



# **SUPPLEMENTARY AGENDA**

**Ordinary Council meeting  
Tuesday, 21 April 2026**

**Date: Tuesday, 21 April 2026**

**Time: 9:30 am**

**Location: Tauranga City Council Chambers, Mareanui  
L1, 90 Devonport Road  
Tauranga**

**Marty Grenfell  
Chief Executive**



## Order of Business

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## 11 BUSINESS

### 11.1 Draft 2026-27 Annual Plan - Update at April 2026

**File Number:** A20107632

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**Authoriser:** Craig Rice, Chief Operating and Financial Officer

#### PURPOSE OF THE REPORT

This report provides an update of the 2026/27 draft annual plan identifying changes proposed to achieve Council's target 7.5% rate increase.

#### RECOMMENDATIONS

That the Council:

- (a) Receives the report "Draft 2026-27 Annual Plan - Update at April 2026".
- (b) Notes that the 2025/26 organisational reset reduced expenditure budgets in the organisation by \$39m with these reductions carried through to the 2026/27 draft Annual Plan. Development of the 2026/27 Annual Plan since 16 December 2025, has further reduced expenditure budgets by \$21m. This results in a reduction in rates requirement across Council activities excluding three waters of \$12m.

#### Either

- (c) Agrees to funding adjustments to reach a 7.5% rates requirement for 2026/27 by:
  - (i) changing the funding of \$800k of support service budgets including accommodation for 2026/27 from allocator funding to loan-funded budget for water organisation establishment, which is a rate reduction of \$415k.
  - (ii) amending museum budgets for one-off display set up costs to be loan funded, reducing rates by \$1m.
  - (iii) carrying forward rate surplus from the current year of \$3.2m and including a reserve to buffer for price volatility as outlined in Table 1 of this report.

#### Or

- (d) Agrees to the following adjustments to loan funding which will achieve a rates increase of 8.6% for the 2026/27 Annual Plan by:
  - (i) changing the funding of \$800k of finance and executive leadership budget and accommodation for 2026/27 from allocator funding to loan-funded budget for water organisation establishment, which is a rate reduction of \$415k.
  - (ii) amending museum budgets for one-off display set up costs to be loan funded, reducing rates by \$1m.

#### EXECUTIVE SUMMARY

1. The Chief Executive has led an organisational reset to support reduction of Council budgets for the 2025/26 Annual Plan. This reset reduced budgets by \$39m including the reduction of 106.7 funded positions. From direction provided as part of the 10 February 2026 and 24

March 2026 Council meetings a further \$12m of rates funding in areas excluding three waters has been removed from draft budgets for the 2026/27 Annual Plan.

2. On 24 March 2026 Council requested the Chief Executive to consider further savings and options to achieve a 7.5% rate increase plus any Council approved costs for Mauao and/or cost increases due to the global situation. The required reduction in the rates requirement in 2026/27 is \$4m.
3. No further reduction in expenditure has been recommended by the Chief Executive for this year to reach the draft budget for 2026/27. This is because higher resourcing levels in the short term are required to meet requirements of central government reform including establishment of the Water Organisation (WO), the delivery of the LTP and other efficiency and risk mitigation requirements. The alternative would be to utilise consultants at a higher cost for these areas of work.
4. The most pressing reform relates to establishment of the new WO from 1 July 2027. Council will need to work closely with the new organisation to understand what support services it requires and for how long. As part of the waters reform some support staff are expected to transfer to the WO. Alongside transitional support, Council will also need to consider its own internal and ongoing support needs. This will inform resource requirements and organisational structure during the early years of the LTP.
5. Funding adjustments have been identified to achieve the requested rate increase of 7.5%. These adjustments will flow through to permanent budget adjustments in subsequent years once the WO transitional work has been completed, staff transferred to the WO and the remaining organisation right-sized.
6. The funding changes proposed in this report include:
  - (a) Loan funding more of the work undertaken by TCC staff to support establishment of a WO. This change will increase the WO establishment budget and therefore debt to transfer to the WO by \$800k. It reduces the allocation of support costs to council activities by the same amount, with an estimated rates reduction of \$415k excluding waters.
  - (b) Funding museum set up costs of \$1.5m for long-term exhibition and visitor experience through loans, with rates funding only of interest and debt retirement over 5-10 years as appropriate. This change reduces rates requirement by \$1m.
  - (c) Carrying forward to 2026/27 of current-year rate surpluses as outlined in Table 1 to a total of \$3.2m with a portion carried through to a buffer (reserve) to help manage price volatility arising from geopolitical uncertainty,
7. The forecast rate surplus in Table 1 is unusually high and reflects delays and cancellation of areas of budgeted work during the year for the reasons outlined. There has been a directive to staff from the Executive not to find alternative use of these budgets in favour of producing a rate surplus to support a lower rates requirement next year.
8. A rate surplus is not the same as a Profit and Loss surplus as shown in the financial accounts. The profit and loss variance to budget by activity is compared with the rates variance to budget by activity in Attachment 1.
9. The draft budgets at this stage do not include additional funding requirement related to costs for Mauao or cost increases due to the global situation. Further information on these areas will be included in the final update in May prior to adoption of the annual plan in June.

## BACKGROUND

10. On 24 March 2026 Council considered "Report 11.5 Annual Plan 2026-27 Update". As part of this report, Council agreed a rate increase of 7.5% for three waters activities, with total rates

requirement of \$145m (this includes water by meter price per cubic metre increasing at 7.5%).

11. The rest of council excluding three waters had a draft rate requirement of \$260m, an increase over the previous year of 9.7% after assumed growth of 0.5%.
12. Options to reduce the rate requirement through level of service changes were proposed in a separate report to the same meeting "Report 11.6 Annual Plan 2026/27 Levels of Service Options". Council agreed to total rates reduction through level of service changes equivalent to approximately \$2.1m of rates, which left a draft rates increase of \$258m. Additional costs were added in to fund the Māori Ward referendum and recognising the operating impacts associated with the revised capital programme.
13. After decisions from both reports on 24 March (reports 11.5 and 11.6), Council agreed:
14. *(l) to request the CE to consider further savings and options to achieve 7.5 percent plus any Council approved costs for Mauao and/or cost increases due to the global situation.*

## DISCUSSION

### **Expenditure Reductions Through Resets, Efficiency Savings and LOS reduction**

15. Council has already undertaken a significant reduction in staff and operating expenditure across the organisation both through the 2025/26 reset and in reaching the April draft Annual Plan for 2026/27.
16. The Chief Executive has led an organisational reset to support reduction of Council budgets for the 2025/26 Annual Plan. This reset reduced budgets by \$39m including the reduction of 106.7 funded positions. From direction provided as part of the 10 February 2026 and 24 March 2026 Council meetings a further \$12m of rates funding in areas excluding three waters has been removed from draft budgets for the 2026/27 Annual Plan.
17. There are several initiatives requiring significant support staff input over the next 18 months including:
  - (a) Establishment of the WO.
  - (b) Development of shared services to support the WO for a transitional period and the transfer of some support staff.
  - (c) Organisational reset post establishment of the WO once service level agreements are in place and with a view to future state of core council.
  - (d) Development of the 2027-37 Long-term Plan
  - (e) Advice on and then implementation of proposed Government reform including regional council governance, planning and regulation, rates capping and changes to reporting requirements
  - (f) Efficiency improvements and risk mitigation including migrating off ozone
18. No further adjustments to budgets and staffing are recommended by the Chief Executive at this stage because of the above work programme. The organisation needs to be sufficiently resourced to meet the additional work required. The alternative would be to engage more costly consultants to undertake this work. The proposal to fund the water transition work through loans reduces the operational funding of support services base budgets from 2026/27. These changes will flow through as part of the organisational reset post WO transition.

### **Funding Review to reduce rates requirement to 7.5%**

19. Council staff have identified areas of rate funded expenditure this year that have not been spent to date as planned. There has been a directive not to find alternative uses of these budgets in favour of producing a rate surplus to support a lower rates requirement next year.

Key areas of underspend which activity managers have committed to are identified in Table 1 below. For the 9 months to 31 March 2026, Council activities have underspent on rate-funded expenditure by \$7.6m (Attachment 1). Not all this underspend is expected to translate into a rate surplus at year end.

20. Table 1 also presents two loan funding recommendations for next year’s budget.
21. The first is funding \$800k of support service expenditure including accommodation budgets as additional loan-funded waters transition budget, reflecting the significant amount of work to be undertaken as part of stage 2 establishment. This change will reduce overall rates requirement by 415k. It will increase the debt to transfer to the water organisation by \$800k.
22. The second loan funded proposal is in relation to one-off museum set up costs of exhibition displays and customer experience expenditure. In the March 2026 draft, all this one-off expenditure was funded by rates. However, because most of this expenditure relates to set up costs including interactive digital displays that will last 5 to 10 years, it is more appropriate to be loan funded with rates used to retire the debt over an appropriate timeframe.

Item	Gross \$k budget funding reduction	Rate Reduction in TCC excluding waters \$k	Comment	Comment on risk or impact
<b>Target Reduction in Rates (from 24 March Council report)</b>		5,300	<b>Starting at a rates increase of 9.7% excluding three waters would require a 2.2% further rates reduction to reach the target of 7.5%</b>	
Inclusion of funding for Maori Ward referendum	-500	-350	Funding was requested to be included for this referendum but the target rate increase was not adjusted from 7.5%	Further saving or funding adjustment has been required to accommodate this additional budget
Various funding adjustments to loans, NZTA subsidies, project opex and depreciation as a result of the amendment to the capital programme		-500	Primarily from adjustments to transportation projects	
Level of Service adjustments agreed 24 March	2,400	2,100	Some adjustments from 24 March los paper were not rate funded, affected waters, or were already in Feb adjustments	
<b>Revised Funding and Saving Adjustment Target</b>		<b>4,050</b>	<b>Rates increase at 9.2% After the above adjustments a further rates reduction of 1.7% is required to reach 7.5%</b>	
<b>Other loan Funding of operational Expenditure</b>				
Loan Fund LWDW additional	800	415	Recovering additional support service costs and a charge for accommodation to waters establishment	Loan will transfer to the water organisation
Loan Fund Museum permanent display collateral including digital		1,000	This expenditure contributes to a multi-year project to design, develop and deliver the long term exhibition and visitor experience offerings for the new Tauranga Museum, opening in July 2028. The long term exhibitions are designed to have a life of 10-15 years.	This is net of debt retirement of loan over 5 years
		<b>2,635</b>	<b>Rates increase at 8.6%. After the loan funding adjustments there is a further reduction required of 1.1% to meet the target 7.5%</b>	<b>Resolution (d)</b>
<b>Rates Surplus 2025/26 transferred to offset</b>				
<b>Arising from decision not to spend available budget once savings identified</b>				
Digital	1,500	825	Current overbudget in software, primarily related to prepayments.	Subscription requirements for 2025/26 are confirmed and most invoices received
Insurance	1,200	340	Current year negotiated lower than budget expectations	No risk as invoices received
Resilience	700	700	Projects not commenced and progressed as budgeted as a result of reclassification and reduction of resource through reset	Projects based on Asset and Investment Plans which will be reviewed through the 2027-37 Long-term Plan
City Planning	350	350	Work has been delayed because of the impact of the Resource Management reforms which has resulted in not proceeding with Plan Changes.	This work will need to be undertaken in future years once legislation completed.
Events	379	379	Cancellation of New Year’s Eve events in 2025 due to weather and other expenditure not undertaken as budgeted.	No risks, significant events still supported
Transportation	300	300	Consultancy spend not required in 2025/26 due to delay of this work	No risks - Work to be completed in a later year. \$400k available - \$100k likely to be surplus at year end.
Historic Village	324	324	Ground maintenance that will not be undertaken this year as planned.	No risks. Revegetation and maintenance will be undertaken at a slower pace and in priority areas
Potential Reserve for price volatility	-	583		
<b>Total 2025/26 expenditure with potential to carry forward</b>	<b>4753</b>	<b>2,635</b>	<b>Rates at 7.5% After carrying forward the rates surplus (with reserve allowance) there are no further savings required</b>	<b>Resolution (c)</b>

23. Use of 2025/26 unspent rates to fund 2026/27 expenditure will impact the rate-funding increase required in 2027/28, unless further expenditure reduction is achieved in that year.

## Expenditure Risks

24. **Transportation and stormwater activities** are currently significantly underspent on rates funded expenditure. Transportation is forecasting to be fully spent by year end other than the consultancy budget identified in Table 1. Stormwater may not be fully spent in areas related to open drain clearing. There would be opportunity at year end to consider options for carrying forward significant unspent maintenance budget in stormwater including to a risk reserve in response to higher costs associated with fuel prices.
25. **Interest rates** will also be affected by any long-term disruption to fuel and oil supplies from the Middle East conflict. At present the Reserve Bank is looking through short term price impacts but has signalled inflation will be responded to by a raising of interest rates. Markets are now forecasting multiple increases in the OCR from July. No change has yet been made to interest rate assumptions in the Annual Plan. There is currently a rate surplus relating to debt levels and interest costs this year. Options for carrying forward a surplus to a reserve will be considered in June.

## Rates surplus compared with Operating Surplus

26. A rate surplus is not the same as a Profit and Loss surplus as shown in the financial accounts (Statement of Comprehensive Revenue and Expenses – SOCRE). The profit and loss variance to budget by activity is compared with the rates variance to budget by activity in Attachment 1.
27. Rates are not the only funding source for operating expenditure. Other sources include subsidies and fees and charges as well as reserves and in some cases loan funding consistent with the Revenue and Financing Policy.
28. The Statement of Comprehensive Revenue and Expense (SOCRE) presents all “operational” expenditure as defined by accounting standards that is recognised in the year, regardless of whether it is funded from operational revenue (rates and charges), loans, reserves (which represent funding from previous years) or is simply a non-cash accounting entry. Mark to market adjustments for interest rate swaps are an example of gains or losses recorded against the surplus that are not realised losses. Expenditure that has occurred in the past that cannot be capitalised is required to be written back in the SOCRE against operating costs even though no expenditure has occurred in the year and the work has been loan funded in the past. Both these items will impact recorded expenditure and operating surplus but not rates funding.
29. Therefore, it is possible to have a rate surplus while recording an operating deficit in the SOCRE.

## Key Financials

The following table of key financials for TCC excluding three waters, three waters and whole of council shows the 7.5% rate increase achieved as requested by Council. The higher unbalanced budget shown reflects the reliance on current year surpluses and loans to fund expenditure. The complete Statement of Comprehensive Revenue and Expense along with graphs of operational and capital expenditure are included as Attachment 2.

Table 2 – Key Financials

Draft Key Financials for 2027 Annual Plan

at 13 April 2026

	TCC ex 3 Waters			3 Waters			TCC including 3 Waters		
	2026 Annual Plan \$m	2027 Draft Annual Plan \$m	Variance to 2026 Annual Plan \$m	2026 Annual Plan \$m	2027 Draft Annual Plan \$m	Variance to 2026 Annual Plan \$m	2026 Annual Plan \$m	2027 Draft Annual Plan \$m	Variance to 2026 Annual Plan \$m
<b>Capital and Debt Summary</b>									
Capital Programme	316	208	(108)	109	141	32	425	349	(76)
Operational Expenditure of a Capital Nature	78	50	(28)	0	0	0	78	50	(28)
Net Debt	1,046	1,041	(5)	602	647	45	1,648	1,688	40
Debt to revenue ratio (LGFA compliance)	216%	215%	(1)%	390%	428%	38%	260%	268%	8%
Financial Limit on Borrowing (debt to revenue ratio - bespoke)							330%	330%	0%
<b>Operational Summary</b>									
Total revenue including all asset development revenue	439	437	(2)	199	218	19	638	655	17
Capital subsidies	57	36	(21)	4	6	2	61	41	(20)
Total operating revenue	394	393	(1)	138	151	13	532	545	13
Total operating expenditure	451	433	(18)	140	171	31	591	603	12
Balanced budget (LGFA requirement)	99.9%	98.9%	(1.0)%	101.3%	92.0%	(9.3)%	100.2%	97.1%	(3.1)%
<b>Rates Revenue</b>									
Rates Revenue (Excluding WBM)	236	255	19	89	96	7	325	351	26
Water by Meter revenue	0	0	0	43	49	6	43	49	6
Rates Revenue (Including WBM)	236	255	19	132	145	13	368	400	32
<b>Year on Year Rates Increases</b>									
Total rates Increase Excluding WBM (net growth & penalties)			7.5%			7.5%			7.5%
Water by Meter						15.1%			15.1%
Water by Meter unit rate increase (\$m <sup>3</sup> incl GST)				\$3.87	\$4.16	7.5%	\$3.87	\$4.16	7.5%

STATUTORY CONTEXT

30. The Local Government Act 2002 requires Council to produce an Annual Plan. The plan is required to be financially prudent and prepared in accordance with requirements of the Act.

STRATEGIC ALIGNMENT

31. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city that is easy to move around	✓
We are a city that supports business and education	✓
We are a vibrant city that embraces events	✓

32. The Annual Plan aligns with all community outcomes as it represents the resources Council commits to run the organisation and deliver services grants to other organisations and capital investments to achieve these outcomes

OPTIONS ANALYSIS

33. The options to be considered in this report are either to accept all of the funding adjustments proposed to reach a target rate increase of 7.5% or to accept only the loan funded adjustments to achieve a rate increase for TCC excluding three waters of up to 8.6%.

Option 1 - Accept all the proposed funding adjustments to achieve a rate increase of 7.5%

Summary	Advantages	Disadvantages/Risks
<p>Agree to</p> <p>Loan funding of LWDW additional establishment expenditure,</p> <p>Loan funding of museum display set up costs, and</p> <p>Carry forward of rate surpluses as outlined in Table 1.</p>	<p>Enables a lower rates increase of 7.5%.</p> <p>Carry forward of rates surplus ensures rates collected for an activity are spent on that activity.</p> <p>Loan funding of support service and accommodation costs in the establishment of the new water organisation reflects the true costs of waters transition.</p> <p>Loan funding of the museum display set up reflects that this expenditure will provide benefit over 5 to 10 years not just the year it occurs.</p>	<p>Funding 2026/27-year expenditure from carry forward of rate surplus means 2027/28 budgets would require larger rate increase to achieve the same level of expenditure in future and will encourage further efficiency savings.</p> <p>There is a risk that over expenditure elsewhere may reduce the rates surplus although this is being carefully monitored</p> <p>Loan funding of expenditure and use of previous years funding will bring the balanced budget measure further below 100%</p> <p>Not meeting the prudence benchmark would need to be explained to the Board of Local Government Funding Agency (LGFA) and could put at risk the bespoke borrowing covenant. Current debt levels are within standard LGFA borrowing limits so TCC does not require the bespoke covenant in 2026/27.</p>

Option 2 – Agree to the amendment to loan funding but not the carry forward of current year rates surplus to achieve a rate increase of 8.6%.

Summary	Advantages	Disadvantages/Risks
<p>Agree to</p> <p>Loan funding of LWDW additional establishment expenditure, and</p> <p>Loan funding of museum display set up costs</p>	<p>The balanced budget metric is still less than 100% but more favourable than in option 1. Advice to LGFA would still be required.</p> <p>The rate base would be higher going forward if a rate cap were to be applied for the following year.</p> <p>Any rate surplus could be used to retire debt or fund reserves for the purpose of managing future rate requirements.</p>	<p>The rate increase would be higher at 8.6%, which increases the cost to ratepayers over option 1.</p> <p>The unmet balanced budget benchmark would still require explanation to the Board of LGFA as required under the conditions of the bespoke covenant and could risk the bespoke covenant being withdrawn. Current debt levels are within standard LGFA borrowing limits so TCC does not require the bespoke covenant in 2026/27.</p>

**FINANCIAL CONSIDERATIONS**

- 34. Carry forward of rates surplus from areas underspent this year enables the budgeted level of expenditure for next year to be funded at a lower rate increase than otherwise. It uses the rates collected for the purpose intended in the 2025/26 Annual Plan when the rates were struck. Loan funding of one-off expenditure that provides benefit over a number of years is appropriate funding for this type of expenditure under the Council’s Revenue and Financing Policy. The true costs of setting up a water organisation include the additional costs to be funded through increased loan funded budget proposed.
- 35. However, use of debt to fund expenditure creates an unbalanced budget under the balanced Budget measure as set out in the Financial Regulations 2014. It also requires that Council explain to the Board of LGFA why the budget is unbalanced. It is noted that Council’s debt to revenue ratio does not utilise the additional borrowing capacity of the bespoke covenant as total debt to revenue remains within the ratios under the standard LGFA covenants.

**LEGAL IMPLICATIONS / RISKS**

- 36. There are no specific legal implications associated with the update on the annual plan. However, decisions on resourcing, which are actioned through the Annual Plan, may have an impact on the level of risk associated with the organisation’s operations and delivery.
- 37. The Middle East conflict is having an immediate impact on fuel and interest costs which have not been incorporated in interest and opex and capex costs in this Annual Plan update. The update in May prior to adoption of the Annual Plan will incorporate the latest assumptions at that time.
- 38. There is a risk that the LGFA Board may require Council to increase its revenue to ensure a balanced budget measure above 100% to retain the bespoke covenant.

## TE AO MĀORI APPROACH

39. The Annual Plan represents resourcing to include the outcomes agreed by Council. The outcomes are addressed through decisions on activities, capital expenditure and services. These should align with Council's Te Ao Māori approach. The level of resourcing for the Annual Plan should have regard to the agreed outcomes and deliverables the expenditure aims to achieve.

## CLIMATE IMPACT

40. The Annual Plan includes both operating and capital expenditure to adapt to a changing climate, reduce emissions and enhance nature and biodiversity. These initiatives are included in the Groups of Activity information

## CONSULTATION / ENGAGEMENT

41. Council has resolved not to consult on the 2026/27 Annual Plan, but that it would like material to be available related to this draft to support a survey to be undertaken in April 2026, commencing 14 April. The material associated with this report will be available on the agenda to the 21 April Council meeting from 15 April 2026.

## SIGNIFICANCE

42. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
43. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
44. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of medium significance.

## ENGAGEMENT

45. Taking into consideration the above assessment, that the matter is of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

## NEXT STEPS

46. Council will receive a further update on financials at the 25 May Council meeting. It is required to adopt the Annual Plan 2026/27 in June 2026, noting the draft is expected to be updated for:
- (a) changes to the delivered capital programme and proposed carry forward and 2026/27 capital budgets
  - (b) changes to proposed opex budgets as a result of Council decisions or other significant events
  - (c) changes to costs of capital or operational budgets as a result of costs for Mauao or cost increases due to the global situation.

## ATTACHMENTS

1. **Difference between P&L Surplus and Rates Surplus - A20123725** [↓](#) 
2. **Updated Operating Revenue and Expense - A20123767** [↓](#) 

**Difference between P&L surplus and Rates surplus**  
**As at end of March 2026**

Rates funded activities	P&L	Rates Funding	Rates Funding	Comment
	Surplus or Deficit Better/(Worse) than Annual Plan \$k	Surplus or Deficit Better/(Worse) than Annual Plan \$k	Carry forward agreed with Activity Managers \$k	
ANIMAL SERVICES	(295)	(9)		
ARTS & CULTURE	1,419	(35)		
ASSET SERVICES	106	106		
BAY VENUES LTD & CCO's	1,646	1,008		
BAYCOURT COMMUNITY & ARTS CENTRE	211	249		
BUILDING SERVICES	(1,347)	234		
CITY & INFRASTRUCTURE PLANNING	1,794	1,031	350	Per table 1
CITY CTRE DEVELOPMNT & PARTNER	3,249	1,532		
CITY EVENTS	369	380	379	Per table 1
CITY OPERATIONS	(941)	(669)		
COMMERCIAL ADVISORY	342	372		
COMMUNITY DEVELOPMENT	329	640		
DEMOCRACY SERVICES	(86)	(6)		
ECONOMIC PARTNERSHIPS	(394)	(1,024)		
EMERGENCY MANAGEMENT & CIVIL DEFENCE	(2,100)	(25)		Reserve-funded impact of Weather event.
ENVIRONMENTAL HEALTH & LICENSING	250	250		
ENVIRONMENTAL PLANNING	(998)	(998)		
EXECUTIVE OFFICER	(0)	(0)		
HEAD OFFICE - CORPORATE	0	0		
HEAD OFFICE - TCC	(250)	0		
HISTORIC VILLAGE	471	696	324	Per table 1
LEGAL	(386)	(386)		
LIBRARIES & COMMUNITY HUBS	(122)	(169)		
MARINE FACILITIES	(96)	0		
PROPERTY MANAGEMENT	590	0		
REGULATION MONITORING	105	105		
REGULATORY SERVICES	138	(130)		
SPACES & PLACES	(6,309)	(3,163)		Rates funded overspend, particularly depreciation
STORMWATER	2,299	2,155		Option to transfer any year end surplus to a risk reserve
STRATEGY & CORPORATE PLANNING	787	778	700	Per table 1
SUSTAINABILITY & WASTE	(274)	(299)		
TRANSPORTATION	28,626	1,733	300	P&L variance largely related to Tauriko West. Carry forward recommendation per table 1. Option to transfer any further year end surplus to a risk reserve
WASTE LEVY	262	152		
WASTEWATER	1,326	(492)		
WATER SUPPLY	1,534	27		
CORPORATE TREASURY	5,731	3,533		Impact of slower capital programme on interest
<b>Variance to Annual Plan</b>	<b>37,984</b>	<b>7,575</b>	<b>2,053</b>	
<b>Non rate funded Activities</b>	<b>(0)</b>			
AIRPORT	7	0		
BEACHSIDE	(802)	0		
CEMETERIES	(233)	0		
CITY WATERS SUPPORT SERVICES	4,260	0		Timing of LWDW loan-funded budget
CIVIC COMPLEX	(989)	0		
COMMUNICATIONS & ENGAGEMENT	(421)	0		
DIGITAL SERVICES	1,809	0	825	Allocator. Approx rates impact (excluding waters) of \$1.5m underspend.
ELDER HOUSING	(248)	0		
FINANCE	28	0		
FLEET MANAGEMENT	2	0		
HUMAN RESOURCES	(2)	0		
INSURANCE	0	0	340	Recoverer. Approx rates impact (excluding waters) of \$1.2m underspend.
MARINE PRECINCT	(25)	0		
PARKING MANAGEMENT	130	0		
PERFORMANCE MONITORING & ASSURANCE	331	0		
SMARTGROWTH IMPLEMENTATION	393	0		
STRATEGIC MAORI ENGAGEMENT	691	0		
STRATEGIC PROPERTIES - TE TUMU	(548)	0		
<b>Variance to Annual Plan</b>	<b>4,385</b>	<b>0</b>	<b>1,165</b>	
<b>Total TCC</b>	<b>42,369</b>	<b>7,575</b>	<b>3,218</b>	<b>Rates Funding</b>

Attachment 2

Forecast Operating Revenue and Expense Draft 2027 AP at 12 April 2026	TCC ex 3 Waters				3 Waters				TCC Including 3 Waters			
	2026 Annual Plan (000's)	2027 Draft Annual Plan (000's)	2027 AP Var to 2026 AP (000's)	Variance %	2026 Annual Plan (000's)	2027 Draft Annual Plan (000's)	2027 AP Var to 2026 AP (000's)	Variance %	2026 Annual Plan (000's)	2027 Draft Annual Plan (000's)	2027 AP Var to 2026 AP (000's)	Variance %
<b>REVENUE</b>												
<b>OPERATING REVENUE</b>												
Rates	236,260	255,067	18,808	8%	89,000	96,173	7,173	8%	325,260	351,240	25,981	8%
Water by meter (rates)	0	0	0	0%	42,736	49,206	6,470	15%	42,736	49,206	6,470	15%
Grants & Subsidies	78,171	57,110	(21,061)	(27)%	0	0	0	0%	78,171	57,110	(21,061)	(27)%
Fees & Charges	73,596	73,164	(431)	(1)%	5,920	6,116	196	3%	79,515	79,280	(235)	(0)%
Finance Revenue	6,142	8,045	1,903	31%	0	0	0	0%	6,142	8,045	1,903	31%
<b>TOTAL OPERATING REVENUE</b>	<b>394,168</b>	<b>393,387</b>	<b>(782)</b>	<b>(0)%</b>	<b>137,656</b>	<b>151,495</b>	<b>13,839</b>	<b>10%</b>	<b>531,824</b>	<b>544,881</b>	<b>13,057</b>	<b>2%</b>
<b>ASSET DEVELOPMENT REVENUE &amp; OTHER GAINS</b>												
Development Contributions	(19,147)	(17,732)	1,415	(7)%	43,679	46,426	2,747	6%	24,532	28,694	4,163	17%
Other Gains	(613)	(349)	264	(43)%	0	0	0	0%	(613)	(349)	264	(43)%
Grants, Subsidies & Other Capital Expenditure Contributions	57,132	35,675	(21,457)	(38)%	4,328	5,515	1,187	27%	61,460	41,190	(20,270)	(33)%
Vested Assets	7,271	26,154	18,883	260%	13,510	14,513	1,003	7%	20,781	40,666	19,886	96%
<b>TOTAL ASSET DEVELOPMENT REVENUE &amp; OTHER GAINS</b>	<b>44,643</b>	<b>43,748</b>	<b>(895)</b>	<b>(2)%</b>	<b>61,516</b>	<b>66,454</b>	<b>4,937</b>	<b>8%</b>	<b>106,159</b>	<b>110,202</b>	<b>4,043</b>	<b>4%</b>
<b>TOTAL REVENUE</b>	<b>438,811</b>	<b>437,135</b>	<b>(1,676)</b>	<b>(0)%</b>	<b>199,172</b>	<b>217,948</b>	<b>18,776</b>	<b>9%</b>	<b>637,983</b>	<b>655,083</b>	<b>17,100</b>	<b>3%</b>
<b>EXPENSE</b>												
<b>OPERATING EXPENDITURE</b>												
Personnel Expenses	114,634	122,476	7,842	(7)%	9,808	14,379	4,571	(47)%	124,442	136,855	12,413	(10)%
Depreciation & Amortisation Expenses	78,396	93,427	15,031	(19)%	47,486	49,177	1,691	(4)%	125,882	142,604	16,722	(13)%
Finance Expenses	35,642	45,404	9,763	(27)%	30,351	30,436	85	(0)%	65,993	75,840	9,847	(15)%
Other Operating Expenses	201,189	171,448	(29,741)	15%	73,204	76,612	3,408	(5)%	274,394	248,060	(26,333)	10%
<b>TOTAL OPERATING EXPENDITURE</b>	<b>429,861</b>	<b>432,755</b>	<b>2,894</b>	<b>(1)%</b>	<b>160,849</b>	<b>170,604</b>	<b>9,755</b>	<b>(6)%</b>	<b>590,710</b>	<b>603,359</b>	<b>12,649</b>	<b>(2)%</b>
<b>OPERATING SURPLUS/( DEFICIT)</b>	<b>(35,693)</b>	<b>(39,368)</b>	<b>(3,676)</b>	<b>(10)%</b>	<b>(23,193)</b>	<b>(19,109)</b>	<b>4,084</b>	<b>18%</b>	<b>(58,886)</b>	<b>(46,165)</b>	<b>408</b>	<b>1%</b>

