 2021-2031. Given the projected short-term nature of this revenue shock and our intention to maintain existing key service levels through this period, we considered this a prudent and sustainable approach. Given this, as part of the 10-year Budget 2021-2031, we amended our Revenue and Financing Policy to reflect that it will take three additional years before we are fully funding depreciation (i.e. by 2028). No further delays are being considered.

Preparing now for future challenges

In preparing this budget the council has reviewed the key assumptions that underpin our financial projections. Details of these are included as notes to the prospective financial statements in section 3.2 of this volume. The current high levels of uncertainty around some of these assumptions is noted along with the potential impacts of this uncertainty.

These risks mean that the ongoing budget gap the council will need to address in future years could be $90 million to $150 million. The below chart shows that without mitigating this gap the council will not be able to achieve its target of fully funding depreciation by 2028.



To ensure the council is in a strong position to make the decisions that will be needed to address these challenges through future budgets a number of actions are being taken now. The below measures, if fully implemented in future budgets, would be sufficient to address a gap of $90 million.

Long-term capital deferrals

The 10-year Budget 2021-2031 included a record $31.8 billion capital investment programme which was prioritised based on risk.

The deferral of capital expenditure would deliver consequential reductions in operating costs such as interest, running costs, maintenance, and depreciation. While this mitigation is only temporary, deferring capital expenditure out by around seven years to beyond a point where our projected operating balance has recovered can assist with achieving our year-by-year depreciation funding policy targets.

We considered a number of different capital deferral options to help close the projected ongoing funding gap before deciding to defer $230 million from the next three years (2022/2023 to 2024/2025). This represents 4 per cent of relevant capital expenditure over those three years. The total deferral for the 2022/2023 year is $30 million, or less than 2 per cent of capital expenditure. This will still result in average planned capital investment of $2.85 billion per annum over the next three years. That is $650 million (or 30 per cent) more than what has been delivered on average over the last four years.

As with the 10-year Budget 2021-2031, a risk-based capex prioritisation has been used to ensure that all critical and high-risk projects can still be progressed. We will ensure projects that strongly support growth and climate action are prioritised. The financial impact of the deferral will be a lower overall spend in the earlier years of the 10-year period than previously planned and higher overall spend in the later years.

Operating cost reduction

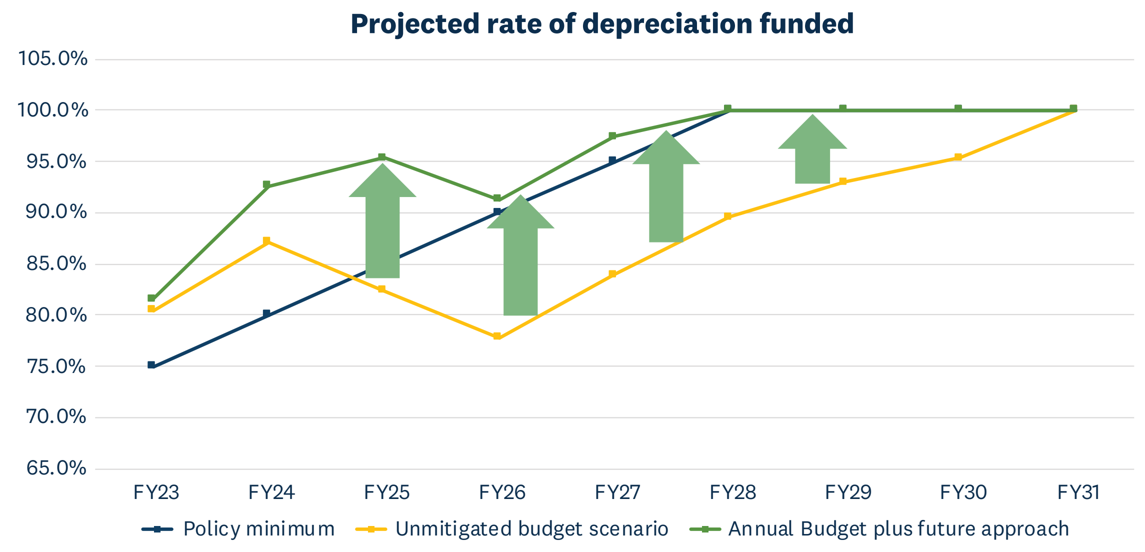
Reducing operating expenditure can be achieved either through increased efficiency or through a reduction in service levels. The Auckland Council Group continues to focus on increased efficiency and providing best value for Aucklanders in all we do. A number of existing savings and efficiency targets are already included in existing budgets and work is ongoing to achieve these.

Any significant changes to service levels would likely require further public consultation and staff are beginning work now to ensure high quality advice is ready in time to inform the next budget process. The council consulted through this annual budget on a framework through which to assess our services when looking to make adjustments to service levels.

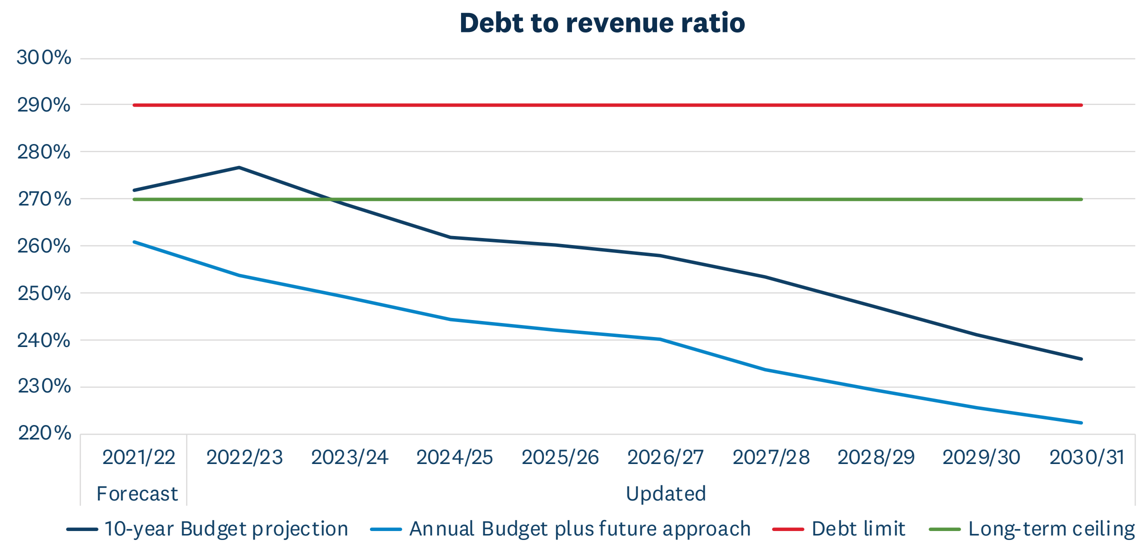
To ensure the council is ready to make the changes required to deliver ongoing operating cost savings of around $80 million work has been commissioned focusing on:

- Tactical service level opportunities to deliver $30 million of ongoing operating expenditure reduction from 2023/2024
- A strategic service level review aiming to deliver around $50 million of additional ongoing operating expenditure reduction, from the first year of the next 10-year Budget (2024/2025).

These capital deferrals and operating cost reductions are projected to be sufficient to address an ongoing gap of $90 million and ensure that the council can achieve full funding of depreciation by 2028. The chart below shows the projected level of depreciation funding with these initiatives implemented.



The chart below shows that under this scenario of a $90 million gap with the operating and capital initiatives implemented, the projected debt-to-revenue ratio level will be lower than projected in the 10-year Budget 2021-2031 and comfortably below both our policy limit and our long-term ceiling.



Alternatively, in deciding on future budgets the new council may choose to implement higher rates increases rather than proceed with the cost reduction options.

If the higher inflation and interest rate scenario plays out, then a combination of higher rates increases and service reduction options may be required to close a $150 million annual operating gap.

A number of other options may also become available to the council over time, including the analysis around value from the port, outcomes of both water reform and the Future of Local Government Review, and new transport funding opportunities such as congestion charging.

The key considerations for the new council when looking at levers to mitigate budget challenges and increase investment supply are ensuring:

- We provide the best value to Aucklanders from the revenues we receive and the assets we hold
- The costs to the community are acceptable
- We maintain prudent management of debt and sustainable financial management, and
- We continue to partner with the Crown and others for the best outcomes for Auckland.

Ngā matapae ā-pūtea

3.2 Prospective financial statements

Prospective statement of comprehensive revenue and expenditure

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Revenue					
Rates	2,117,084	2,248,525	2,277,224	28,699	1
Fees and user charges	1,467,911	1,602,825	1,476,858	(125,967)	2
Grants and subsidies	880,078	931,498	1,096,117	164,619	3
Development and financial contributions	247,897	265,252	265,252	0	
Other revenue	496,267	533,985	686,270	152,285	4
Vested assets	449,821	453,660	447,743	(5,917)	
Finance revenue measured using effective interest method	2,807	2,424	2,136	(288)	
Other finance revenue	673	749	720	(29)	
Total revenue	**5,662,538**	**6,038,918**	**6,252,320**	**213,402**	
Expenditure					
Employee benefits	1,021,277	1,038,329	1,087,292	48,963	5
Depreciation and amortisation	1,062,891	1,105,449	1,141,054	35,605	6
Grants, contributions and sponsorship	170,463	166,101	176,920	10,819	
Other operating expenses	1,970,816	2,020,594	2,200,034	179,440	7
Finance costs	447,437	477,973	504,518	26,545	8
Total expenditure	**4,672,884**	**4,808,446**	**5,109,818**	**301,372**	
Operating surplus/(deficit) before gains and losses	**989,654**	**1,230,472**	**1,142,502**	**(87,970)**	
Share of surplus/(deficit) in associates and joint ventures	(10,211)	(10,477)	(8,748)	1,729	
Surplus/(deficit) before income tax	**979,443**	**1,219,995**	**1,133,754**	**(86,241)**	
Income tax expense	65,575	82,052	89,265	7,213	
Surplus/(deficit) after income tax	**913,868**	**1,137,943**	**1,044,489**	**(93,454)**	
Surplus after income tax is attributable to:					
Ratepayers of Auckland Council	913,868	1,137,943	1,044,489	(93,454)	
Other comprehensive revenue/ (expenditure)					
Net gain on revaluation of property, plant and equipment	199,526	630,370	183,530	(446,840)	
Tax on revaluation of property, plant and equipment	0	0	0	0	
Total other comprehensive revenue	**199,526**	**630,370**	**183,530**	**(446,840)**	
Total comprehensive revenue/(expenditure)	**1,113,394**	**1,768,313**	**1,228,019**	**(540,294)**	

Notes to previous table:

1. The increase in rates is mainly due to the introduction of the Climate Action Targeted Rate, partially offset by the removal of the Accommodation Provider Targeted Rate.
2. The decrease in fees and user charges is mainly due to lower public transport usage as a result of COVID-19, and a reclassification of water and wastewater user charges to other revenue.
3. The increase in subsidies and grants is due to funding received from central government for the Three Waters reform, a carry-forward of funding for projects that were deferred from 2021/2022, and increased public transport subsidies from Waka Kotahi to top up fare box revenue. This is partially offset by lower Waka Kotahi capital subsidies as a result of a deferral of transport capital projects.
4. The increase in other revenue is mainly due to higher forecast infrastructure growth charges for water and wastewater services, and a reclassification of water and wastewater user charges from fees and user charges to other revenue. This is partially offset by lower projected dividends from our investment in Auckland International Airport Limited, which mainly reflects the impact of COVID-19 on returns.
5. The increase in employee benefits is mainly due to higher forecast staff inflation.
6. The increase in depreciation is mainly due to earlier, and higher than expected revaluations of property, plant and equipment in 2020/2021 and 2022/2022, as well as higher revaluations forecast in 2022/2023.
7. The increase in other operating expenses is mainly due to cost pressures as a result of higher inflation and the impact of COVID-19 on supply chains, as well as costs carried forward from the prior year for delayed projects.
8. The increase in finance costs is mainly due to higher forecast interest rates, partially offset by lower opening borrowings and lower forecast borrowing for the year due to the deferral of capital projects.

Prospective statement of financial position

Auckland Council group consolidated

$000 AS AT 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Assets					
Cash and cash equivalents	100,000	100,000	100,000	0	
Receivables and prepayments	576,225	592,438	591,324	(1,114)	1
Derivative financial instruments	3,000	3,000	948	(2,052)	
Other financial assets	88,000	88,000	76,954	(11,046)	1
Inventories	60,343	61,550	52,356	(9,194)	1
Income tax receivable	3,000	3,000	4,142	1,142	
Non-current assets held-for-sale	106,239	173,667	173,667	0	
Total current assets	**936,807**	**1,021,655**	**999,391**	**(22,264)**	
Non-current assets					
Receivables and prepayments	49,418	50,820	78,415	27,595	1
Derivative financial instruments	429,000	429,000	451,645	22,645	
Other financial assets	1,911,919	1,916,285	2,079,954	163,669	1
Property, plant and equipment	54,944,085	57,204,551	58,899,137	1,694,586	1
Intangible assets	747,836	778,602	801,952	23,350	1
Investment property	603,000	603,000	703,802	100,802	1
Investments in associates and joint ventures	1,437,190	1,878,413	1,838,338	(40,075)	2
Other non-current assets	8,060	9,121	9,994	873	
Total non-current assets	**60,130,508**	**62,869,792**	**64,863,237**	**1,993,445**	
Total assets	**61,067,315**	**63,891,447**	**65,862,628**	**1,971,181**	

$000 AS AT 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Liabilities					
Current liabilities					
Payables and accruals	1,031,619	1,065,714	1,068,877	3,163	1
Employee entitlements	130,093	132,265	121,635	(10,630)	1
Borrowings	1,256,817	1,367,888	1,292,312	(75,576)	3
Derivative financial instruments	33,000	33,000	1,980	(31,020)	
Provisions	77,512	56,742	97,021	40,279	1
Total current liabilities	**2,529,041**	**2,655,609**	**2,581,825**	**(73,784)**	
Non-current liabilities					
Payables and accruals	188,350	194,733	231,912	37,179	1
Employee entitlements	5,122	5,208	5,658	450	1
Borrowings	10,488,043	11,414,913	10,784,241	(630,672)	3
Derivative financial instruments	1,683,000	1,683,000	683,366	(999,634)	
Provisions	329,828	243,688	296,901	53,213	1
Deferred tax liabilities	1,960,858	2,042,910	1,995,283	(47,627)	1
Total non-current liabilities	**14,655,201**	**15,584,452**	**13,997,361**	**(1,587,091)**	
Total liabilities	**17,184,242**	**18,240,061**	**16,579,186**	**(1,660,875)**	
Net assets	**43,883,073**	**45,651,386**	**49,283,442**	**3,632,056**	
Equity					
Contributed equity	26,732,000	26,732,000	26,732,000	0	
Accumulated funds	4,973,826	6,137,982	7,204,150	1,066,168	
Reserves	12,177,247	12,781,404	15,347,292	2,565,888	4
Total equity	**43,883,073**	**45,651,386**	**49,283,442**	**3,632,056**	

Notes to previous table:

1. Variances are mainly due to the updating of opening balances to reflect balances in the audited 2020/2021 annual report.
2. The decrease in investments in associates and joint ventures is due to timing changes in the City Rail Link project funding.
3. The decrease in borrowings is mainly due to better than expected revenue received in 2021/2022, under-delivery of capital projects in 2021/2022 and deferrals of 2022/2023 capital projects into future years.
4. The increase in reserves is mainly due to higher than expected asset revaluations in 2020/2021 and 2021/2022, and timing changes in the revaluation cycle.

Prospective statement of changes in equity

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Contributed equity					
Opening balance	**26,732,000**	**26,732,000**	**26,732,000**	**0**	
Surplus after income tax	0	0	0	0	
Other comprehensive revenue	0	0	0	0	
Total comprehensive revenue	0	0	0	0	
Transfer to/ (from) reserves	0	0	0	0	
Balance as at 30 June	**26,732,000**	**26,732,000**	**26,732,000**	**0**	
Accumulated funds					
Opening balance	4,030,118	4,973,826	6,155,473	1,181,647	1
Surplus/ (deficit) after income tax	913,868	1,137,943	1,044,489	(93,454)	2
Other comprehensive revenue	0	0	0	0	
Total comprehensive revenue	**913,868**	**1,137,943**	**1,044,489**	**(93,454)**	
Transfer to/ (from) reserves	29,840	26,213	4,188	(22,025)	
Balance as at 30 June	**4,973,826**	**6,137,982**	**7,204,150**	**1,066,168**	
Reserves					
Opening balance	12,007,561	12,177,247	15,167,950	2,990,703	1, 3
Surplus after income tax	0	0	0	0	
Other comprehensive revenue	199,526	630,370	183,530	(446,840)	3
Total comprehensive revenue	**199,526**	**630,370**	**183,530**	**(446,840)**	
Transfer to/ (from) reserves	(29,840)	(26,213)	(4,188)	22,025	
Balance as at 30 June	**12,177,247**	**12,781,404**	**15,347,292**	**2,565,888**	
Total equity					
Opening balance	**42,769,679**	**43,883,073**	**48,055,423**	**4,172,350**	
Surplus after income tax	913,868	1,137,943	1,044,489	(93,454)	
Other comprehensive revenue	199,526	630,370	183,530	(446,840)	
Total comprehensive revenue	**1,113,394**	**1,768,313**	**1,228,019**	**(540,294)**	
Transfer to/ (from) reserves	0	0	0	0	
Balance as at 30 June	**43,883,073**	**45,651,386**	**49,283,442**	**3,632,056**	

Notes to previous table:

1. Variances are mainly due to the updating of opening balances to reflect balances in the audited 2020/2021 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 variance is mainly due to higher than expected asset revaluations in 2020/2021 and 2021/2022, and timing changes in the revaluation cycle.

Prospective statement of cash flows

Auckland Council group consolidated

$000 FINANCIAL YEAR ENDING 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Cash flows from operating activities					
Receipts from rates revenue	2,117,083	2,248,526	2,277,225	28,699	1
Receipts from grants and other services	3,087,995	3,290,006	3,464,984	174,978	2
Interest received	3,480	3,173	2,856	(317)	
Dividends received	6,541	30,336	8,699	(21,637)	3
Payments to suppliers and employees	(3,119,173)	(3,315,158)	(3,477,875)	(162,717)	4
Income tax refund/(paid)	0	0	0	0	
Interest paid	(445,755)	(476,836)	(503,383)	(26,547)	5
Net cash inflow from operating activities	**1,650,171**	**1,780,047**	**1,772,506**	**(7,541)**	
Cash flows from investing activities					
Sale of property, plant and equipment, investment property and intangible assets	132,283	106,238	106,238	0	
Purchase of property, plant and equipment, investment property and intangible assets	(2,300,220)	(2,463,860)	(2,166,964)	296,896	6
Acquisition of other financial assets	(7,291)	(8,237)	(7,433)	804	
Proceeds from Sale of other financial assets	0	0	0	0	
Investment in joint associates and ventures	(490,000)	(456,000)	(514,000)	(58,000)	7
Advances to external parties	0	0	0	0	
Proceeds from community loan repayments	4,420	3,871	3,138	(733)	
Net cash outflow from investing activities	**(2,660,808)**	**(2,817,988)**	**(2,579,021)**	**238,967**	
Cash flows from financing activities					
Proceeds from borrowings	2,355,141	2,294,758	2,012,523	(282,235)	
Repayment of borrowings	(1,444,504)	(1,256,817)	(1,206,008)	50,809	
Net cash inflow from financing activities	**910,637**	**1,037,941**	**806,515**	**(231,426)**	8
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	**(100,000)**	**0**	**0**	**0**	
Opening cash and cash equivalents and bank overdrafts	200,000	100,000	100,000	0	
Closing cash and cash equivalents and bank overdrafts	**100,000**	**100,000**	**100,000**	**0**	

Notes to previous table:

1. The increase in rates receipts is mainly due to the introduction of the Climate Action Targeted Rate, partially offset by the removal of the Accommodation Provider Targeted Rate.
2. The increase in subsidies and grants is due to funding received from central government for the Three Waters reform, a carry-forward of funding for projects that were deferred from 2021/2022, and increased public transport subsidies from Waka Kotahi to top up fare box revenue. This is partially offset by lower Waka Kotahi capital subsidies as a result of a deferral of transport capital projects.
3. The decrease is due to lower projected dividends from our investment in Auckland International Airport Limited, which mainly reflects the impact of COVID-19 on returns.
4. The increase in payments to suppliers and employees is mainly due to a carry-forward of budgets for delayed projects, higher forecast staff inflation, and other cost pressures as a result of higher inflation and the impact of COVID-19 on supply chains.
5. The increase in interest paid is mainly due to higher forecast interest rates, partially offset by lower opening borrowings and lower forecast borrowing for the year due to the deferral of capital projects.
6. The decrease in purchase of property, plant and equipment is as a result of deferrals of capital projects in response to budget pressures.
7. The decrease in investments in joint associates and ventures is due to lower funding to City Rail Link Limited as a result of timing changes to the project.
8. The decrease in borrowings is mainly as a result of a deferral of capital projects, lower funding due to timing changes to the City Rail Link project, and higher water infrastructure growth charges.

Notes to the prospective financial statements

Note 1: Statement of significant accounting policies

Basis of reporting

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

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

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

The Group and council have a balance date of 30 June and these prospective financial statements are for the period from 1 July 2022 to 30 June 2023. The actual results achieved for the period covered by this plan are likely to vary from the information presented in this document, and these variances may be material. The Group and council do not intend to update the prospective financial statements after publication.

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

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

Basis of preparation

These consolidated prospective financial statements are prepared:

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

They comply with PBE FRS 42 Prospective financial statements.

They were adopted by the Governing Body of Auckland Council on 29 June 2022.

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

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

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

- Property, plant and equipment
- Derivative financial instruments
- Provisions and financial guarantees
- Classification of joint arrangements

Refer to note 2 for significant forecasting assumptions.

Comparative information

The 10-year Budget 2021-2031 adopted by the council on 29 June 2021 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.

Basis of consolidation

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

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

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

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

PBE Combinations involving entities under common control

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

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

The substantive subsidiaries within the group comprise the following:

NAME	PRINCIPAL ACTIVITY AND NATURE OF RELATIONSHIP WHERE THERE IS NO DIRECT OWNERSHIP	CCO	PERCENTAGE OWNERSHIP %	
			2021/ 2022	2022/ 2023
Auckland Transport	Owns the public transport network and manages the transport infrastructure and services in Auckland. **Auckland Transport is a body corporate with perpetual succession and is treated under the LGACA 2009 as if the council is its sole shareholder.*	Yes	*	*
Eke Panuku Development Auckland Limited	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
Tātaki Auckland Unlimited Limited	Manages projects for economic development, tourism and events promotion in the Auckland region. (Previously known as Auckland Unlimited Limited)	Yes	100	100
Tātaki Auckland Unlimited Trust	Supports and promotes the engagement of the Auckland community in arts, culture, heritage, leisure, sports and entertainment activities and develops, owns and manages the venues for these activities. **Tātaki Auckland Unlimited Trust (previously known as Regional Facilities Auckland Trust) is a charitable trust of which Tātaki Auckland Unlimited Limited, 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 water and wastewater infrastructure.	Yes	100	100

Significant restrictions

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

- Tātaki Auckland Unlimited Limited is a charitable trust, Auckland Council is unable to access its assets.
- As provided for in the Local Government (Auckland Council) Act 2009 section 57, Auckland Council may not receive a dividend or distribution of surpluses from Watercare Services Limited.

Implementation of new and amended standards

Standards issued but not yet effective

PBE IPSAS 41 Financial Instruments

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

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022. The group has adopted PBE FRS 48 in the prospective statement of service performance. The adoption resulted in the disclosure of judgements used in the selection, measurement and aggregation of service performance information at the beginning of the Groups of Activity section.

Summary of significant accounting policies

ITEM	POLICY
Prospective statement of comprehensive revenue and expenditure	
Revenue	

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

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

Consents	Building consents provide approval for specific building works on a specific site, and resource consents provide approval for projects that impact the environment or others. Consent revenue is recognised when consents are provided at the fair value of the amount receivable.
Licences and permits	On receipt of application as these are non-refundable.
Other revenue	
Infrastructure growth charge revenue	Infrastructure growth charge revenue is recognised when payment is received for approved connections.
Regional fuel tax	Regional fuel tax is a tax of 10 cents per litre of fuel (plus GST) which is collected to fund transport projects. Revenue is recognised when the supply of fuel occurs in the Auckland region at the fair value of the amount received or receivable.
Expenditure	
Employee benefits	Employee entitlements for salaries and wages, annual leave, long service leave and other similar benefits are recognised as an expense and liability when they accrue to employees.
Grants and subsidies	Discretionary grants and subsidies are recognised as expenses when the group and the council have advised their decision to pay and when the attached conditions, if any, are satisfied. Non-discretionary grants are recognised as expenses on receipt of an application that meets the specified criteria.
Finance Costs	Finance costs include interest expense, amounts paid or payable on interest rate swaps, amortised borrowing costs, net realised losses on the early close-out of derivatives and costs directly incurred in managing funding. Interest on debt and finance leases is recognised using the effective interest method.
Income tax	Income from the council and some CCOs is exempt from income tax under the Income Tax Act 2007, except for certain income received from CCOs and port-related commercial undertakings. Income tax comprises current tax and deferred tax calculated using the tax rate that has been enacted or substantively enacted by the balance date. Income tax is charged or credited to the surplus or deficit, except when it relates to items that are recognised in other comprehensive revenue and expenditure or directly in equity, 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 or refundable in the current period, plus any adjustments to income tax payable in respect of prior periods. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.
Operating Leases	Lessee The group and the council lease property, plant and equipment from third parties in the normal course of business with lease terms varying from 1 month to 71 years. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the lease term. Lessor The group and the council lease certain property, plant and equipment to third parties including land and buildings and some commercial and residential property. The leases have non-cancellable periods ranging from 1 month to 99 years with subsequent renewals negotiated with the lessee. Rental revenue (net of any incentives given to lessees) is recognised as revenue on a straight-line basis over the lease term
Prospective statement of financial position	
Cash and cash equivalents	Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments, net of bank overdraft classified under current liabilities. The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

Receivables and prepayments	Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision for impairment of receivables The provision for impairment of receivables is determined based on an expected credit loss (ECL) model. In assessing credit losses for receivables, the group and the council apply the simplified approach and record lifetime ECL on receivables. Lifetime ECLs result from all possible default events over the expected life of a receivable. The group and the council use the provision matrix based on historical credit loss experience upon initial recognition of the receivable, using reasonable assumptions and any available customer information. In assessing ECLs on receivables the group and the council consider both quantitative and qualitative inputs. Quantitative data includes past collection rates, ageing of receivables, and trading outlook. Qualitative inputs include past trading history with the group and the council. To measure the ECL, all receivables have been grouped based on shared credit risk characteristics and the days overdue. Expected loss rates are applied based on payment profiles and corresponding historical credit losses experienced within the year. Expected loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their debt.
Derivative financial instruments	The group and the council use derivative financial instruments, such as forward foreign currency contracts and interest rate swaps to mitigate risks associated with foreign currency and interest rate fluctuations. The group and the council do not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit, except for the effective portion of derivatives designated in cash flow hedges. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative assets and derivative liabilities are classified as current when the maturity is 12 months or less from balance date or non-current when the maturity is more than 12 months from balance date. Cash flow hedges The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised directly in other comprehensive revenue and expenditure. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. On derecognition, amounts accumulated in cash flow hedge reserve are transferred to surplus or deficit. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in cash flow hedge reserve is recognised immediately in the surplus or deficit. When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognised in other comprehensive revenue and expenditure are transferred to the initial cost of the carrying amount of the non-financial asset or liability.

Other financial assets

The group and the council's other financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Other financial assets of the Group include unit trusts, loans to related parties, credit support annex, bonds, borrower notes, community loans and listed and unlisted shares.

Impairment of loans to related parties

Impairment of loans to related parties reflect the group and the council's ECLs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group and the council expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For those financial instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities. The quoted market price used for financial assets held by the Group is the bid price at reporting date.

Level 2- Inputs other than quoted prices included within level 1 using observable market inputs for the asset or liability, either directly or indirectly.

Level 3- Inputs for the asset or liability that are not based on observable market data.

For the purpose of measurement, the group and the council's financial assets and liabilities are classified into categories. The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

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

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net-basis for like items.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses, if any, are recognised in the surplus or deficit.

Increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment	The property, plant and equipment of the group and the council are classified into three categories: • **Infrastructure assets** include land under roads and systems and networks integral to the city's infrastructure. These assets are intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded. • **Operational assets** include property, plant and equipment used to provide core council services, either as a community service, for administration, or as a business activity. Other operational assets include landfills, motor vehicles, office equipment, library books and furniture and fittings. • **Restricted assets** include property and improvements where the use or transfer of title outside the group or the council is legally restricted. **Initial recognition and subsequent measurement** Property, plant and equipment is initially recognised at cost, unless acquired through a non-exchange transaction, in which case the asset is recognised at fair value at the date of acquisition. The cost of third party constructed assets generally comprises the sum of costs invoiced by the third party. The cost of self-constructed assets comprises purchase costs, time allocations and excludes, where material, any abnormal costs and internal surpluses. Subsequent costs that extend or expand the asset's future economic benefits and service potential are capitalised. After initial recognition, certain classes of property, plant and equipment are revalued. Work in progress is recognised at cost less impairment, if any, and is not depreciated. **Depreciation** Depreciation is provided on all property, plant and equipment except for land, works of art and specified cultural heritage assets. Depreciation is calculated to write down the cost or revalued amount of the assets on a straight-line basis over their useful economic lives. **Useful lives** The useful lives used to calculate the depreciation of property, plant and equipment are as follows:

ASSET CLASS	ESTIMATED USEFUL LIFE (YEARS)	ASSET CLASS	ESTIMATED USEFUL LIFE (YEARS)
INFRASTRUCTURE		**OPERATIONAL (CONTINUED)**	
Land and road formation	Indefinite	Bus stations and shelters	10 - 40
Roads	3 - 110	Marinas	9 - 45
Water and wastewater	10 - 201	Rolling stock	5 - 35
Machinery	3 - 200	Wharves	4 - 100
Stormwater	15 - 150	Works of art	Indefinite
Other infrastructure	3 - 80	Other operational assets	1 - 60
OPERATIONAL		**RESTRICTED**	
Land	Indefinite	Parks and reserves	Indefinite
Building	10 - 100	Buildings	5 - 100
Specialised sporting and cultural venues	3 - 100	Improvements	2 - 50
Train stations	6 - 60	Specified and cultural heritage assets	Indefinite

Disposals

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

Impairment

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

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

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

Revaluation

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

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

Intangible assets	**Initial recognition and subsequent measurement** Purchased intangible assets are initially recognised at cost. For internally generated intangible assets, the cost includes direct employee costs, a reasonable portion of overhead and other direct costs that are incurred within the development phase of the asset. Intangible assets acquired at no cost are initially recognised at fair value where they can be reliably measured. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. **Amortisation** Amortisation is provided on intangible assets, except rights to acquire, and is calculated to write down the cost of the assets on a straight-line basis over their useful economic lives. **Useful lives** The useful lives used to calculate the amortisation of intangible assets are as follows:

CLASS OF INTANGIBLE ASSET	ESTIMATED USEFUL LIFE (YEARS)
Community rights	4 - 35
Computer software	3 - 15
Intellectual property	3 - 35
Other intangible assets	6 - 63

Disposals

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

Impairment

Intangible assets are tested annually for impairment. An impairment loss is recognised in surplus or deficit for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows. For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost.

Investment property	Investment property includes land, commercial buildings and water space licences held to generate income. Investment property is initially recognised at cost and subsequently measured at fair value. Valuations are undertaken, annually by independent registered valuers with appropriate recognised professional qualifications and recent experience in Auckland and in investment properties. Gains or losses arising from changes in fair value are included in surplus or deficit. Investment properties are valued individually and not depreciated.
Investment in joint ventures and associates	Investments in associates and joint ventures are accounted for using the equity method in the group and the council financial statements. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the surplus or deficit of the associate or joint venture after the date of acquisition. Distributions received reduce the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies in line with the group.
Payables and accruals	Current payables and accruals represent amounts payable within 12 months of balance date and are recognised at cost. Current payables and accruals are non-interest bearing and normally settled on 30-day terms; therefore, the carrying value approximates fair value. Non-current payables and accruals represent amounts payable more than 12 months from balance date and are measured at the present value of the estimated future cash outflows.
Employee entitlements	Employee entitlements to be settled within 12 months of balance date are reported at the amount expected to be paid. All other employee benefits are reported within non-current liabilities and are measured at the present value of estimated future cash outflows
Borrowings	Borrowings are initially recognised at face value plus transaction costs and are subsequently measured at amortised cost using the effective interest method. Foreign currency borrowings are translated into NZD using the spot rates at balance date. Foreign exchange gains and losses resulting from the settlement of borrowings and from translation are recognised in the surplus or deficit.

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

Note 2: Significant forecasting assumptions

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

Uncertainty

This budget has been prepared in a period of high global uncertainty. Ongoing impacts of the COVID-19 pandemic have been compounded by a rapidly changing economic environment, supply chain challenges and the conflict in Ukraine.

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

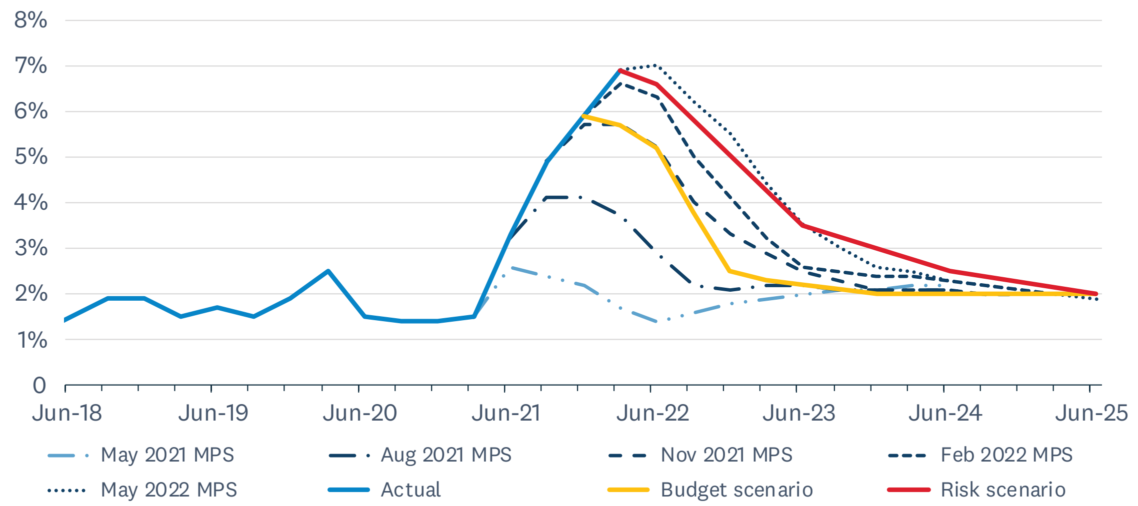
- Low level of uncertainty – information available to council points to a high likelihood of the assumption being accurate and/ or most of the variables are under council's control.
- Moderate level of uncertainty – council has most of the information available on the assumption but variables outside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

Assumptions updated for Annual Budget 2022/2023

ASSUMPTION DATA FOR ANNUAL BUDGET 2022/2023 AND SOURCE	RISKS AN RISKS AND IMPACTS
COVID-19 related government health restrictions	
The impact of the COVID-19 pandemic and the associated disruption to public movement and international travel is a key driver of the financial pressures that the council group currently faces. The primary impact of this disruption is on our revenue sources. Key areas of impact are projected to be public transport, facilities, ports activity, and airport dividends. Forecasts for this budget are based on latest information and expectations and assumed: • COVID-19 traffic light settings remain at Orange for the first two quarters of the 2022/2023 year, with the remaining two quarters at Green • International borders are open for all of the year, with some restrictions • Limited international events for first half of financial year due to border uncertainty • Full schedule of domestic events, but may be limited through behavioural caution (especially at Orange). Impacts on the timing and projected level of dividends received from the council's shareholding in Auckland International Airport Limited are based on assessments by market analysts. The further impacts of COVID-19 on factors such as population growth, development contributions revenue and inflation have been incorporated into the relevant assumptions below.	**Risk** – The periods in different alert levels and of border restrictions differ from those in our balanced scenario. **Level of uncertainty** – High **Impacts** - The primary area of impact would be on our revenue streams. The council's revenue reduction as a result of the COVID-19 pandemic is projected to be around $900 million. In the case of a serious resurgence or new variant of COVID-19, with or without traffic light or border changes, it is likely that revenue streams will be negatively impacted. Additionally further restrictions or labour availability issues may limit the council group's ability to deliver capital investment and services. Any significant changes to the COVID-19 situation will carefully be monitored and considered via the council group's forecasting and budgeting processes. The full range of financial options to respond can be considered via future budget processes. Sufficient financial flexibility and adequate debt headroom will be maintained to mitigate the risk of a further revenue shock causing our ratio of debt to revenue to exceed our policy limit of 290 per cent.

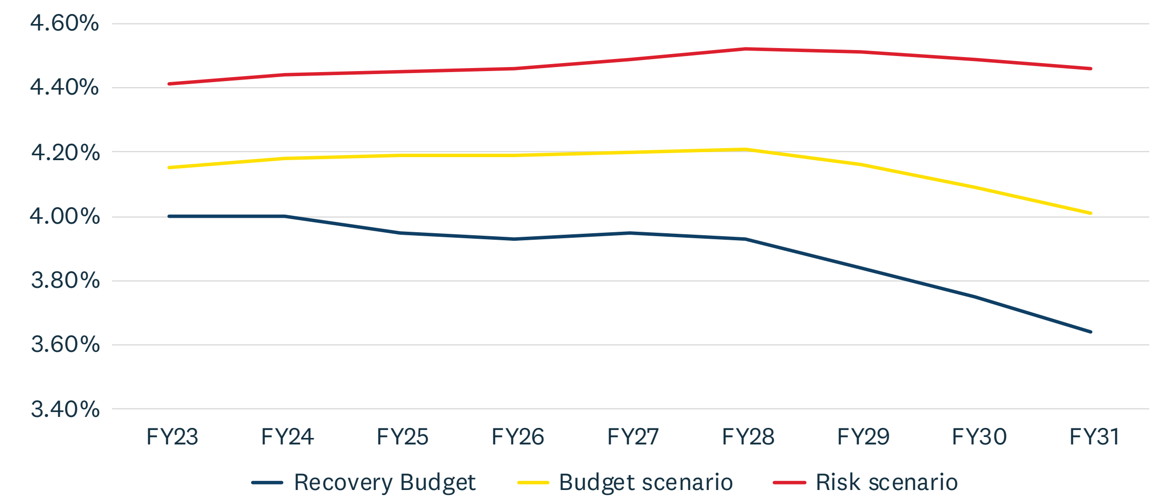
ASSUMPTION DATA FOR ANNUAL BUDGET 2022/2023 AND SOURCE	RISKS AN RISKS AND IMPACTS
Inflation	
Economic projections in May 2021 expected supressed inflation through the 2022 and 2023 financial years, as economies recovered from COVID-19, before returning to the 2 per cent mid-point of the RBNZ target range. The impacts of rapidly recovering economies, global supply chain constraints, and conflict in Ukraine have however increased prices globally and subsequent CPI results and projections have forecast higher and higher short-term inflation. The is no single "council inflation figure" that is automatically applied to all budgets. However, to ensure a consistent view of overall economic trends Auckland Council uses a number of information sources (both internal and external) to inform projections of inflationary impacts on its costs and revenues. One key source is the projections included in the quarterly Reserve Bank of New Zealand (RBNZ) Monetary Policy Statements (MPSs). The rapid recent changes in the global economy have been reflected in increases to the RBNZ inflation projections over the past year. The chart below includes the MPS forecasts from May 2021 through to May 2022 as dashed blue lines. It was suggested, when budgets were refreshed, that council departments and CCOs look to the CPI projections included in the RBNZ Monetary Policy Statement in November last year. These included projected annual CPI figures of 5.2 per cent for 2021/2022 and 2.5 per cent for 2022/2023. The chart below shows this budget scenario as a yellow line. The inflationary pressures faced by the council group are different to those faced by household consumers, and are also very different for different types of activities across the council group. When operational staff assess their budgets they consider business specific inflationary pressures, contractual arrangements, and supply chain pressures.	**Risk** - Actual inflation is different from forecast inflation. **Level of uncertainty** – High **Impacts** - If inflation is higher than projected the cost of providing services would be higher than planned. If inflation is lower than projected the cost of providing services would be lower. An additional 1 per cent of inflation could add around $20 million of net operating pressure, depending on how it flows through to specific cost and revenue lines. The red line included in the below chart shows an inflation projection risk scenario that would lead to notably higher operating costs and would (along with higher interest costs) increase the ongoing operating budget gap from $90m to $150m. Options available to address higher levels of inflation through future budgets have been detailed in the previous section.

Inflation outlook



ASSUMPTION DATA FOR ANNUAL BUDGET 2022/2023 AND SOURCE	RISKS AN RISKS AND IMPACTS
Interest rates	
Changes to the economic environment over the past year have led to significant changes to debt markets. In response to the inflationary pressures identified above central banks have increased their cash rates and this has led to higher costs of borrowing. 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. The council's treasury department has provided interest rate projections based on an assessment of market rates and anticipated borrowing requirements. For the 2022/2023 year the forecast weighted average interest rate on council borrowing is projected to be 4.41 per cent.	**Risk** – Prevailing interest rates differ significantly from those forecasted. **Level of uncertainty** – Moderate **Impacts** – Increases in interest rates flow through to higher debt servicing costs and higher rates funding requirements. For every 1.0 percentage point change in market interest rates, the council's debt servicing costs for 2022/2023 would change by around $20 million, due to the level of interest rate hedging currently in place. The impact in subsequent years would be higher due to lower level of interest rate hedging and the higher overall levels of borrowing. For a single 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. The red line included in the below chart shows an interest rate projection risk scenario that would lead to notably higher costs of borrowing and would (along with higher inflation) increase the ongoing operating budget gap from $90m to $150m. Options available to address this higher budget gap through future budgets have been detailed in the previous section.

Forecast cost of borrowings



Government transport funding	
The Auckland Transport Alignment Project (ATAP) was established in 2015 to improve local and central government collaboration on transport planning and funding for Auckland. On 12 March 2021, the Minister of Transport, Michael Wood and Auckland Mayor Phil Goff released the ATAP 2021-2031 programme that invests around $31.4 billion into critical transport infrastructure and services around Auckland. Our assumptions for the council's 10-year Budget 2021-2031 were based on the commitments made through the ATAP process. A number of subsequent decisions made by Waka Kotahi NZ Transport Agency have reduced the expected funding level and budgets have been updated to reflect this. The package of investment in transport infrastructure funded by the Climate Action Targeted Rate is assumed to be supported by additional government co-funding, but only from 2025/2026. Therefore, this Annual Budget includes no additional government funding in 2022/2023 to support this package. For 2022/2023 we have assumed the council will receive funding from Waka Kotahi made up of $417 million of operating subsidies and $429 million of capital subsidies.	**Risk** – That assumed funding levels cannot be achieved through Waka Kotahi processes. **Level of uncertainty** – High **Impacts** – If the capital contribution level is lower than assumed, then transport capital expenditure would be less than projected. Conversely, if the level of capital contribution is higher than assumed this would enable an increase in transport capital expenditure. If the level of operating subsidy available increases this would reduce the amount of rates funding required for operating costs and free up this funding to invest in additional infrastructure or services. A reduction may necessitate reduced services or investment, or additional funding from another source such as increased borrowing or rates.

ASSUMPTION DATA FOR ANNUAL BUDGET 2022/2023 AND SOURCE	RISKS AN RISKS AND IMPACTS
Capital project projections	
Projections around cost and timing for individual capital projects are based on the best available information at the time of adoption and are set at the expected total project cost. Capital expenditure budgets for both Auckland Council and Auckland Transport have been adjusted to incorporate a likely level of underdelivery. The largest item of capital investment for the council group is the City Rail Link. City Rail Link Ltd (CRL Ltd) is currently assessing the impact the COVID-19 pandemic is having on the project's construction timetable and its costs. CRL Ltd will have more clarity around those two issues later this year. Given the high level of uncertainty of the new projected cost of the project, council budgets will not be updated until more information is known.	**Risk** – That the costs or timing of projects is different from that forecast. **Level of uncertainty** – High **Impact** – If the costs are lower than projected this will result in lower council borrowing. If costs are higher than projected then action will be needed to manage funding capacity. The timing of other projects may need to be changed. Variance to the timing of projects will both impact the project's funding requirement and could impact levels of service indicated in the 10-year Budget.
Development contribution revenue	
Auckland Council's current Financial Strategy and Revenue and Financing Policy states that growth-related infrastructure investment should be funded from development contributions. The council adopted a new Development Contributions Policy in December 2021 to enable the fair recovery of this investment. This policy came into effect from January 2022. This budget assumes development contributions revenue for 2022/2023 of $265 million.	**Risk** – that development growth occurs at a different pace than projected. **Level of uncertainty** – High **Impacts** – If development occurs more slowly than projected, the recovery period will be extended and the delay may need to be covered by additional borrowing. It may also be that the capital programme needs to be slowed. If development occurs earlier than projected revenue levels will increase, and the capital programme may need to be accelerated to support the development.
Weathertightness and other building defect claims	
The council has considered the financial impact of weathertightness and other building defect claims, including those already lodged and potential claims. On the basis of an actuarial assessment, a provision was established at 1 November 2010 for future weathertightness claims. Based on an updated assessment completed in December 2021, the council is forecasting claim payments of $110 million in 2022/2023. 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 **Impacts** – If claims are higher or lower than forecast, then the council's levels of borrowing and the associated borrowing costs will also be higher or lower than forecast. Depending on how large the variance is, it may affect future forecast rate requirements.
Asset sales	
Asset recycling is an important lever for the council as it allows capital to be re-invested in assets that support more strategically important activities. In this budget, we set an asset recycling target of $70 million for 2022/2023. On top of the general asset recycling target 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). This budget includes $36 million of income from this.	**Risk** – That sufficient disposals are not identified or realised to achieve the targets set. **Level of uncertainty** – Moderate **Impacts** – If the level of asset sales is higher or lower than forecast it will result in changes to the level, and pace, of capital investment that the council can prudently undertake.

ASSUMPTION DATA FOR ANNUAL BUDGET 2022/2023 AND SOURCE	RISKS AN 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 adjustments 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 2022/2023 of 1.92 per cent.	**Risk** – Growth differs significantly from forecasted. **Level of uncertainty** – High **Impacts** – If the growth in the rating base is higher or lower than this projection this will result in rates revenue above or below that projection. A 0.1 per cent variance in the growth experienced would result in a movement in total general rates revenue of around $2 million.
Water reform	
Over recent years the government has led the Three Waters Reform programme to review the governance and management of water activity across New Zealand. This includes water supply, wastewater management and disposal, and stormwater management. While it is acknowledged that this programme could result in some fundamental changes for Auckland at this stage there is not yet enough certainty to reflect any changes in this budget, with the exception of the committed Better Off funding of $127 million.	**Risk** – That the programme results in significant change for Auckland. **Level of uncertainty** – High **Impacts** – The potential outcomes of the reform are varied and could have a significant impact on the council group's revenues, assets, liabilities and the services we provide.

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	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE
Operating surplus/ (deficit) after income tax per Prospective Statement of comprehensive revenue	**913,868**	**1,137,943**	**1,044,489**	**(93,454)**
Items recognised as income in Statement of comprehensive revenue and as capital expenditure funding sources in Funding Impact Statement:				
Capital subsidies	(474,305)	(529,246)	(501,661)	27,585
Development contributions	(247,897)	(265,252)	(265,252)	0
Non-cash items recognised in Statement of comprehensive revenue and not included in Funding Impact Statement:				
Depreciation	1,062,891	1,105,449	1,141,054	35,605
Depreciation of make good provision added back in funding impact statement	0	0	0	0
Discounting of provisions	1,682	1,137	1,135	(2)
Recognition of revenue from vested assets	(449,821)	(453,660)	(447,743)	5,917
Un-realised fair value gains and losses	(1,040)	(1,061)	(1,061)	0
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	5,335	4,576	3,928	(648)
Retro-fit your home targeted rate interest component recognised as revenue in the statement of comprehensive income	(915)	(705)	(790)	(85)
Share of equity accounted (surplus) / deficit from associates not distributed by way of dividends to Auckland Council	14,511	14,777	15,117	340
Prepaid lease revenue recognised in funding impact statement				
Income tax recognised in statement of comprehensive revenue not included in the funding impact statement	65,574	82,052	89,265	7,213
Operating funding surplus/ (deficit) per Prospective Funding Impact Statement	**889,883**	**1,096,010**	**1,078,481**	**(17,529)**

Note 4: Reserve funds

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

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

The funding flows for these reserves are:

$000	ANNUAL REPORT 30 JUNE 2021	DEPOSITS	WITHDRAWALS	BUDGET 30 JUNE 2022	DEPOSITS	WITHDRAWALS	ANNUAL PLAN 30 JUNE 2023
Cash flow hedge reserve	4,372	0	0	4,372	0	0	4,372
Available-for-sale investment revaluation reserve	369,238	0	0	369,238	0	0	369,238
Share of associates' reserves	0	0	0	0	0	0	0
Asset revaluation reserve	13,029,472	1,399,571	0	14,429,043	183,530	0	14,612,573
RESTRICTED EQUITY RESERVES							
Statutory funds	4,253	0	0	4,253	0	(355)	3,898
Trust and bequests	1,536	64	(88)	1,512	76	(85)	1,503
Regional fuel tax reserve	254,950	136,000	(182,700)	208,250	150,000	(182,700)	175,550
Other restricted equity	36,347	8,583	(9,121)	35,809	13,791	(13,439)	36,161
Total restricted equity	**297,086**	**144,647**	**(191,909)**	**249,824**	**163,867**	**(196,579)**	**217,112**
TARGETED RATES RESERVES							
Central City targeted rate reserve	44,922	24,774	(12,492)	57,204	25,440	(22,966)	59,678
Riverhaven Drive targeted rate reserve	(322)	40	0	(282)	44	0	(238)
Jackson Crescent wastewater targeted rate reserve	(2)	0	0	(2)	1	0	(1)
Point Wells wastewater targeted rate reserve	(35)	14	0	(21)	11	0	(10)
Open space/ Volcanic cones	2,335	53	0	2,388	77	0	2,465
Water quality targeted rate reserve	8,512	45,176	(21,621)	32,067	47,592	(39,455)	40,204
Natural environment targeted rate reserve	17,791	30,633	(28,610)	19,814	31,178	(37,252)	13,740
Accommodation provider targeted rate reserve	0	0	0	0	0	0	0
Rodney Local Board transport targeted rate reserve	6,973	4,821	(7,489)	4,305	4,822	(6,260)	2,867
Climate action targeted rate reserve	0	0	0	0	45,412	(20,120)	25,292
Total targeted rates reserves	**80,174**	**105,511**	**(70,212)**	**115,473**	**154,577**	**(126,053)**	**143,997**
Total reserves	**13,780,342**	**1,649,729**	**(262,121)**	**15,167,950**	**501,974**	**(322,632)**	**15,347,292**

Note 5: Auckland Council (parent) financial statements

Prospective statement of comprehensive revenue and expenditure

Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Revenue					
Rates	2,129,236	2,261,238	2,290,007	28,769	1
Fees and user charges	306,927	317,322	327,145	9,823	
Grants and subsidies	78,770	33,043	219,407	186,364	2
Development and financial contributions	247,897	265,252	265,252	0	
Other revenue	244,113	282,675	263,954	(18,721)	3
Vested assets	105,847	107,205	107,205	0	
Finance revenue measured using effective interest method	31,606	30,794	30,537	(257)	
Other finance revenue	101,198	114,377	116,305	1,928	
Total revenue	**3,245,594**	**3,411,906**	**3,619,812**	**207,906**	
Expenditure					
Employee benefits	586,023	591,563	620,447	28,884	4
Depreciation and amortisation	300,943	311,091	327,624	16,533	5
Grants, contributions and sponsorship	1,127,221	1,179,757	1,216,696	36,939	6
Other operating expenses	713,763	736,817	824,716	87,899	7
Finance costs	429,203	459,288	485,834	26,546	8
Total expenditure	**3,157,153**	**3,278,516**	**3,475,317**	**196,801**	
Operating surplus/(deficit) before gains and losses	**88,441**	**133,390**	**144,495**	**11,105**	
Share of surplus/(deficit) in associates and joint ventures	(12,597)	(12,895)	(10,834)	2,061	
Surplus/(deficit) before income tax	**75,844**	**120,495**	**133,661**	**13,166**	
Income tax expense	0	0	0	0	
Surplus/(deficit) after income tax	**75,844**	**120,495**	**133,661**	**13,166**	
Other comprehensive revenue/ (expenditure)					
Net gain on revaluation of property, plant and equipment	199,515	0	0	0	
Tax on revaluation of property, plant and equipment					
Total other comprehensive revenue	**199,515**	**0**	**0**	**0**	
Total comprehensive revenue/(expenditure)	**275,359**	**120,495**	**133,661**	**13,166**	

Notes to previous table:

1. The increase in rates is mainly due to the introduction of the Climate Action Targeted Rate, partially offset by the removal of the Accommodation Provider Targeted Rate.
2. The increase in subsidies and grants is mainly due to funding received from central government for the Three Waters reform and a carry-forward of funding for projects that were deferred from 2021/2022.
3. The decrease in other revenue is mainly due to lower projected dividends from our investment in Auckland International Airport Limited, which mainly reflects the impact of COVID-19 on returns.
4. The increase in employee benefits is mainly due to higher forecast staff inflation.
5. The increase in depreciation is mainly due to earlier, and higher than expected revaluations of property, plant and equipment in prior years.
6. The decrease in grants, contributions and sponsorship is due to lower funding to CCOs for capital projects due to a lower capital programme, partially offset by higher operating funding to CCOs as a result of inflation and cost pressures.
7. The increase in other operating expenses is mainly due to cost pressures as a result of higher inflation and the impact of COVID-19 on supply chains, as well as costs carried forward from the prior year for delayed projects.
8. The increase in finance costs is mainly due to higher forecast interest rates, partially offset by lower opening borrowings and lower forecast borrowing for the year due to the deferral of capital projects.

Prospective statement of financial position

Auckland Council parent

$000 AS AT 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Assets					
Cash and cash equivalents	80,000	80,000	80,000	0	
Receivables and prepayments	373,780	391,995	326,868	(65,127)	1
Derivative financial instruments	3,000	3,000	1,482	(1,518)	
Other financial assets	92,000	92,000	81,506	(10,494)	1
Inventories	14,566	14,857	17,312	2,455	
Income tax receivable	0	0	0	0	
Non-current assets held-for-sale	106,239	173,667	173,666	(1)	
Total current assets	**669,585**	**755,519**	**680,834**	**(74,685)**	
Non-current assets					
Receivables and prepayments	20,943	21,970	39,270	17,300	1
Derivative financial instruments	429,000	429,000	451,660	22,660	
Other financial assets	4,675,820	4,944,170	5,343,466	399,296	1
Property, plant and equipment	17,478,803	17,757,338	18,674,109	916,771	1
Intangible assets	312,102	317,076	265,064	(52,012)	1
Investment property	485,000	485,000	561,556	76,556	1
Investments in subsidiaries	19,681,000	19,681,000	19,692,817	11,817	1
Investments in associates and joint ventures	1,432,954	1,871,759	1,833,821	(37,938)	2
Other non-current assets	4,060	5,121	4,412	(709)	
Total non-current assets	**44,519,682**	**45,512,434**	**46,866,175**	**1,353,741**	
Total assets	**45,189,267**	**46,267,953**	**47,547,009**	**1,279,056**	

$000 AS AT 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Liabilities					
Current liabilities					
Payables and accruals	747,963	755,477	1,001,693	246,216	1
Employee entitlements	70,322	70,987	65,950	(5,037)	1
Borrowings	1,262,528	1,381,092	1,301,764	(79,328)	3
Derivative financial instruments	31,000	31,000	910	(30,090)	
Provisions	65,512	44,742	64,976	20,234	1
Total current liabilities	**2,177,325**	**2,283,298**	**2,435,293**	**151,995**	
Non-current liabilities					
Payables and accruals	135,894	137,249	174,657	37,408	1
Employee entitlements	1,019	1,029	1,367	338	
Borrowings	9,977,687	10,914,680	10,287,760	(626,920)	3
Derivative financial instruments	1,678,000	1,678,000	679,945	(998,055)	
Provisions	309,828	223,688	277,678	53,990	1
Total non-current liabilities	**12,102,428**	**12,954,646**	**11,421,407**	**(1,533,239)**	
Total liabilities	**14,279,753**	**15,237,944**	**13,856,700**	**(1,381,244)**	
Net assets	**30,909,514**	**31,030,009**	**33,690,309**	**2,660,300**	
Equity					
Contributed equity	26,569,000	26,569,000	26,577,614	8,614	
Accumulated funds	(643,172)	(496,464)	760,366	1,256,830	
Reserves	4,983,686	4,957,473	6,352,329	1,394,856	4
Total equity	**30,909,514**	**31,030,009**	**33,690,309**	**2,660,300**	

Notes to previous table:

1. Variances are mainly due to the updating of opening balances to reflect balances in the audited 2020/2021 annual report.
2. The variance is due to timing changes in the City Rail Link project funding.
3. The decrease in borrowings is mainly due to better than expected revenue received in 2021/2022, under-delivery of capital projects in 2021/2022 and deferrals of 2022/2023 capital projects into future years.
4. The increase in reserves is mainly due to higher than expected asset revaluations in prior years.

Prospective statement of changes in equity

Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Contributed equity					
Opening balance	**26,569,000**	**26,569,000**	**26,577,614**	**8,614**	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	**26,569,000**	**26,569,000**	**26,577,614**	**8,614**	
Accumulated funds					
Opening balance	(748,856)	(643,172)	622,517	1,265,689	1
Surplus/ (deficit) after income tax	75,844	120,495	133,661	13,166	2
Other comprehensive revenue	0	0	0	0	
Total comprehensive revenue	**75,844**	**120,495**	**133,661**	**13,166**	
Transfer to/ (from) reserves	29,840	26,213	4,188	(22,025)	
Balance as at 30 June	**(643,172)**	**(496,464)**	**760,366**	**1,256,830**	
Reserves					
Opening balance	4,814,011	4,983,686	6,356,517	1,372,831	3
Surplus after income tax	0	0	0	0	
Other comprehensive revenue	199,515	0	0	0	
Total comprehensive revenue	**199,515**	**0**	**0**	**0**	
Transfer to/ (from) reserves	(29,840)	(26,213)	(4,188)	22,025	
Balance as at 30 June	**4,983,686**	**4,957,473**	**6,352,329**	**1,394,856**	
Total equity					
Opening balance	**30,634,155**	**30,909,514**	**33,556,648**	**2,647,134**	
Surplus after income tax	75,844	120,495	133,661	13,166	
Other comprehensive revenue	199,515	0	0	0	
Total comprehensive revenue	**275,359**	**120,495**	**133,661**	**13,166**	
Transfer to/ (from) reserves	0	0	0	0	
Balance as at 30 June	**30,909,514**	**31,030,009**	**33,690,309**	**2,660,300**	

Notes to previous table:

1. Variances are mainly due to the updating of opening balances to reflect balances in the audited 2020/2021 annual report.
2. For variances in surplus/(deficit) after income tax refer to notes on the Prospective statement of comprehensive revenue and expenditure.
3. The increase in reserves is mainly due to higher than expected asset revaluations in prior years.

Prospective statement of cash flows

Auckland Council parent

$000 FINANCIAL YEAR ENDING 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE	NOTES
Cash flows from operating activities					
Receipts from rates revenue	2,129,236	2,261,239	2,290,008	28,769	1
Receipts from grants and other services	863,048	838,839	1,008,613	169,774	2
Interest received	132,804	145,171	146,842	1,671	
Dividends received	6,018	43,450	18,450	(25,000)	3
Payments to suppliers and employees	(2,399,218)	(2,603,096)	(2,557,182)	45,914	4
Interest paid	(427,521)	(458,150)	(484,699)	(26,549)	5
Net cash inflow from operating activities	**304,367**	**227,453**	**422,032**	**194,579**	
Cash flows from investing activities					
Proceeds from Sale of other financial assets	0	0	0	0	
Acquisition of other financial assets	(7,291)	(8,237)	(7,433)	804	
Advances of loans to related parties	(275,869)	(267,117)	(257,874)	9,243	
Sale of property, plant and equipment, investment property and intangible assets	132,283	106,238	106,238	0	
Purchase of property, plant and equipment, investment property and intangible assets	(691,630)	(661,061)	(575,443)	85,618	6
Proceeds from community loan repayments	3,506	3,166	2,348	(818)	
Investment in associates and joint ventures	(490,000)	(456,000)	(514,000)	(58,000)	7
Advances to external parties	0	0	0	0	
Net cash outflow from investing activities	**(1,329,001)**	**(1,283,011)**	**(1,246,164)**	**36,847**	
Cash flows from financing activities					
Proceeds from borrowings	2,187,162	2,436,650	2,125,896	(310,754)	
Repayment of borrowings	(1,262,528)	(1,381,092)	(1,301,764)	79,328	
Net cash inflow from financing activities	**924,634**	**1,055,558**	**824,132**	**(231,426)**	8
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	(100,000)	0	0	0	
Opening cash and cash equivalents and bank overdrafts	180,000	80,000	80,000	0	
Closing cash and cash equivalents and bank overdrafts	**80,000**	**80,000**	**80,000**	**0**	

Notes to previous table:

1. The increase in rates receipts is mainly due to the introduction of the Climate Action Targeted Rate, partially offset by the removal of the Accommodation Provider Targeted Rate.
2. The increase in subsidies and grants is due to funding received from central government for the Three Waters reform, and a carry-forward of funding for projects that were deferred from 2021/2022.
3. The decrease is due to lower projected dividends from our investment in Auckland International Airport Limited, which mainly reflects the impact of COVID-19 on returns.
4. The increase in payments to suppliers and employees is mainly due to a carry-forward of budgets for delayed projects, higher forecast staff inflation, and other cost pressures as a result of higher inflation and the impact of COVID-19 on supply chains.
5. The increase in interest paid is mainly due to higher forecast interest rates, partially offset by lower opening borrowings and lower forecast borrowing for the year due to the deferral of capital projects.
6. The decrease in purchase of property, plant and equipment is as a result of deferrals of capital projects in response to budget pressures.
7. The decrease in investments in joint associates and ventures is due to lower funding to City Rail Link Limited as a result of timing changes to the project.
8. The decrease in borrowings is mainly as a result of a deferral of capital projects, lower funding due to timing changes to the City Rail Link project, and higher water infrastructure growth charges.

Note 6: Depreciation and amortisation by group of activity

$000 FINANCIAL YEAR ENDING 30 JUNE	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	ANNUAL BUDGET 2022/2023	VARIANCE
Roads and Footpaths	300,070	320,724	341,240	20,516
Public Transport and travel demand management	125,466	127,971	102,470	(25,501)
Wastewater	137,370	141,283	153,330	12,047
Water supply	108,545	111,191	119,973	8,782
Stormwater	67,899	72,736	81,051	8,315
Local Council Services	2,622	2,426	7,965	5,539
Regionally delivered council services	255,342	260,797	266,351	5,554
Council controlled services	65,577	68,321	68,674	353
	1,062,891	**1,105,449**	**1,141,054**	**35,605**

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

3.3 Decisions around rates, fees and charges

Key issues

Our Annual Budget 2022/2023 consultation document proposed an average general rates increase of 3.5 per cent and a Climate Action Targeted Rate. After considering feedback, we have decided to set a 3.5 per cent per annum overall average increase in general rates to existing ratepayers for 2022/2023. This is in line with what we set out in our 10-year Budget 2021-2031.

We have also decided to introduce the Climate Action Targeted Rate. This rate will provide $574 million over the next ten years to be invested in improvements to buses, ferries, walking, cycling and our urban forest canopy.

Revaluation impact

Rates for 2022/2023 will be assessed on the new rating valuations which were sent to all 590,000 properties in Auckland in March 2022. We revalue properties to ensure we continue to set rates fairly between properties and that rates reflect movements in property values. This ensures that over time, similar value properties are paying similar rates.

New valuations don’t affect the amount of money the council collects from rates - it just helps us work out everyone’s share of rates. An increase in your property value does not necessarily mean you pay more in rates. How much you pay will vary depending on how much your property value changes compared with other properties.

Long-term Differential Strategy

We are maintaining our commitment to gradually reducing the share of overall general rates revenue collected from business. This means that business ratepayers will have an increase slightly less than the 3.5 per cent and non-business, residential and farm/lifestyle ratepayers will have an increase of slightly more than 3.5 per cent.

Other changes to rates and fees

This year, we also consulted with Aucklanders on a number of other changes to rates and fees. After considering feedback we made the following decisions which have been incorporated into this budget.

POLICY ITEM	DECISIONS
Urban rating area adjustment	We decided to exclude rural zoned land on Waiheke from the Urban Rating Area.
Accommodation Provider Targeted Rate (APTR)	We had planned to restart the APTR in 2022/2023, which would have generated around $14.8 million of additional funding for visitor attraction and major events. A recent court ruling on the APTR means we are unable to charge the rate for 2022/2023. We do not know how long the disruption to Auckland’s visitor economy caused by COVID-19 will last. Given the current financial pressures we are facing, we do not consider investment in visitor and event activities to be a priority. As such, we have decided to reduce the budget for visitor attraction and major events to $19.9 million for 2022/2023. This reflects the reduction in revenue from the APTR.
Waste management changes	As part of our plan to standardise our waste management collection services across the region, we will make the following changes to our waste management charges: • Introduce the Food Scraps Targeted Rate in those areas of the North Shore and Waitākere where this service will be rolled out in 2023. The amount of rate charged will depend on the date the service will commence in each area. • Standardise the rules that enable some multi-unit developments and non-residential properties to opt out of receiving waste services. • Apply a minimum regional targeted rate charge to all properties from 2023/2024. A full list of our waste changes for 2022/2023 can be found in the Waste Management Targeted Rate section of the Rating Mechanism set out in this document.
Residential Access ways	We have decided to amend our rating policy so access ways on separate titles that serve residential developments will be rated as residential use.

POLICY ITEM	DECISIONS
Regulatory and other fee changes	We have decided to make changes to the following regulatory fees to increase transparency and cover the full cost of providing these services: • dog licensing and impoundment fees • building and resource consent fees and deposits • cemetery services fees The changes to our regulatory fees will come into effect from 1 July 2022. A full list can be found on the councils website: **Consenting and property information fees and charges (https://www.aucklandcouncil.govt.nz/pages/search.aspx?k=fees%20and%20charges)**

More details of the consultation feedback and the final decisions can be found the from the website home page: **https://akhaveyoursay.aucklandcouncil.govt.nz/hub-page/annual-budget-2022-2023**

Other policy changes

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

POLICY ITEM	DECISIONS
Revenue and Financing Policy	We have amended our Revenue and Financing Policy to: • add a principle requiring us to take the principles set out in the Preamble to Te Ture Whenua Maori Act 1993 into account when making funding decisions that specifically impact Māori landowners • include the new Climate Action Targeted Rate • include the solid waste services activity. You can find out more about this policy at: **https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-policies/Pages/revenue-and-financing-policy.aspx**
Māori Land Rates Remission and Postponement Policy	We have amended our Māori Land Rates Remission and Postponement Policy to: • add an objective to support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993 • expand our definition of Māori land to clarify eligibility • introduce a new remission for Māori land under development You can find out more about this policy at: **https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-policies/Pages/maori-land-rates-remission-and-postponement-policy.aspx**
Rates Remission and Postponement Policy	We have amended our Rates Remission and Postponement Policy to: • add an objective to support the principles set out in the Preamble to Te Ture Whenua Maori Act 1993 • align the definition of Māori land with the Māori Land Rates Remission and Postponement Policy You can find out more about this policy at: **https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-policies/Pages/rates-remission-postponement-policy.aspx**

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

3.4 Funding impact statement including rating mechanism

Prospective consolidated funding impact statement

Auckland Council group consolidated

FINANCIAL YEAR ENDING 30 JUNE $000	10-YEAR BUDGET 2021/2022	10-YEAR BUDGET 2022/2023	BUDGET 2022/2023	VARIANCE
Sources of operating funding:				
General rates, UAGCs, rates penalties	1,868,537	1,972,160	1,970,064	(2,096)
Targeted rates	253,885	280,944	311,088	30,144
Subsidies and grants for operating purposes	405,773	402,250	594,456	192,206
Fees and charges	1,467,912	1,602,827	1,476,859	(125,968)
Interest and dividends from investments	5,721	29,209	5,186	(24,023)
Local authorities fuel tax, fines, infringement fees and other receipts	496,371	510,484	688,456	177,972
Total operating funding	**4,498,199**	**4,797,874**	**5,046,109**	**248,235**
Applications of operating funding:				
Payment to staff and suppliers	3,162,558	3,225,022	3,464,241	239,221
Finance costs	445,758	476,842	503,387	26,545
Other operating funding applications	0	0	0	0
Total applications of operating funding	**3,608,316**	**3,701,864**	**3,967,628**	**265,766**
Surplus (deficit) of operating funding	**889,883**	**1,096,010**	**1,078,481**	**(17,531)**
Sources of capital funding:				
Subsidies and grants for capital expenditure	474,305	529,247	501,662	(27,584)
Development and financial contributions	247,898	265,251	265,251	0
Increase (decrease) in debt	910,637	1,037,939	843,263	(194,676)
Gross proceeds from sale of assets	132,283	106,238	106,238	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	**1,765,123**	**1,938,675**	**1,716,414**	**(222,260)**
Capital expenditure:				
- to meet additional demand	678,911	724,427	739,882	15,455
- to improve the level of service	798,850	894,857	820,975	(73,883)
- to replace existing assets	903,435	867,034	724,838	(142,196)
Increase (decrease) in reserves	24,557	108,048	109,504	1,456
Increase (decrease) in investments	249,253	440,319	399,696	(40,623)
Total applications of capital funding	**2,655,006**	**3,034,685**	**2,794,895**	**(239,791)**
Surplus (deficit) of capital funding	**(889,883)**	**(1,096,010)**	**(1,078,481)**	**17,531**
Funding balance	**0**	**0**	**0**	**0**

Rating mechanism

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

Background

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

Rating base information

The following table sets out the forecast rating base for Auckland Council as at 30 June 2022.

CAPITAL VALUE ($)	1,036,597,183,131
LAND VALUE ($)	718,207,535,355
RATING UNITS	599,617
SEPARATELY USED OR INHABITED PARTS OF A PROPERTY	676,614

How the increase in the rate requirement is applied

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

Uniform annual general charge (UAGC) and other fixed rates

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

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

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

- Waste Management Targeted Rates
- part of some Business Improvement District Targeted Rates
- City Centre Targeted Rate for residential properties
- Electricity Network Resilience Targeted Rate
- Point Wells Wastewater Targeted Rate
- Jackson Crescent Wastewater Targeted Rate
- Riverhaven Drive Targeted Rate
- Waitākere Rural Sewerage Targeted Rate
- Ōtara-Papatoetoe Swimming Pool Targeted Rate
- Māngere-Ōtāhuhu Swimming Pool Targeted Rate
- Rodney Local Board Transport Targeted Rate
- Swimming/Spa Pool Compliance Targeted Rate.

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

A UAGC of $477 (including GST) will be applied per SUIP for 2022/2023. This is estimated to produce around $274.9 million (excluding GST) for 2022/2023.

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.

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

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

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

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

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

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

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

Value-based general rate

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

Rates differentials

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

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

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

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

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

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).

Rates differential definitions

POLICY ITEM	DECISIONS
Urban business	Land in the Urban Rating Area that is used for commercial, industrial, transport, utility, public communal – licensed or mineral extraction purposes. Also includes any land that is used for community services, but which is used for commercial, or governmental purposes, or which is covered by a liquor licence. Also includes land in the Urban Rating Area, where a residence is let out on a short-term basis, via online web-based accommodation services that offer short-term rental accommodation via peer-to-peer online marketplace such as Airbnb and Bookabach, for more than 180 nights in the 12 months ending 30 June of the previous financial year.
Urban residential	Land in the Urban Rating Area that is used exclusively or almost exclusively, for residential purposes, and includes tenanted residential land, rest homes and geriatric hospitals. It excludes hotels, motels, serviced apartments, boarding houses and hostels.[1] Land used for community services and used by a not for profit ratepayer for the benefit of the community will be charged the residential rate (this does not include land covered by a liquor licence).
Rural business	Land outside the Urban Rating Area and the Urban Rating Transition Area that is used for commercial, industrial, transport, utility network[2], or public communal – licensed or mineral extraction purposes. Also includes any land that is used for community services, but which is used for commercial, or governmental purposes, or which is covered by a liquor licence. Also includes land outside the Urban Rating Area where a residence is let out on a short-term basis, via online web-based accommodation services that offer short-term rental accommodation via peer-to-peer online marketplace such as Airbnb and Bookabach for more than 180 nights in the 12 months ending 30 June of the previous financial year.
Rural residential	Land outside the Urban Rating Area and the Urban Rating Transition 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 hostels1. 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 outside the Urban Rating Area and the Urban Rating Transition Area that is used for lifestyle or rural industry purposes, excluding mineral extraction[3]
No road access	Includes all land (irrespective of use) for which direct or indirect access by road is unavailable or 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 • 0car 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 and the Urban Rating Transition Area where a residence is let out on a short-term basis, via online web-based accommodation that offer short-term rental accommodation services via peer-to-peer online marketplace such as Airbnb and Bookabach, for more than 135 nights and less than 181 nights in the 12 months ending 30 June of the previous financial year.
Urban medium-occupancy online accommodation provider	Land in the Urban Rating Area where a residence is let out on a short-term basis, via online web-based accommodation services that offer short-term rental accommodation via peer-to-peer online marketplace such as Airbnb and Bookabach, for more than 28 nights and less than 136 nights in the 12 months ending 30 June of the previous financial year.
Rural medium-occupancy online accommodation provider	Land outside the Urban Rating Area and the Urban Rating Transition 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.
Urban residential transition	Land that is within the Urban Rating Transition Area, and 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).
Urban business transition	Land that is within the Urban Rating Transition Area, and is used for commercial, industrial, transport, utility, public communal – licensed or mineral extraction purposes. Also includes any land that is used for community services, but which is used for commercial, or governmental purposes, or which is covered by a liquor licence. Also includes land that is within the Urban Rating Transition 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 farm and lifestyle residential transition	Land that is within the Urban Rating Area or the Urban Rating Transition area, and is used for lifestyle or rural industry purposes, excluding mineral extraction[3]
Urban medium-occupancy online accommodation provider transition	Land that is within the Urban Rating Transition 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.
Urban moderate-occupancy online accommodation provider transition	Land that is within the Urban Rating Transition 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.

Notes to table:

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

Urban Rating Area

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

- zoned Future Urban (with the exception of the land in the Hall’s Farm and Ockleston Landing Urban Rating Area)
- within Warkworth
- in the Urban Rating Transition Area (until 30 June 2024)
- rural zoned land on Waiheke Island.

Urban Rating Transition Area

As a result of the changes to the Urban Rating Area, some rating units will move from paying rural or farm and lifestyle rates to paying urban rates. To mitigate the impact of that, the change to paying full urban rates will be transitioned over three years, with full urban rates payable from 1 July 2024.

To give effect to that transition, the council has introduced transitional differential groups to apply to land affected by the changes to the Urban Rating Area – that is, land within the Urban Rating Transition Area.

The Urban Rating Transition Area includes all land that was outside of the Urban Rating Area as defined in the Prospective Funding Impact Statement contained in the Emergency Budget 2020/2021, which would now otherwise be included in the Urban Rating Area as defined above, if it weren't for the transition.

The long-term differential strategy

The council has decided that the appropriate differential for business is to raise 25.8 per cent of the general rates revenue (UAGC and value-based general rate), which is substantially lower than the current level. Business rates will move from 31 per cent in 2022/2023 to 25.8 per cent in 2037/2038. The differential will be reduced in equal steps each year to manage the affordability impact of the shift in the rates incidence to the non-business sector. This approach to the business differential removes the impact on the split of rates between business and non-business properties that changes in property values have resulting from the triennial region-wide revaluation.

The table below sets out the rates differentials and rates in the dollar of capital value to be applied in 2022/2023. This is estimated to produce around $1.717 million (excluding GST) for 2022/2023.

Value-based general rate differentials for 2022/2023

PROPERTY CATEGORY	EFFECTIVE RELATIVE DIFFERENTIAL RATIO FOR GENERAL RATE FOR 2022/2023	RATE IN THE DOLLAR FOR 2022/2023 (INCLUDING GST) ($)	SHARE OF VALUE-BASED GENERAL RATE (EXCLUDING GST) ($)	SHARE OF VALUE-BASED GENERAL RATE (%)
Urban business	2.6420	0.00428540	544,586,629	31.7%
Urban residential	1.0000	0.00162205	975,069,128	56.8%
Rural business	2.3778	0.00385686	42,536,973	2.5%
Rural residential	0.9000	0.00145985	50,616,588	2.9%
Farm and lifestyle	0.8000	0.00129764	73,803,283	4.3%
No road access	0.2500	0.00040551	249,233	Less than 0.1%
Zero-rated(1)	0.0000	0.00000000	0	0.0%
Urban moderate-occupancy online accommodation provider	1.8210	0.00295372	53,483	Less than 0.1%
Rural moderate-occupancy online accommodation provider	1.6389	0.00265835	16,677	Less than 0.1%
Urban medium-occupancy online accommodation provider	1.4105	0.00228789	1,115,647	0.1%
Rural medium-occupancy online accommodation provider	1.2694	0.00205910	488,019	Less than 0.1%
Urban residential transition	0.9667	0.00156804	18,532,356	1.1%
Urban business transition	2.5540	0.00414270	4,423,169	0.3%
Urban farm and lifestyle residential transition	0.9333	0.00151386	5,615,586	0.3%
Urban medium-occupancy online accommodation provider transition	1.3165	0.00221167	25,166	Less than 0.1%
Urban moderate-occupancy online accommodation provider transition	1.7603	0.00285529	0	0.0%

1. Rating units within the Zero-rated differential category 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 2030/2031.

Water Quality Targeted Rate

Background

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

Activities to be funded

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

How the rate will be assessed

A differentiated targeted rate will be applied on the capital value of all rateable land except land categorised as zero-rated as defined for rating purposes. The business differential ratio is set so that around 25.8 per cent of the revenue requirement comes from businesses. A targeted rate of $0.00008789 (including GST) per dollar of capital value will be applied to all rateable land categorised as business (Urban business, Urban business transition and Rural business) as defined for rating purposes, and $0.00004958 (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, Urban residential transition, Urban farm and lifestyle residential transition, Urban medium-occupancy online accommodation provider transition, Urban moderate-occupancy online accommodation provider transition, and no road access) as defined for rating purposes. This is estimated to produce around $47.6 million (excluding GST) for 2022/2023, $12.3 million from business and $35.3 million from non-business.

Natural Environment Targeted Rate

Background

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

Activities to be funded

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

How the rate will be assessed

A differentiated targeted rate will be applied on the capital value of all rateable land except land categorised as zero-rated as defined for rating purposes. The business differential ratio is set so that around 25.8 per cent of the revenue requirement comes from businesses. A targeted rate of $0.00005758 (including GST) per dollar of capital value will be applied to all rateable land categorised as business (Urban business, Urban business transition and Rural business) as defined for rating purposes, and $0.00003248 (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, Urban residential transition, Urban farm and lifestyle residential transition, Urban medium-occupancy online accommodation provider transition, Urban moderate-occupancy online accommodation provider transition, and No road access) as defined for rating purposes. This is estimated to produce around $31.2 million (excluding GST) for 2022/2023, $8.04 million from business and $23.13 million from non-business.

Climate Action Targeted Rate

Background

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

Activities to be funded

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

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

The following table sets out the Climate Action Targeted Rates to be applied in 2022/2023. This is estimated to produce around $45.4 million (excluding GST) for 2022/2023.

Property category	Rate in the dollar for 2022/2023 (including GST) ($)	Share of Climate Action Targeted Rate (excluding GST) ($)
Urban business	0.00008454	10,783,758
Urban residential	0.00004833	29,162,198
Rural business	0.00007609	842,350
Rural residential	0.00004350	1,513,931
Farm and lifestyle	0.00003866	2,207,067
No road access	0.00001208	7,453
Zero-rated(1)	0.00000000	0
Urban moderate-occupancy online accommodation provider	0.00008801	1,600
Rural moderate-occupancy online accommodation provider	0.00007921	499
Urban medium-occupancy online accommodation provider	0.00006817	33,367
Rural medium-occupancy online accommodation provider	0.00006135	14,595
Urban residential transition	0.00004833	573,354
Urban business transition	0.00008454	90,603
Urban farm and lifestyle residential transition	0.00004833	179,953
Urban medium-occupancy online accommodation provider transition	0.00006817	779
Urban moderate-occupancy online accommodation provider transition	0.00008801	0

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 currently funded through a mixture of targeted rates and pay as you throw charges. The funding method for privately generated waste will be standardised in 2024/2025 when a region-wide targeted rate will be introduced to fund the refuse collection across Auckland.

The refuse, recycling, inorganic collection and other waste management services in Auckland are being standardised under the Waste Management and Minimisation Plan (WMMP). The food scraps collection service is currently available in Papakura and some parts of Northcote, Milford and Takapuna. This is scheduled to be rolled out to the whole of urban Auckland from March 2023.

The waste management targeted rates for 2022/2023 include:

- a region-wide rate to cover the cost of the base service including 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 set approximately in proportion to the number of months the service is available during 2022/2023 for Papakura, North Shore and Waitākere to cover the cost of the food scraps collection
- additional rates may apply to properties that request additional recycling or refuse services.

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

Activities to be funded

The targeted 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, the former Waitākere City and the former North Shore City), 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 base service and 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 2022, unless otherwise informed by the owner of the rating unit (that is, at least one base service and one refuse collection service). From 1 July 2022, where the service is provided or available, rating units made up of more than one but less than 10 residential or lifestyle SUIPs will be charged one base service targeted rate and one standard refuse targeted rate for each residential/lifestyle SUIP contained in the rating unit, unless a request has been received on or before 30 June 2022 to reduce the number of targeted rate charges. If a request has been received on or before 30 June 2022 to reduce the number of targeted rate charges, then the requested number of targeted rate charges will apply in 2022/2023. 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 2022/2023. This is estimated to produce around $120.4 million (excluding GST) for 2022/2023.

Waste management targeted rates

SERVICE	DIFFERENTIAL GROUP	AMOUNT OF TARGETED RATE FOR 2022/2023 (INCLUDING GST) $	CHARGING BASIS	SHARE OF TARGETED RATE (EXCLUDING GST) ($)
Base service	Rating units in the former Auckland City	140.45	Per service available	20,462,734
	Rating units in the former Franklin District, Manukau City, North Shore City, Papakura District, Rodney District and Waitākere City	140.45	Per SUIP (where a service is provided or available)	50,460,409
Base service excluding recycling	Rating units in the former Auckland City	50.86	Per service available	1,502,629
Standard refuse	Rating units in the former Auckland City	172.89	Per service available	24,993,633
	Rating units in the former Manukau City	172.89	Per SUIP (where a service is provided or available)	18,115,540
Large refuse	Rating units in the former Auckland City and Manukau City	81.26	Per service available	1,369,509
Additional recycling	All rating units	89.59	Per service available	155,466
Food scraps	Rating units in the former Papakura District and the former food scraps trial area in Northcote, Milford and Takapuna	71.28	Per SUIP (where a service is provided or available)	1,449,708
	Rating units in Area A of the former Waitākere City	$23.76	Per SUIP (where a service is provided or available)	838,645
	Rating units in Area B of the former Waitākere City	$17.82	Per SUIP (where a service is provided or available)	513,340
	Rating units in Area A of the former North Shore City	$11.88	Per SUIP (where a service is provided or available)	266,887
	Rating units in Area B and Area C of the former North Shore City	$5.94	Per SUIP (where a service is provided or available)	301,644

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 ($140.45)

- land which has an approved alternative recycling service will be charged the standard refuse rate ($172.89) plus the base service excluding recycling rate ($50.86)
- land which has approved alternative refuse and recycling services will be charged the base service excluding recycling rate ($50.86).

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

City Centre Targeted Rate

Background

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

Activities to be funded

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

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

How the rate will be assessed

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

A rate in the dollar of $0.00111771 (including GST) of rateable capital value will be applied to urban business land in 2022/2023. This is estimated to produce around $22.8 million (excluding GST) for 2022/2023.

A fixed rate of $64.60 (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 2022/2023. This is estimated to produce around $1.3 million (excluding GST) for 2022/2023.

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 $4.7 million (excluding GST) for 2022/2023.

Electricity Network Resilience Targeted Rate

Background

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

Activities to be funded

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

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

How the rate will be assessed

The targeted rate will be applied as a fixed charge of $12.075 million (including GST) for 2022/2023 on Vector's electricity network utility rating unit where tree management service is provided. This is estimated to produce around $10.5 million (excluding GST) for 2022/2023.

Rodney Drainage Districts Targeted Rate

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

The targeted rate will be applied to all rating units that are located entirely or partially within the drainage districts of Te Arai and Okahukura as defined in the former Rodney County Council drainage district maps. The table below sets out the differentiated rates that apply based on location of the land. This is estimated to produce around $64,500 (excluding GST) for 2022/2023.

Drainage district	Rate for each square metre of Class A land for 2022/2023 (including GST) ($)	Rate for each square metre of Class B land for 2022/2023 (including GST) ($)	Rate for each square metre of Class C land for 2022/2023 (including GST) ($)
Te Arai	0.00200542	0.00100271	0.00000000
Okahukura	0.00287068	0.00143534	0.00000000

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

Business Improvement District Targeted Rates

Background

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

Activities to be funded

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

How the rates will be assessed

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

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

The table below sets out the budgets and the rates for each BID area that the council will apply in 2022/2023. This is estimated to produce around $20.1 million (excluding GST) in targeted rates revenue for 2022/2023.

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

BID area	Amount of BID grant 2022/2023 (excluding GST) ($)	Amount of BID Targeted Rate revenue 2022/2023 (excluding GST) ($)	Amount to be funded by fixed charge for 2022/2023 (excluding GST) ($)	Fixed rate per rating unit for 2022/2023 (including GST) ($)	Amount to be funded by property value rate based on the capital value of the rating unit for 2022/2023 (excluding GST) ($)	Rate in the dollar for 2022/2023 to be multiplied by the capital value of the rating unit (including GST) ($)
Avondale	154,000	153,989	0	0.00	153,989	0.00098573
Birkenhead	206,167	206,166	0	0.00	206,166	0.00078417
Blockhouse Bay	66,000	66,000	0	0.00	66,000	0.00137461
Browns Bay	155,000	155,001	0	0.00	155,001	0.00042037
Central Park Henderson	400,000	402,172	222,390	250.00	179,782	0.00006951
Devonport	129,000	129,217	17,174	250.00	112,043	0.00060529
Dominion Road	255,000	254,994	0	0.00	254,994	0.00046039
Ellerslie	172,000	172,000	0	0.00	172,000	0.00165820
Glen Eden	95,000	95,000	0	0.00	95,000	0.00073343
Glen Innes	170,000	170,000	0	0.00	170,000	0.00080459
Greater East Tāmaki	545,000	544,740	339,310	195.00	205,431	0.00002309
Heart of the City	4,782,614	4,784,856	0	0.00	4,784,856	0.00034263
Howick	179,390	179,389	0	0.00	179,389	0.00079158
Hunters Corner	126,590	126,589	0	0.00	126,589	0.00049654
Karangahape Road	480,070	480,074	0	0.00	480,074	0.00042668
Kingsland	237,930	237,362	0	0.00	237,362	0.00035037
Mairangi Bay	69,000	69,000	5,000	250.00	64,000	0.00107356
Māngere Bridge	31,500	31,500	0	0.00	31,500	0.00100948
Māngere East Village	6,100	6,100	0	0.00	6,100	0.00017332
Māngere Town	299,196	299,196	0	0.00	299,196	0.00288137
Manukau Central	525,300	525,768	0	0.00	525,768	0.00024058
Manurewa	315,000	315,000	0	0.00	315,000	0.00076787
Milford	145,000	145,000	0	0.00	145,000	0.00054947
Mt Eden Village	92,035	92,035	0	0.00	92,035	0.00053086
New Lynn	209,475	209,475	0	0.00	209,475	0.00053170
Newmarket	1,812,099	1,781,156	0	0.00	1,781,156	0.00051644
North Harbour	732,404	732,265	344,466	150.00	387,799	0.00007152
North West District	180,000	180,404	100,217	250.00	80,187	0.00012307
Northcote	125,000	125,000	0	0.00	125,000	0.00212505
Old Papatoetoe	100,692	100,692	0	0.00	100,692	0.00077729
One Mahurangi	142,000	139,000	139,000	575.00	0	0.00000000
Onehunga	420,000	416,831	0	0.00	416,831	0.00095709
Orewa	271,665	272,074	0	0.00	272,074	0.00075722
Ōtāhuhu	696,150	697,376	0	0.00	697,376	0.00057354
Ōtara	94,720	97,415	0	0.00	97,415	0.00122452
Panmure	457,213	457,212	0	0.00	457,212	0.00113437
Papakura	250,000	249,917	0	0.00	249,917	0.00053861
Parnell	969,150	968,792	0	0.00	968,792	0.00049177
Ponsonby	690,446	690,908	0	0.00	690,908	0.00071443
Pukekohe	500,000	499,949	0	0.00	499,949	0.00040697
Remuera	242,564	242,563	0	0.00	242,563	0.00108171
Rosebank	495,000	495,138	0	0.00	495,138	0.00026691

BID area	Amount of BID grant 2022/2023 (excluding GST) ($)	Amount of BID Targeted Rate revenue 2022/2023 (excluding GST) ($)	Amount to be funded by fixed charge for 2022/2023 (excluding GST) ($)	Fixed rate per rating unit for 2022/2023 (including GST) ($)	Amount to be funded by property value rate based on the capital value of the rating unit for 2022/2023 (excluding GST) ($)	Rate in the dollar for 2022/2023 to be multiplied by the capital value of the rating unit (including GST) ($)
South Harbour	87,425	87,423	0	0.00	87,423	0.00029972
St Heliers	144,023	144,022	0	0.00	144,022	0.00100458
Takapuna	457,212	457,250	0	0.00	457,250	0.00034830
Te Atatu	102,000	102,000	0	0.00	102,000	0.00097640
Torbay	18,365	18,365	0	0.00	18,365	0.00083106
Uptown	350,000	350,614	0	0.00	350,614	0.00015228
Waiuku	140,000	139,827	0	0.00	139,827	0.00082296
Wiri	755,425	755,407	0	0.00	755,407	0.00012509
Total	**20,079,919**	**20,052,226**	**1,167,556**		**18,884,670**	

Note to the table: Targeted rate amounts include surpluses and deficits (if any) carried over from 2020/2021 so may differ from grant amounts.

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

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

Māngere-Ōtāhuhu and Ōtara-Papatoetoe Swimming Pool Targeted Rates

Background

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

Activities to be funded

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

How the rate will be assessed

These local activity targeted rates apply to all residential, urban moderate-occupancy online accommodation provider, urban medium-occupancy online accommodation provider, rural moderate-occupancy online accommodation provider, rural medium-occupancy online accommodation provider, urban residential transition, urban farm and lifestyle residential transition, urban medium-occupancy online accommodation provider transition and urban moderate-occupancy online accommodation provider transition 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 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 2022/2023 for the Māngere-Ōtāhuhu Local Board and Ōtara-Papatoetoe Local Board areas. This is estimated to produce around $1.3 million (excluding GST) for 2022/2023.

Local board area	Local activity targeted rates	
	Fixed rate for each separately used or inhabited part of a rating unit for 2022/2023 (including GST) ($)	Revenue from the targeted rate (excluding GST) ($)
Māngere-Ōtāhuhu	35.02	619,412
Ōtara-Papatoetoe	33.23	663,488

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 2022/2023 (INCLUDING GST)
Council inspection required	$46.67
No council inspection required – successful inspection carried out by Independently Qualified Pool Inspector	$23.33

This is estimated to produce around $1.0 million (excluding GST) for 2022/2023.

Riverhaven Drive Targeted Rate

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

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

The council will apply a uniform rate of $10,045.09 (including GST) per rating unit for 2022/2023. This is estimated to produce around $44,000 (excluding GST) for 2022/2023.

Waitākere Rural Sewerage Targeted Rate

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

The council will set the Waitākere Rural Sewerage Targeted Rate to fully recover the costs of providing this service.

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

For 2022/2023 the targeted rate will be a uniform charge of $296.75 (including GST) for each on-site waste management system utilised in conjunction with the rating unit. This is estimated to produce around $873,000 (excluding GST) for 2022/2023.

Retro-fit Your Home Targeted Rate

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

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

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

The following table sets out the Retro-fit Your Home Targeted Rate that the council will apply in 2022/2023. This is estimated to produce around $3.9 million (excluding GST) for 2022/2023.

Retro-fit Your Home Targeted Rate

YEAR OF REPAYMENT	RATE IN THE DOLLAR FOR 2022/2023 TO BE MULTIPLIED BY THE RATEPAYERS OUTSTANDING BALANCE AS AT 30 JUNE 2022 (INCLUDING GST) ($)
1	0.13859800
2	0.15230200
3	0.16998000
4	0.19362000
5	0.22680000
6	0.27668000
7	0.35995400
8	0.52670800
9	1.02739400

Kumeū Huapai Riverhead Wastewater Targeted Rate

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

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

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

The following table sets out the Kumeū Huapai Riverhead wastewater targeted rate that council will apply in 2022/2023. This is estimated to produce $5,258 (excluding GST) for 2022/2023.

Kumeū Huapai Riverhead wastewater targeted rate

YEAR OF REPAYMENT	RATE IN THE DOLLAR FOR 2022/2023 TO BE MULTIPLIED BY THE RATEPAYERS OUTSTANDING BALANCE AS AT 30 JUNE 2022 (INCLUDING GST) ($)
8	0.17640310
10	0.22388200

On-site Wastewater Systems (Septic Tank) Upgrades Targeted Rate

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

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

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

The following table sets out the On-site Wastewater Systems (Septic Tank) Upgrades Targeted Rate that the council will apply in 2022/2023. This is estimated to produce $1,682 (excluding GST) for 2022/2023.

On-site Wastewater Systems (Septic Tank) Upgrades Targeted Rate

YEAR OF REPAYMENT	RATE IN THE DOLLAR FOR 2022/2023 TO BE MULTIPLIED BY THE RATEPAYERS OUTSTANDING BALANCE AS AT 30 JUNE 2022 (INCLUDING GST) ($)
5	0.13856427

Point Wells Wastewater Targeted Rate

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

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

The following table sets out the Point Wells Wastewater Targeted Rate that council will apply in 2022/2023. This is estimated to produce around $10,700 (excluding GST) for 2022/2023.

Point Wells Wastewater Targeted Rate

TOTAL ASSISTANCE PROVIDED	AMOUNT OF TARGETED RATE PER RATING UNIT FOR 2022/2023 (INCLUDING GST) ($)
$8,000	639.37
$8,500	679.33
$9,000	719.29
$9,500	759.25
$10,000	799.20

Jackson Crescent Wastewater Targeted Rate

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

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

The council will apply a uniform rate of $577.08 (including GST) per rating unit in 2022/2023. This is estimated to produce $502 (excluding GST) for 2022/2023.

Rates payable by instalment

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

- Instalment 1: 31 August 2022
- Instalment 2: 30 November 2022
- Instalment 3: 28 February 2023
- Instalment 4: 31 May 2023.

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 2022/2023 financial year that are unpaid after the due date of each instalment. Any penalty will be applied to unpaid rates on the day following the due date of the instalment.

A further 10 per cent penalty calculated on former years' rate arrears to be added on 8 July 2022 and then again six months later.

Early payment discount policy

Objectives

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

Conditions and criteria

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

Delegation of decision-making

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

Review process

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

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

Discount in 2022/2023

The discount is 0.99 per cent for 2022/2023.

Sample properties

The following section is intended to provide examples of the individual rates for 2022/2023. The following targeted rates are not shown:

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

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

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

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

DIFFERENTIAL CATEGORY	CAPITAL VALUE ($)	UAGC (INCLUDING GST) ($)	GENERAL RATE (INCLUDING GST) ($)	WATER QUALITY TARGETED RATE (INCLUDING GST) ($)	NATURAL ENVIRONMENT TARGETED RATE (INCLUDING GST) ($)	CLIMATE ACTION TARGETED RATE (INCLUDING GST) ($)	TOTAL RATES (INCLUDING GST) ($
Urban - business	500,000	477	2,143	44	29	42	2,735
	1,500,000	477	6,428	132	86	127	7,250
	3,000,000	477	12,856	264	173	254	14,023
	10,000,000	477	42,854	879	576	845	45,631
Urban - residential	750,000	477	1,217	37	24	36	1,791
	1,000,000	477	1,622	50	32	48	2,229
	1,500,000	477	2,433	74	49	72	3,106
	2,000,000	477	3,244	99	65	97	3,982
	3,000,000	477	4,866	149	97	145	5,734
Rural - business	500,000	477	1,928	44	29	38	2,516
	1,500,000	477	5,785	132	86	114	6,595
	3,000,000	477	11,571	264	173	228	12,712
	10,000,000	477	38,569	879	576	761	41,261
Rural - residential	750,000	477	1,095	37	24	33	1,666
	1,000,000	477	1,460	50	32	44	2,062
	1,500,000	477	2,190	74	49	65	2,855
	2,000,000	477	2,920	99	65	87	3,648
	3,000,000	477	4,380	149	97	131	5,233
Farm/lifestyle	1,000,000	477	1,298	50	32	39	1,895
	1,500,000	477	1,946	74	49	58	2,605
	2,000,000	477	2,595	99	65	77	3,314
	3,000,000	477	3,893	149	97	116	4,732
	10,000,000	477	12,976	496	325	387	14,661
Urban moderate-occupancy online accommodation provider	500,000	477	1,477	25	16	44	2,039
	750,000	477	2,215	37	24	66	2,820
	1,000,000	477	2,954	50	32	88	3,601
	1,500,000	477	4,431	74	49	132	5,163

DIFFERENTIAL CATEGORY	CAPITAL VALUE ($)	UAGC (INCLUDING GST) ($)	GENERAL RATE (INCLUDING GST) ($)	WATER QUALITY TARGETED RATE (INCLUDING GST) ($)	NATURAL ENVIRONMENT TARGETED RATE (INCLUDING GST) ($)	CLIMATE ACTION TARGETED RATE (INCLUDING GST) ($)	TOTAL RATES (INCLUDING GST) ($
Rural moderate-occupancy online accommodation provider	500,000	477	1,329	25	16	40	1,887
	750,000	477	1,994	37	24	59	2,592
	1,000,000	477	2,658	50	32	79	3,297
	1,500,000	477	3,988	74	49	119	4,706
Urban medium-occupancy online accommodation provider	500,000	477	1,144	25	16	34	1,696
	750,000	477	1,716	37	24	51	2,306
	1,000,000	477	2,288	50	32	68	2,915
	1,500,000	477	3,432	74	49	102	4,134
Rural medium-occupancy online accommodation provider	500,000	477	1,030	25	16	31	1,578
	750,000	477	1,544	37	24	46	2,129
	1,000,000	477	2,059	50	32	61	2,680
	1,500,000	477	3,089	74	49	92	3,781
Urban residential transition	750,000	477	1,176	37	24	36	1,751
	1,000,000	477	1,568	50	32	48	2,175
	1,500,000	477	2,352	74	49	72	3,025
	2,000,000	477	3,136	99	65	97	3,874
	3,000,000	477	4,704	149	97	145	5,572
Urban business transition	500,000	477	2,071	44	29	42	2,663
	1,500,000	477	6,214	132	86	127	7,036
	3,000,000	477	12,428	264	173	254	13,595
	10,000,000	477	41,427	879	576	845	44,204
Urban farm and lifestyle residential transition	1,000,000	477	1,514	50	32	48	2,121
	1,500,000	477	2,271	74	49	72	2,943
	2,000,000	477	3,028	99	65	97	3,766
	3,000,000	477	4,542	149	97	145	5,410
	10,000,000	477	15,139	496	325	483	16,920
Urban medium-occupancy online accommodation provider transition	500,000	477	1,106	25	16	34	1,658
	750,000	477	1,659	37	24	51	2,248
	1,000,000	477	2,212	50	32	68	2,839
	1,500,000	477	3,318	74	49	102	4,020
Urban moderate-occupancy online accommodation provider transition	500,000	477	1,428	25	16	44	1,990
	750,000	477	2,141	37	24	66	2,746
	1,000,000	477	2,855	50	32	88	3,502
	1,500,000	477	4,283	74	49	132	5,015

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)	313	627	940	1,567	3,133
	Opt out of refuse	140	281	421	702	1,405
	Opt out of recycling	224	448	671	1,119	2,238
	Opt out of both refuse and recycling	51	102	153	254	509
	Additional recycling	90	179	269	448	896
Manukau City	Full service (base service plus standard refuse service)	313	627	940	1,567	3,133
Papakura District, North Shore City, Waitākere City, Franklin District and Rodney District	Base service	140	281	421	702	1,405
Papakura District and the former food scrap trial area in North Shore	Food scraps	71	143	214	356	713
Waitākere City Area A		24	48	71	119	238
Waitākere City Area B		18	36	53	89	178
North Shore City Area A		12	24	36	59	119
North Shore City Areas B and C		6	12	18	30	59

City Centre Targeted Rate

All rating units in the City Centre are liable for the City Centre Targeted Rate.

BUSINESS RATING UNITS LOCATED IN THE CITY CENTRE AREA	
CAPITAL VALUE	RATE (INCLUDING GST) ($)
500,000	559
1,500,000	1,677
3,000,000	3,353
10,000,000	11,177

RESIDENTIAL RATING UNITS LOCATED IN THE CITY CENTRE AREA	
NUMBER OF SEPARATELY USED OR INHABITED PARTS	RATE (INCLUDING GST) ($)
1	65
2	129
3	194
5	323
10	646

Rodney Local Board Transport Targeted Rate

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

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

Rodney Drainage Districts Targeted Rate

Rating units with Class A or Class B land located in the drainage districts of Te Arai and Okahukura are liable for the Rodney Drainage Districts Targeted Rate.

DRAINAGE DISTRICT	SIZE OF LAND (HA)	1	2	3	4	5	6
TE ARAI	Rate for Class A land	20	40	60	100	201	1,003
	Rate for Class B land	10	20	30	50	100	501
	Rate for Class C land	0	0	0	0	0	0
OKAHUKURA	Rate for Class A land	29	57	86	144	287	1,435
	Rate for Class B land	14	29	43	72	144	718
	Rate for Class C land	0	0	0	0	0	0

Māngere-Ōtāhuhu and Ōtara-Papatoetoe Swimming Pool Targeted Rates

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

RESIDENTIAL RATING UNITS LOCATED IN		Total targeted rate amount (including GST) ($)				
	NUMBER OF SEPARATELY USED OR INHABITED PARTS	1	2	3	5	10
Māngere-Ōtāhuhu		35	70	105	175	350
Ōtara-Papatoetoe		33	66	100	166	332

Waitākere Rural Sewerage Targeted Rate

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

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

Swimming/Spa Pool Fencing Compliance Targeted Rate

Rating units on council's register of pool fence and barrier inspections are liable for the Swimming/Spa Pool Fencing Compliance Targeted Rate.

INSPECTION SERVICE PROVIDED	TOTAL TARGETED RATE AMOUNT (INCLUDING GST) ($) FOR THE RATING UNIT
Council inspection required	46.67
No council inspection required – successful inspection carried out by Independently Qualified Pool Inspector	23.33

Retro-fit Your Home Targeted Rate

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

CATEGORY	OUTSTANDING BALANCE AS AT 30 JUNE 2022 ($)			
	1,500	2,000	2,500	3,500
Rate for 1st year of repayment (including GST) ($)	208	277	346	485
Rate for 2nd year of repayment (including GST) ($)	228	305	381	533
Rate for 3rd year of repayment (including GST) ($)	255	340	425	595
Rate for 4th year of repayment (including GST) ($)	290	387	484	678
Rate for 5th year of repayment (including GST) ($)	340	454	567	794
Rate for 6th year of repayment (including GST) ($)	415	553	692	968
Rate for 7th year of repayment (including GST) ($)	540	720	900	1,260
Rate for 8th year of repayment (including GST) ($)	790	1,053	1,317	1,843
Rate for 9th year of repayment (including GST) ($)	1,541	2,055	2,568	3,596

Kumeū Huapai Riverhead Wastewater Targeted Rate

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

CATEGORY	OUTSTANDING BALANCE AS AT 30 JUNE 2022 ($)			
	5,000	7,000	9,000	11,000
Rate for 8th year of repayment (including GST) ($)	882	1,235	1,588	1,940
Rate for 10th year of repayment (including GST) ($)	1,119	1,567	2,015	2,463

Te pūrongo pūtea me ngā paerewa whakawhāiti i te whakapaunga pūtea

3.5 Financial reporting and prudence benchmarks

Annual plan disclosure statement for the year ending 30 June 2023.

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			No
• increases	3.50%	5.8%	
Debt affordability benchmark			Yes
• group debt as a percentage of group revenue	290%	253%	
Balanced budget benchmark	100%	108%	Yes
Essential services benchmark	100%	185%	Yes
Debt servicing benchmark	15%	9%	Yes

Notes

1. Rates affordability benchmark

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

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

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

Note: This benchmark is not met due to the introduction of the Climate Action Targeted Rate.

2. Debt affordability benchmark

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

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

3. Balanced budget benchmark

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

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

4. Essential services benchmark

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

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

5. Debt servicing benchmark

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

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

Additional information

The council has set a prudential limit of group debt being less than 290 per cent of group revenue. When assessing our debt to revenue ratio against this limit, a number of adjustments are made which are consistent with Standard and Poor's approach when they undertake their credit rating assessment[1].

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

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

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

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

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

Wāhanga Tuawha:
Tūpuna Maunga Authority

Section Four: Tūpuna Maunga o Tāmaki Makarau Authority

Tūpuna Maunga Authority

Tūpuna Maunga o Tāmaki Makaurau

CO-GOVERNANCE OF THE TŪPUNA MAUNGA SUMMARY OF THE TŪPUNA MAUNGA AUTHORITY OPERATIONAL PLAN 2022/23

www.maunga.nz

The Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014 (the Act) requires the Tūpuna Maunga o Tāmaki Makaurau Authority (Tūpuna Maunga Authority) and Auckland Council to prepare an Annual Operational Plan and a summary of that plan for inclusion in the Auckland Council's Annual Operational Plan 2022/23 process.

The Tūpuna Maunga Authority and Auckland Council are required to approve the Annual Operational Plan. The Tūpuna Maunga Authority Operational Plan 2022/23 must be considered and adopted concurrently with the Auckland Council's Operational Plan 2022/23. A summary of the Tūpuna Maunga Authority's indicative funding requirements are outlined in this Section.

NGĀ MANA WHENUA O TĀMAKI MAKAURAU

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

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

THE NGĀ MANA WHENUA O TĀMAKI MAKAURAU COLLECTIVE REDRESS ACT 2014

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

THE 14 TŪPUNA MAUNGA ARE:

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

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

CO-GOVERNANCE

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

The Authority has six representatives from Ngā Mana Whenua o Tāmaki Makaurau, six from Auckland Council 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 Council.

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

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

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

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

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

STRATEGIC FRAMEWORK:

TŪPUNA MAUNGA INTEGRATED MANAGEMENT PLAN

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

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

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

TŪPUNA MAUNGA INTEGRATED MANAGEMENT PLAN STRATEGIES

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

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

TŪPUNA MAUNGA VALUES

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

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

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

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

TŪPUNA MAUNGA OPERATIONAL PLAN 2022/23

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

The Tūpuna Maunga Operational Plan 2022/23 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 2022/23 also sets out the 10-year work programme and funding envelope confirmed through the Long Term Plan 2021-2031. The budget for 2022/23 and the subsequent years fits within this funding envelope.

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

PRIORITY PROGRAMMES AND PROJECTS OVER THE NEXT 3 YEARS INCLUDE:

POLICY AND MANAGEMENT

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

HEALING THE MAUNGA

VALUES:

TAKOTORANGA WHENUA / LANDSCAPE VALUE

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

EDUCATION, COMMUNICATIONS AND PARTNERSHIPS

VALUES:

WAIRUATANGA / SPIRITUAL VALUE

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

CULTURAL CONNECTION

VALUES:

MANA AOTŪROA / CULTURAL AND HERITAGE VALUE

MANA HONONGA TANGATA / LIVING CONNECTION VALUE

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

BIODIVERSITY/BIOSECURITY

VALUES:

MAURI PŪNAHA HAUROPI / ECOLOGY AND BIODIVERSITY VALUE

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

RECREATION AND ACTIVATION

VALUES:

MANA HONONGA TANGATA / LIVING CONNECTION VALUE

MANA WHAI A RĒHIA / RECREATIONAL VALUE

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

COMMERCIAL

VALUES:

WHAI RAWA WHAKAUKA / ECONOMIC / COMMERCIAL VALUE

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

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

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

SUMMARY OF INDICATIVE FUNDING REQUIREMENTS

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

The budget for 2022-23 fits within this 10 Year Budget (Long Term Plan) 2021-31 funding envelope.

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

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

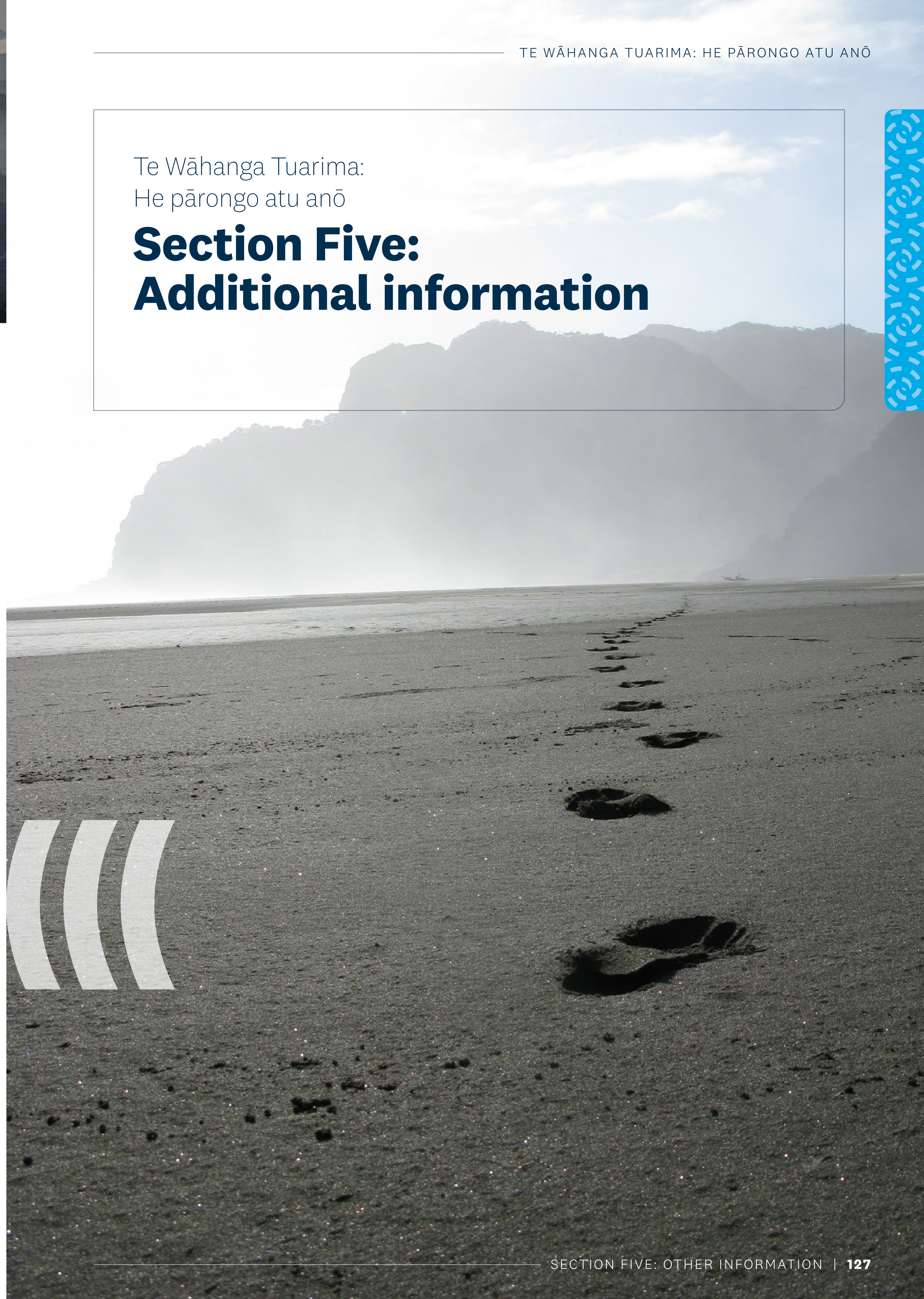
Notes:

* Net operating expenditure excludes depredation

** Figures are in 2020/21 year values

*** Inflation is calculated at Council agreed rates

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



Te Wāhanga Tuarima:
He pārongo atu anō

Section Five: Additional information

Tō Tātou Hanganga

5.1 Our structure

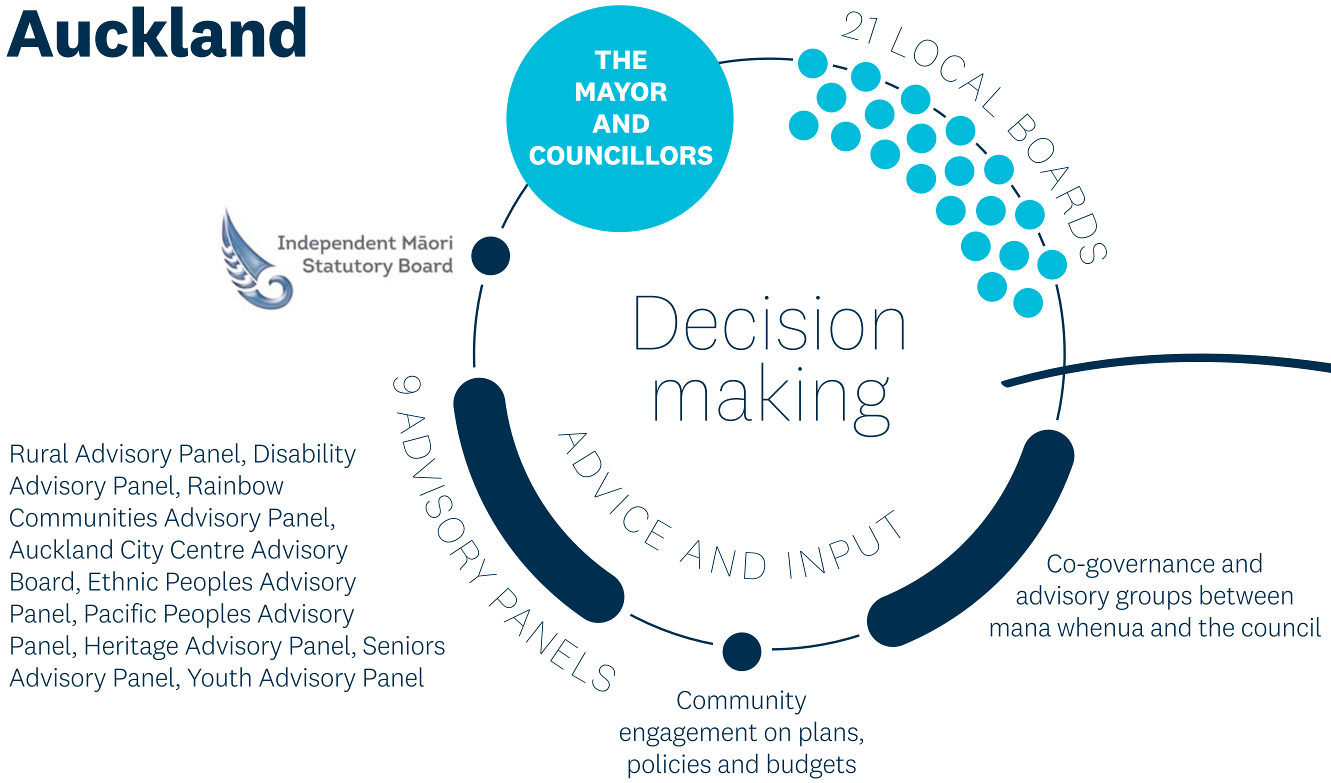
Auckland Council's structure provides the scale for efficient delivery, a regional perspective that provides a clear direction for Auckland, and representation that reflects diversity, local flavour and active public participation.

The Mayor 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 – four committees of the whole (Environment and Climate Change; 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.

Vision for Auckland



Local boards

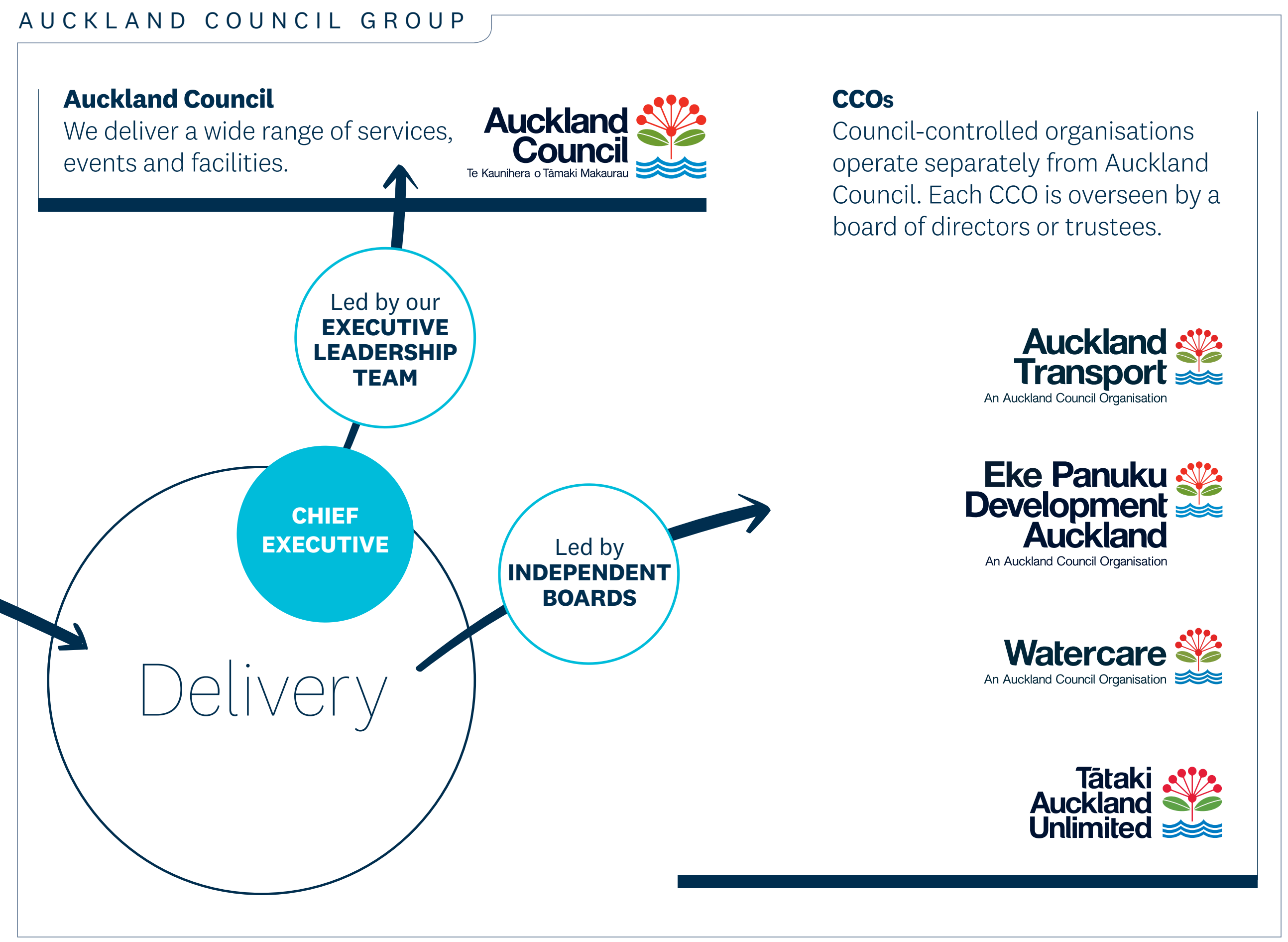
The 21 local boards are a key part of the governance of Auckland Council with a wide-ranging role that spans most council services and activities. Local boards make decisions on local matters, provide local leadership, support strong local communities and provide important local input into region-wide 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
- 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 2022/2023 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**



*The independent review of the group's CCOs recommended the merger of Regional Facilities Auckland (RFA) and Auckland Tourism, Events and Economic Development Limited (ATEED) into one entity (now called Tātaki Auckland Unlimited Limited – formerly known as Auckland Unlimited Limited) to oversee Auckland's events, stadiums and cultural assets, and economic development.

Papakupu kupu

5.2 Glossary of terms

10-year Budget/Recovery Budget/Long-term Plan

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

Activity or service

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

Annual Plan, 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. The annual budget for 2020/2021 is referred to as our Emergency Budget because of the need to respond to a significant financial challenge for that year.

Asset

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

Asset recycling

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

Auckland Council or the council

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

Auckland Transport

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

Better Off Funding

Financial support available to local authorities to support the sector through the transition to new water services under the government's Three Waters Reform Programme.

Capital Investment, capital expenditure or capital programme (CAPEX)

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

Council-controlled organisation (CCO)

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

Council group

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

Deferral

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

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.

Eke Panuku Development Auckland

The organisation that provides property management and development services to the council and Aucklanders.

Facilities

Buildings or other structures used to provide services to Aucklanders.

Financial year

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

General rates

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

Governing Body

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

Grants and subsidies

Money that someone pays to the council to cover (or help cover) the cost of providing a service to Aucklanders.

Sometimes grants also refers to money the council pays to a community organisation to provide services to Aucklanders, rather than council providing those services directly.

Local boards

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

Operating budget or operating expenditure (OPEX)

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

Rates

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

Revenue or income

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

Savings

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

SUIP

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

Targeted rates

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

Tātaki Auckland Unlimited Limited (formerly known as Auckland Unlimited Limited)

The organisation that manages Auckland Zoo and the Auckland Art Gallery along with venues used for conventions, shows, concerts and major sporting events. Tātaki Auckland Unlimited also delivers major events for council and provides tourism promotion and economic development services on the council's behalf.

Transport

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

Waste

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

Waste Management and Minimisation Plan

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

Watercare

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

Water Reform/Three Waters Reform Programme

Legislation for New Zealand's three water services – drinking water, wastewater and stormwater – to be managed by four new publicly owned water entities, replacing the services currently managed by 67 councils.

Te Rārangi Kuputohu

5.3 Key word index

Me pēhea te whakapā mai ki te kaunihera

5.4 How to contact the council

Online
aucklandcouncil.govt.nz/contactus

Phone
09 301 0101

Post
Auckland Council, Private Bag 92300, Auckland 1142

Locations that offer council services

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

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

Helensville
49 Commercial Road, Helensville

Henderson
3 Smythe, Henderson

Kumeū Library
296 Main Road, Kumeū

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

Ōrewa
50 Centreway Road, Ōrewa

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

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

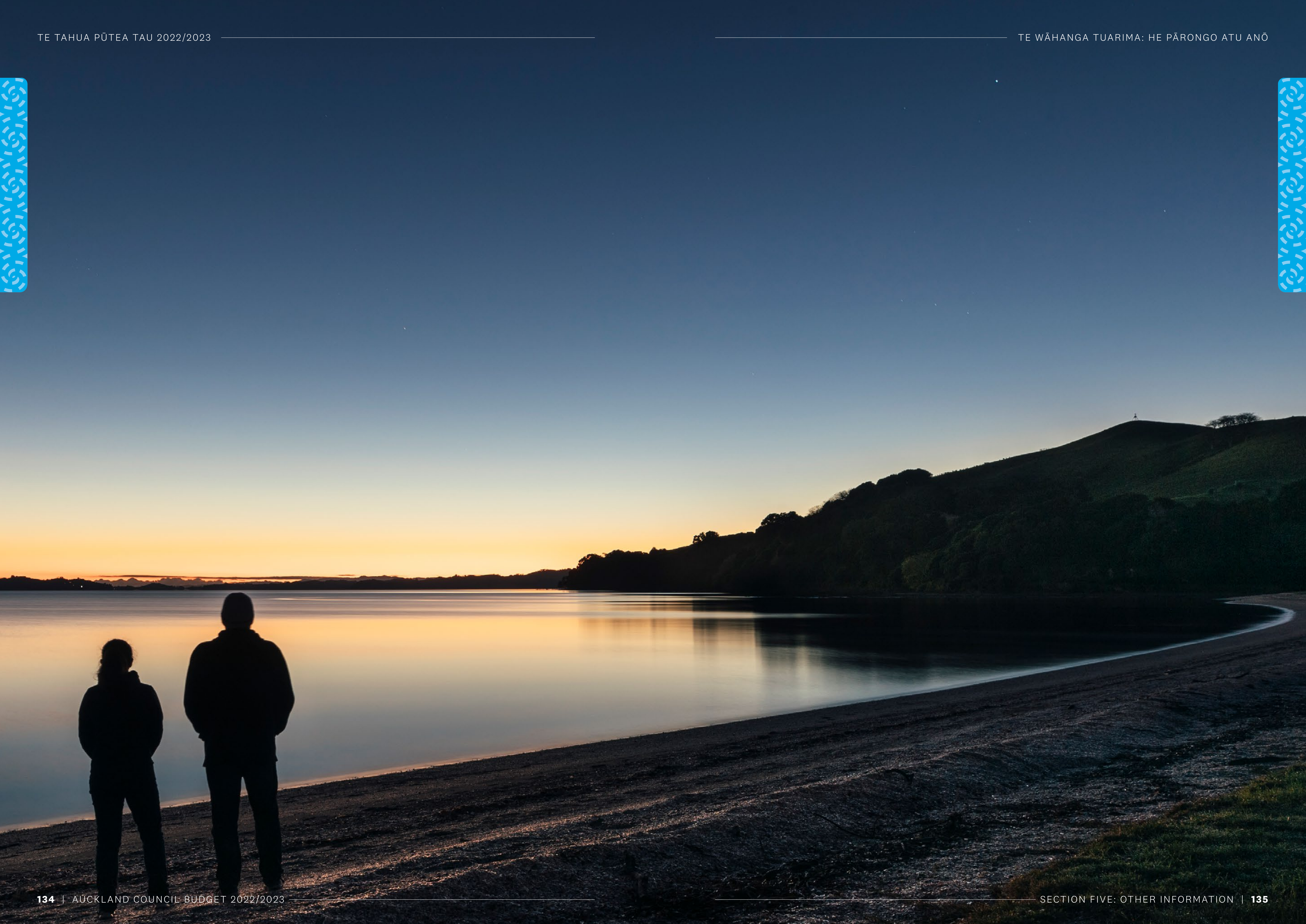
Takapuna Library
9 The Strand, Takapuna

Te Manawa
11 Kohuhu Lane, Westgate

Waiheke Island
10 Belgium Street, Ostend, Waiheke Island

Warkworth
1 Baxter Street, Warkworth

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



June 2022

Auckland Council Annual Budget 2022/2023. Volume 1

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

ISBN 978-1-99-110164-8 (Print)
ISBN 978-1-99-110165-5 (PDF)

2-volume set
ISBN 978-1-99-110168-6 (Print)
ISBN 978-1-99-110169-3 (PDF)

Auckland Council
Te Kaunihera o Tāmaki Makaurau