

Date: Thursday 22 April 2021
Time: 10.00am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

**Kōmiti ā Pūtea, ā Mahi Hoki /
Finance and Performance Committee
OPEN MINUTE ITEM ATTACHMENTS**

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Group Financial Performance - March 2021

Group	Year-to-date (YTD)		
	Direct		Capital expenditure
	Revenue	Expenditure	
Auckland Council	Favourable	Favourable	Below budget
Infrastructure & Environmental services	Favourable	Favourable	Below budget
Customer & Community	On track	Favourable	Below budget
Regulatory Services	Favourable	Unfavourable	N/A
Auckland Transport	Favourable	Favourable	Below budget
Watercare	Favourable	On track	On track
Panuku	On track	On track	Below budget
Auckland Unlimited	Favourable	Favourable	Below budget
Ports of Auckland	On track	On track	Below budget



Key commentary

Year-to-date performance:

Group year-to-date (YTD) performance continues to track favourably when compared with the Emergency Budget (EB).

Regulatory revenue and consenting volumes remain higher than Emergency Budget assumptions, although this is partly offset by higher costs. Watercare revenue remains favourable due to strong IGC/new connections revenue. Auckland Unlimited has favourable revenue from unbudgeted government funding (Strategic Tourism Asset Protection Programme and Wildlife Institution Relief grant). The continued support from Waka Kotahi to top-up public transport revenue shortfalls has assisted Auckland Transport to achieve a favourable revenue position.

Group operational expenditure YTD is also below budget. Auckland Transport and Auckland Unlimited (AUL) have achieved a favourable expenditure result through effective management of their costs. Auckland Council expenditure is expected to be under budget due to a range of factors including project delays, vacant staff positions and grant deferrals but these will be payable next year.

Capital expenditure is tracking below budget at 87% of YTD budget. Problems with supply chain are causing delays in some areas and in the Customer & Community division the below budget status is due in part to the cancellation of planned land acquisitions. Implications of these issues are that 100% capex delivery is unlikely to be achieved this year.

Outlook:
Even though the \$244m asset recycling target will not be met this year, the favourable revenue performance means that the year-end financial position is expected to be better than EB projections. As outlined in the Q2 performance report in March, current indications are the group's debt to revenue ratio will be circa 285 per cent at the end of the year, which is slightly lower than the Emergency Budget's limit of 290 per cent. The prudent approach taken in managing the budget has helped mitigate financial risks and provides a stronger buffer against possible future shocks.

Looking beyond the current year, LTP financial pressures remain as well as a high degree of uncertainty regarding future revenue projections.

Other key financial metrics (\$ million)	YTD	FY21	Status
	Actual	Budget	
Regional fuel tax (RFT)	118	143	On track
Asset recycling target	60	244	At risk
COVID rates postponement uptake	6	50	Favourable
Auckland Council \$120 million savings	119	120	On track

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Recommendation/s

That the Finance and Performance Committee:

- a) receive the update on progress for financial year 2020/2021.
- b) note that Auckland Council has achieved \$119 million towards the \$120 million council organisation savings target.

Together we can recover stronger.



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Attachment B

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Group financial performance – March 2021

Organisation	Year-to-date (YTD)		
	Revenue	Expenditure	Capital expenditure
Auckland Council	Favourable	Favourable	Below budget
Infrastructure & Environmental services	Favourable	Favourable	Below budget
Customer & Community	On track	Favourable	Below budget
Regulatory Services	Favourable	Unfavourable	N/A
Auckland Transport	Favourable	Favourable	Below budget
Watercare	Favourable	On track	On track
Panuku	On track	On track	Below budget
Auckland Unlimited	Favourable	Favourable	Below budget
Ports of Auckland	On track	On track	Below budget

Other key financial metrics (\$ million)	YTD	FY21	Status
	Actual	Budget	
Regional fuel tax (RFT)	118	143	On track
Asset recycling target	80	244	At risk
COVID rates postponement uptake	6	50	Favourable
Auckland Council \$120 million savings	119	120	On track

Together we can recover stronger.

- Group performance year-to-date (YTD) is tracking favourably to the Emergency Budget.
- Regulatory and Watercare revenue continue being higher than Emergency Budget assumptions.
- Direct expenditure is expected to be under budget due to a range of factors including project delays and grant deferrals.
- Capital expenditure tracking below budget and full year delivery expected to be lower than budget.
- Year end financial position expected to be better than EB projections even though asset recycling target will not be met this year:
 - provides buffer against future shocks
 - high degree of uncertainty remains for longer term revenue projections.



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Auckland Council \$120m savings progress

\$120m savings target



\$119m achieved, with an additional \$12m savings in March:

- ✓ \$10.1 million one-off savings from expenditure below budget including travel, professional services, staff costs and utilities:
 - Staff costs are below budget due to the effects of recruitment controls, longer than normal time to hire and difficulties in filling some roles due to competition for certain skill sets. This means roles remain vacant and therefore budget is not spent.
- ✓ \$1.3 million savings in corporate property costs due to the progress of the Worksmart programme where some offices are now either vacant or have been sold.
- ✓ \$0.8 million further savings from the completion of Healthy Water's in-sourcing expertise and work programme reprioritisation

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