

Date: Wednesday, 7 May 2025
Time: 9.45am
Meeting Room: Room 1, Level 26
Venue: Te Wharau o Tāmaki - Auckland House
135 Albert Street
Auckland

Komiti mō te Tahua Pūtea / Budget Committee **Workshop**

Annual Plan 2025/2026 – Budget Refresh

OPEN **NOTES** ATTACHMENTS

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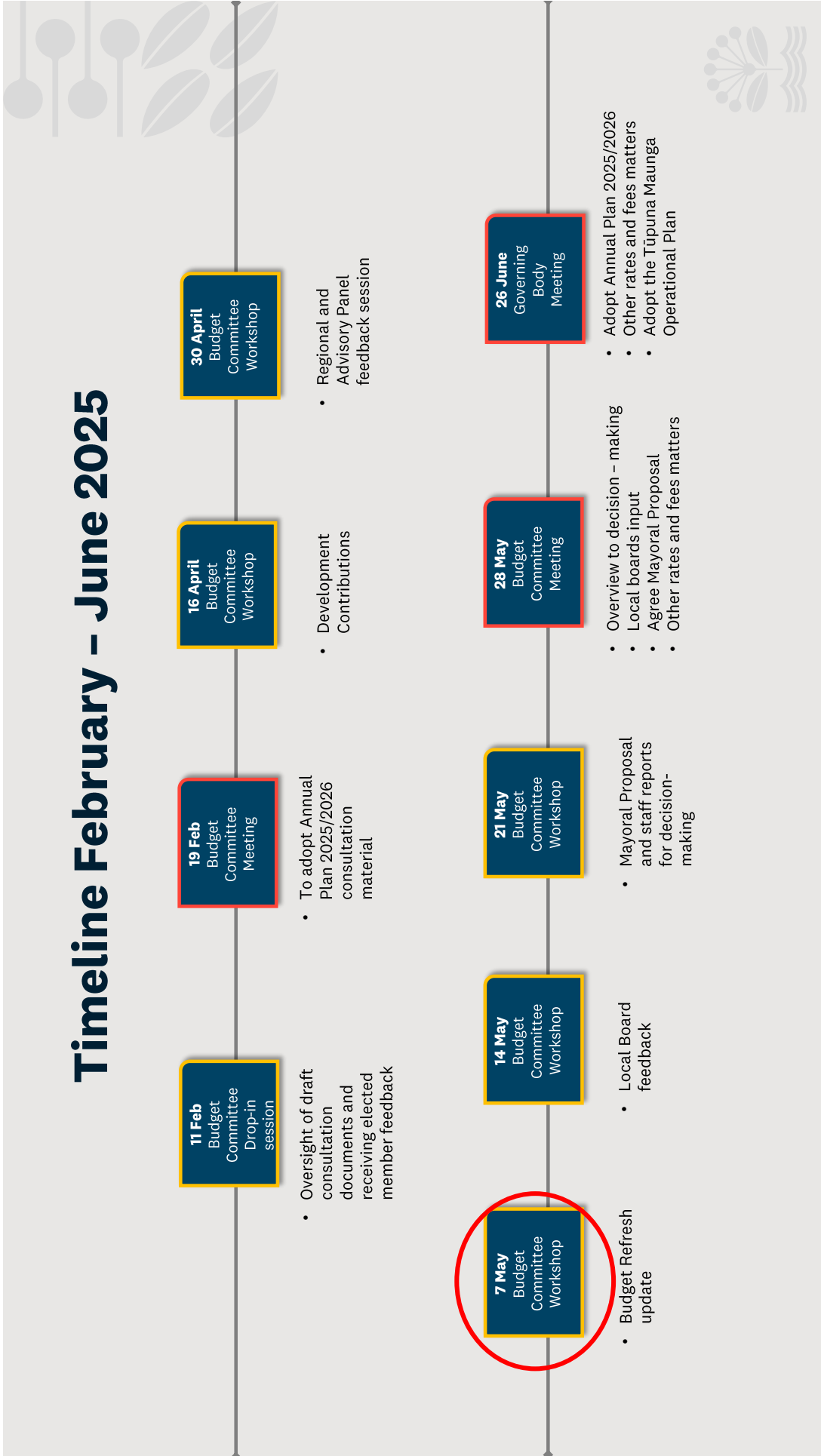


Annual Plan 2025/2026

Budget Refresh update

Budget Committee briefing

7 May 2025



Purpose of today's session

- To provide a refreshed view of the current Annual Plan 2025/2026 budget position for the council group
- To ensure political oversight of potential financial risks and challenges
- Summary and next steps.



Item 3

Attachment A



Key messages for the Annual Plan 2025/2026



Key messages for the Annual Plan 2025/2026

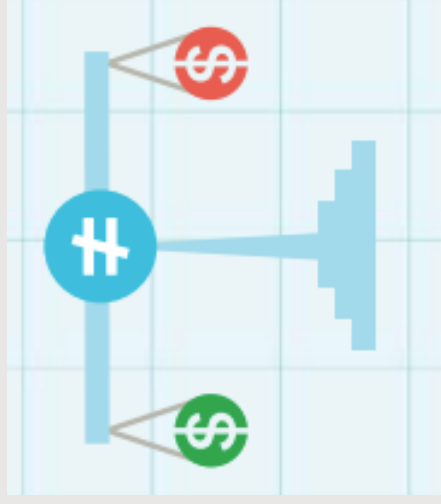
- **Annual Plan 2025/2026 delivers on Long-term Plan Year Two.**
- Consultation budget position maintained LTP funding settings for year 2
 - a 5.8% average residential rates increase
 - a \$47 million savings target
 - an assumption that a bed night visitor levy would be enabled
- Signalled a need to **maintain a level of financial flexibility** should any financial risks beyond the council's control emerge



Budget Refresh process undertaken

Budget refresh to review and refine financial projections across the council group including:

- Updated forecasting assumptions
- Programme timings
- Significant contractual commitments
- Updated revenue projections
- Recent political decisions
- Interest rate changes



The group budget position for 2025/2026 has not materially changed. There remains an operating budget gap of around \$10 million that council managers are working to close in addition to existing savings targets



Item 3

Attachment A



Auckland Council - opex movements

Item	2025/26 movement
Community – Local board movements	\$14m
Community - Other	\$5m
Category 3 buyouts	\$8m
Technology and ICT	\$12m
Delays due to govt planning reform	(\$5m)
Other movements	\$0.5m
Further mitigations	(\$8m)
Sub-total	\$26m
Interest savings	(\$25m)

- Movements in Auckland Council budgets include:
- **Community (Local Board)** – repairs, maintenance and utilities contracts, and revenue reductions.
 - **Category 3 property buyouts** - opex impact of the additional capital expenditure
 - **Technology and ICT**– potential for greater financial benefits in future years, but less opportunity to reduce costs in 2025/2026 than previously anticipated
 - **Delays due to government planning reform** – Ongoing reforms impacting refreshes of key plans.
 - On top of around **\$25 million lower interest costs**, management is actively working to identify a **further \$8 million in operating expenditure mitigations** for 2025/2026.

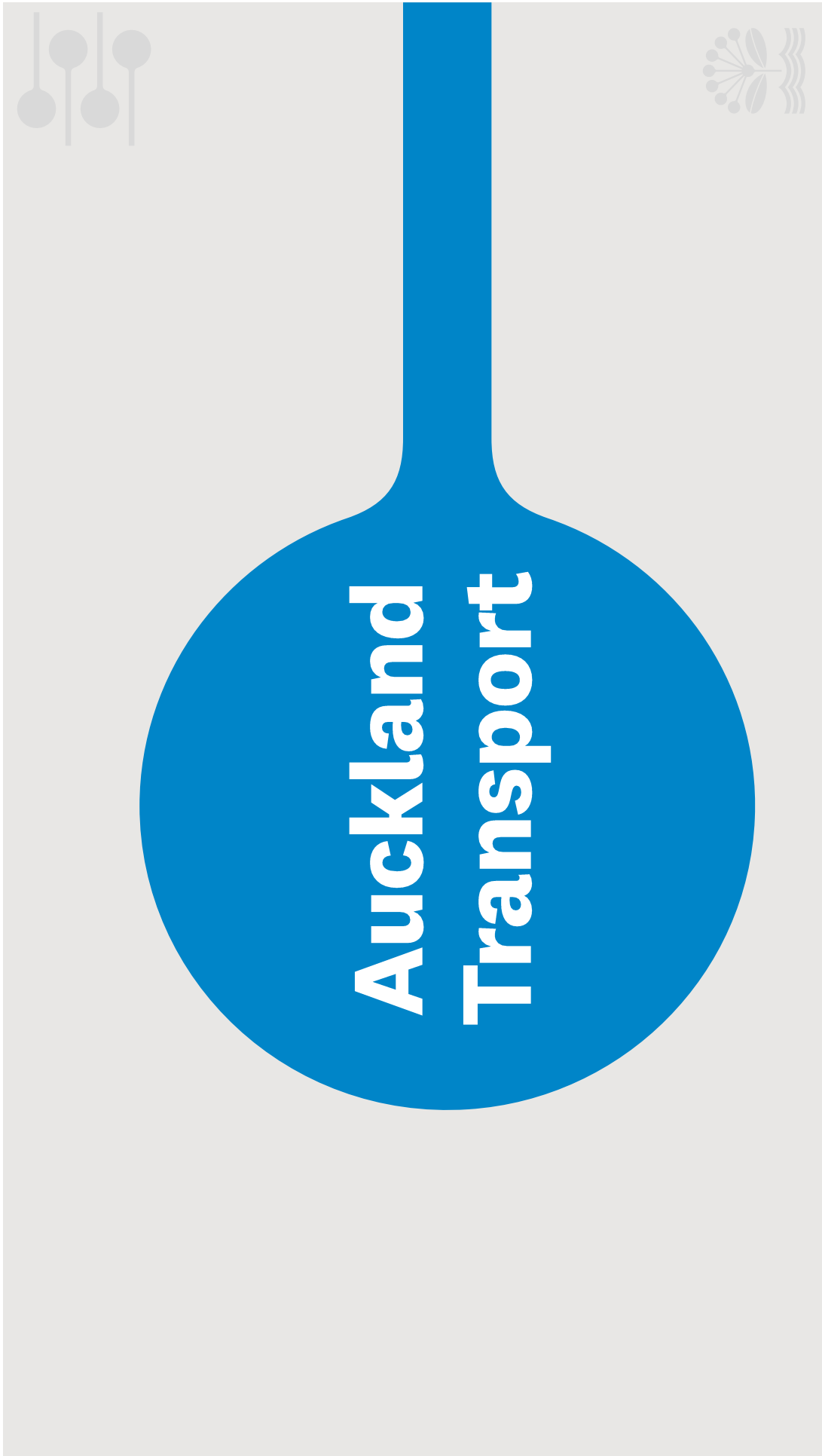


Auckland Council - capex movements

Refreshed capital budget for 2025/2026 is \$95 million higher compared to LTP:

- **Category 3 buy-outs** - \$126 million increase (TICCC/2025/10)
- **Technology and ICT Capex to Opex conversion** - \$26 million reduction
- **Speedway consolidation at Waikaraka Park** - \$7 million transfer from TAU (GB/2024/162)
- **Other** - \$12 million reduction





Operating movements

Reduction in revenue forecast is offset by lower public transport expenditure forecast, key operating movements since the LTP are:

- **Lower public transport revenue of \$26 million** due to lower patronage projections
- **Lower parking and enforcement revenue of \$18 million** driven by improved compliance across the network and current year trend
- **Public transport cost reductions of \$30 million** from lower indexation, procurement benefits, and programme costing and timing adjustments
- **Other revenue increases of \$12 million** mainly from AT HOP equipment lease revenue
- **Other cost reductions of \$2 million** including staff cost savings.

There are still risks around **public transport patronage projection** and **KiwiRail access charges** that we continue to monitor.



Capital movements

Revised capital budget for 2025/2026 reflects a net reduction of \$52 million compared to the LTP, primarily resulting from items previously considered by elected members:

- **Reduction in the transport programme of \$204 million**, agreed in October 2024 (GB/2024/150) in response to lower National Land Transport Programme (NLTP) co-funding
- **Level crossing removal programme, \$162.8 million increase** agreed by the GB in March 2025 (GB/2025/23).
- **Timing adjustments in programme delivery - \$11 million reduction**, mainly from flood response projects, partially offset by proposed increase funded by Climate Action Transport Targeted Rate (CATTR) revenue reserve (refer to 29 April memo).



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Attachment A



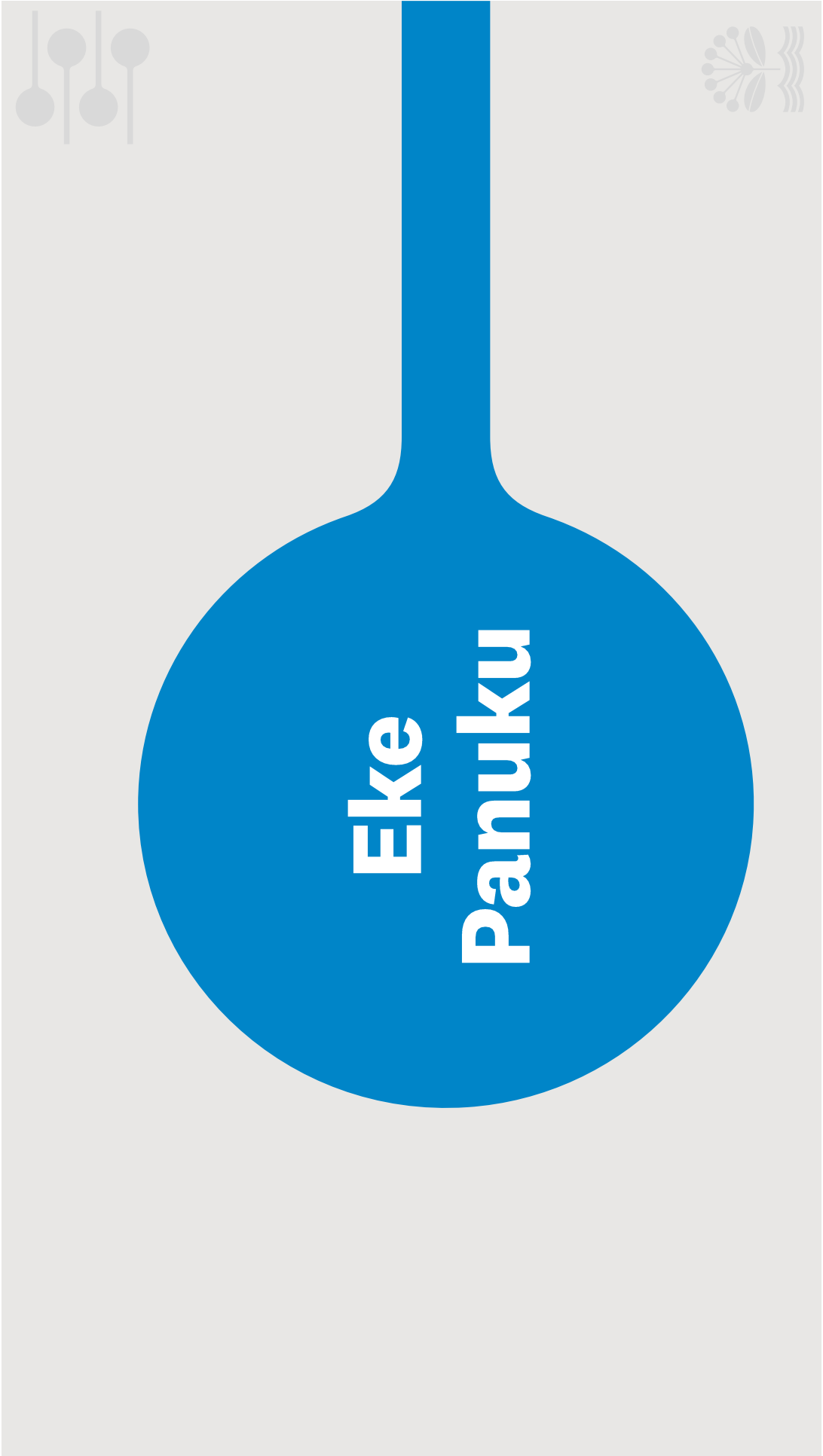
Tātaki Auckland Unlimited

- **Utilities cost pressure** of around \$500,000 projected for 2025/2026
- **Staff costs** – living wage and market rate pressures
- **Capital budget** has reduced by \$11 million for 2025/2026, due to budget transfer and other programme timing changes



Item 3

Attachment A



Eke Panuku and managed activities

Operating budget updates

- Higher utilities and security costs
- Fully offset by revenue increases reflecting updated timing of the sale of properties

Property-related budget change proposals

- Own Your Own Home programme (refer to 28 Feb memo)
- Marina redevelopment (refer to 17 Oct memo)



Item 3

Attachment A



Budget updates for other entities in the group

Watercare

- In alignment with the LTP projections

Port of Auckland Ltd

- In alignment with the LTP projections

Auckland Future Fund

- \$1m improvement in expected distribution for next year.



Item 3

Attachment A



What does this mean - consolidated funding impact

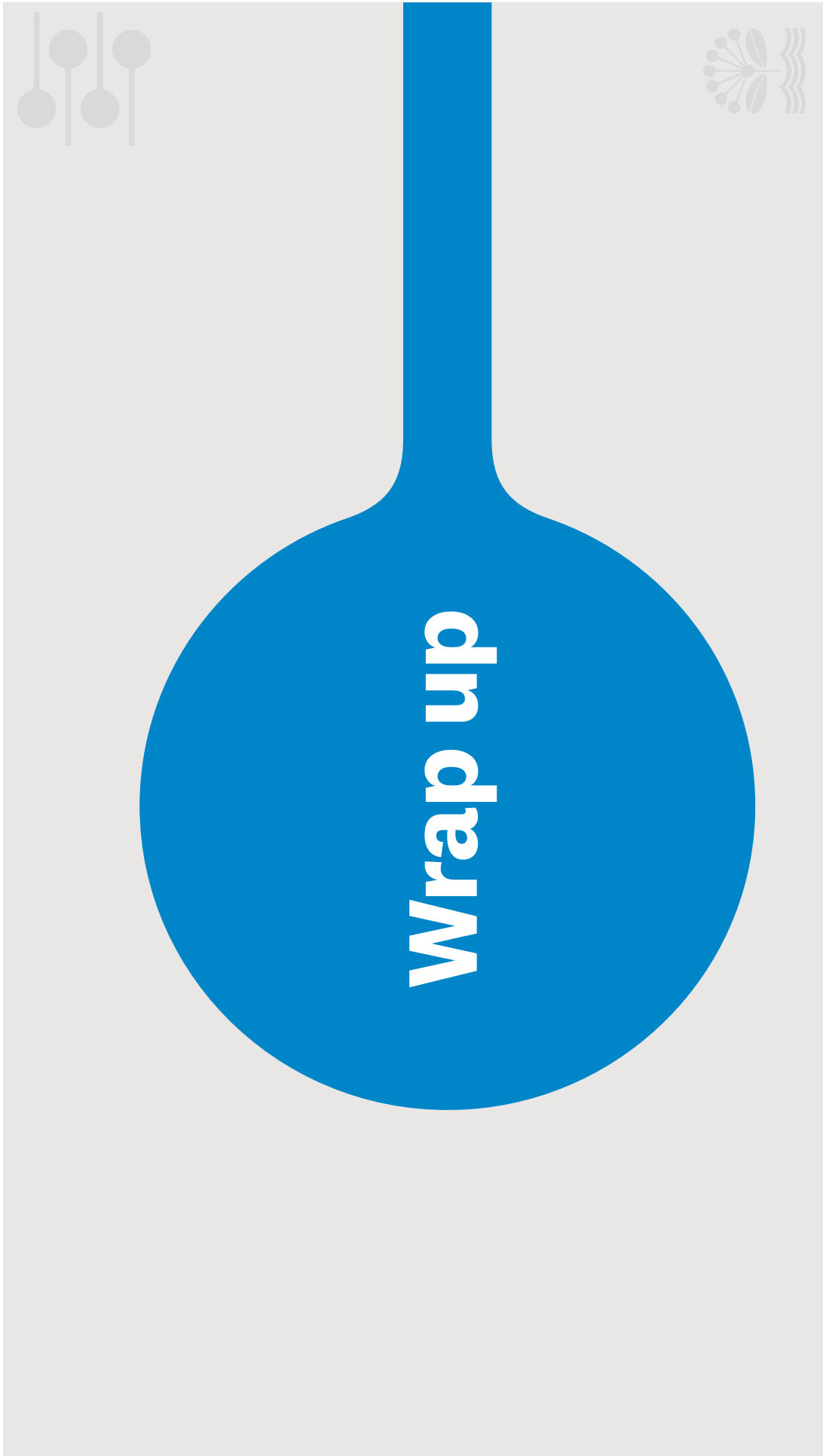
- Operating **budget position is balanced** with no shortfall. However:
 - management must **mitigate \$8 million of expenditure** on top of the existing \$47 million savings targets
 - there remains a need to **find persistent solutions** in future budgets
- **No budget capacity available** to accommodate additional expenditure.
- Also remains a **\$7 million events funding gap** to be resolved as per the consultation materials
- **Still well-within financial strategy limits** – i.e. debt-to-revenue of 221%
 - **Net debt projections increased by \$270m to \$15.8 billion** – primarily from Category 3 and level crossing removals.



Other budget items/risks to watch

- **Global economic environment** – including impact of new global tariffs and trade barriers
- **Interest rates** – small changes in rates can have large impacts on costs
- **Staff costs** – e.g. MECA negotiations ongoing, living wage
- **Potential legislative changes** – RMA reform, building inspections, tax arrangements
- **Asset sales timing** – challenges in meeting existing LTP targets.
- **Community groups** – e.g. Woodhill Sands and Q Theatre





Summary and next steps

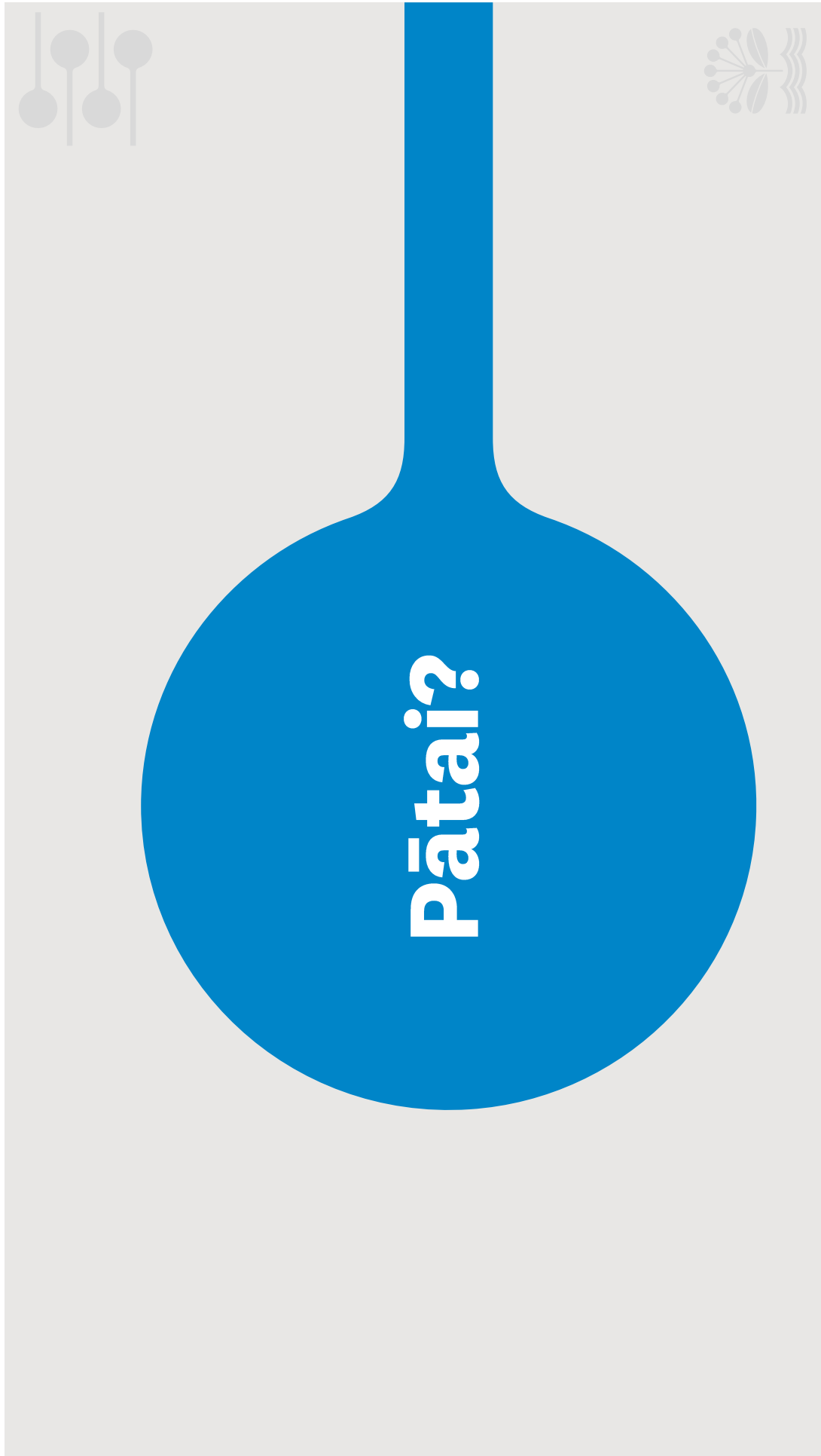
Summary

- Budget movements are manageable within LTP financial settings for 2025/2026
- Ongoing pressures and risks to be managed for future years and there is no budget capacity available for new expenditure
- There remains a \$7 million events funding gap to be resolved

Next steps

- Further budget reviews (carry-forwards, depreciation) ongoing, but not anticipated to materially impact final projections
- Advice to support Mayoral Proposal
- Reflection of political decisions made in final Annual Plan document and financial statements.





Appendix A: Summary of capital movements

Entity	Item	2025/26 movement
Auckland Council	Category 3 buyouts	\$126m
	Technology and ICT Capex to Opex conversion	(\$26m)
	Speedway consolidation (transfer from TAU)	\$7m
	Other programme timing adjustments	(\$12m)
	Agreed transport programme reduction as a response to lower central government co-funding	(\$204m)
Auckland Transport	Level crossings removal acceleration	\$163m
	Other programme timing adjustments (including flood recovery and Climate Action Transport Targeted rate funded cycling and walking projects)	(\$11m)
	Speedway consolidation (transfer to Auckland Council)	(\$7m)
Tātaki Auckland Unlimited	Other programme timing adjustments	(\$4m)
Eke Panuku	Marina redevelopment	\$8m
	Own Your Own Home portfolio	\$6m
	Other programme timing adjustments	\$1m
Other entities		-
Capital budget movement relative to LTP		\$47m

Appendix B: Summary of operating movements

Entity	Item	2025/26 movement
Auckland Council	Community – Local board movements	\$14m
	Community - Other	\$5m
	Category 3 buyouts – opex impact	\$8m
	Technology and ICT (operating funding impact)	\$12m
	Delays due to government planning reform	(\$5m)
	Other movements	\$0.5m
	Further mitigations for the council and group shared services to be worked through	(\$8m)
Auckland Council subtotal		\$26m
Auckland Transport	Lower public transport revenue driven by lower patronage	\$26m
	Lower parking and enforcement revenue	\$18m
	Other revenue changes (mainly from AT HOP equipment lease revenue)	(\$12m)
	Other cost changes including savings from reviewing resourcing requirements	(\$2m)
	Lower public transport contract indexation and programme costing/timing	(\$30m)
Auckland Transport subtotal		\$0m
Tātaki Auckland Unlimited	Utilities and staff costs	\$1m
Eke Panuku	Property revenue and other movements	(\$1m)
Auckland Future Fund	Higher distribution from the fund to Auckland Council	(\$1m)
Watercare & Ports of Auckland Group	-	-
	Interest savings	(\$25m)
Net operating shortfall relative to LTP		\$0m