



**Date:** Thursday 20 February 2014  
**Time:** 9.30am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

---

## **Finance and Performance Committee**

### **OPEN MINUTE ITEM ATTACHMENTS**

---

<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>9</b>	<b>Local boards funding policy parameters for engagement</b>	
	A. Local Boards Funding Policy	3
<b>10</b>	<b>Funding Assistance Rates Review</b>	
	A. Funding Assistance	9
<b>11</b>	<b>Auckland Council performance report for the period 1 July 2013 to 31 December 2013</b>	
	A. Auckland Council performance report	13



**Local boards funding policy review**

Finance and performance committee

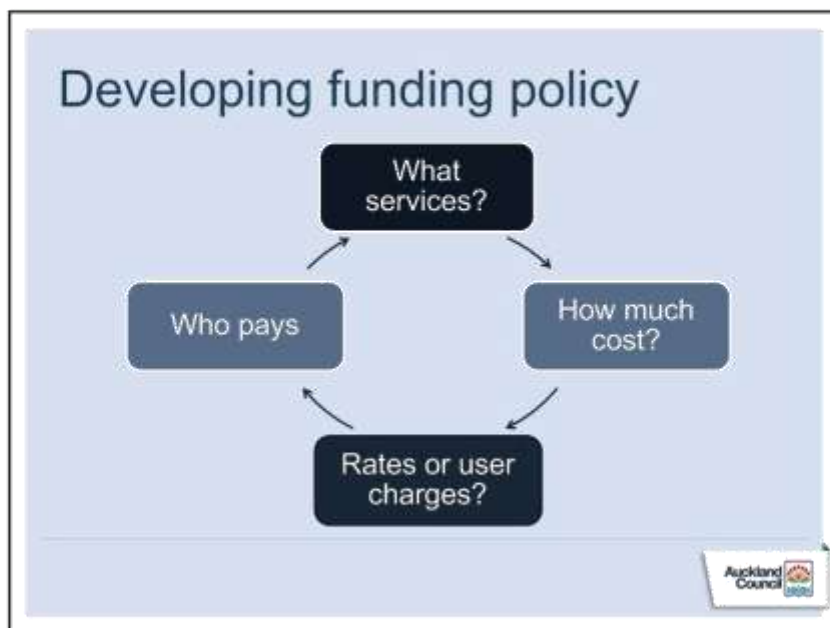
Date: 20 Feb 2014      Andrew Duncan

Auckland Council logo

**Purpose**

- To seek approval to engage local boards on LBFP
- To set parameters for engagement
- No changes to decision making for:
  - regional/local activities split
  - setting service levels for local assets

Auckland Council logo



- ### Developing LB funding policy
- Legislative requirement
  - Current legacy based policy inconsistent and has inequities
  - Opportunity to make policy fairer
  - Different views on what is fair
  - No perfect solution – trade-offs required
  - Aligning decision making responsibility for determining expenditure and funding
  - LTP sets total local activity funding
- A small Auckland Council logo is visible in the bottom right corner of the slide.

## Two types of local activities


- Local activities - \$332m
- Asset based services (pools, libraries etc) - \$296m
- Non-asset based services (locally driven initiatives) - \$36m
  - events, community development initiatives, etc
  - services unconstrained by availability of assets
  - LBs decide types and levels of service to provide

© Local boards funding policy review project



## Policy framework

- Improve alignment between decision on service level (expenditure) and funding




**Local boards:**  
• Drive and implement local initiatives

**Local boards:**  
• Implement GB investment  
• Deliver local activities through local facilities  
• Inform and monitor management of local assets

**Funding for locally driven initiatives**

**Funding for local asset based services and regional initiatives**

© Local boards funding policy review project



## Asset based services

- Continue to fund local assets from general rates – no change
- Issues with existing service levels
  - address issues via LTP budgeting and planning process
  - COO to discuss issue at scene setting workshops
  - activity groups will work with LB's on this as part of the LTP
  - cannot be resolved via LBFP

7 Local boards funding policy review project



## Locally driven initiatives

- Current distribution of funding inconsistent and inequitable
- Options available to make funding fairer
  - local rates
  - general rates allocation
  - combination
- Trade-off required between dimensions of fairness
- Major change unavoidable – transition options available

8 Local boards funding policy review project



## Using local rates

- Available under all models
- Only GB can set a rate
- Opportunity for greater alignment of decision-making responsibilities
- Options
  - LB's advocate, GB makes final decision
  - LB's make decisions (within regional guidelines), GB implements

9 Local boards funding policy review project



## Remissions and postponements

- Eleven policies for community and heritage support
- Different levels of support between LB's
- Schemes overlap LB community grants
- Review schemes to ensure equitable approach across LB's

10 Local boards funding policy review project






## Summary

- Separate funding for asset based services and local driven initiatives
  - increase alignment between expenditure and funding decisions
- Asset based services funded from general rates
  - engage on service levels and investment
  - local boards implement within parameters
- Local driven initiatives
  - LBs make decisions on services/services levels
  - funded from general rate allocation/local rates/mix
  - significant change in funding distribution under general rate allocation


11 Local boards funding policy review project



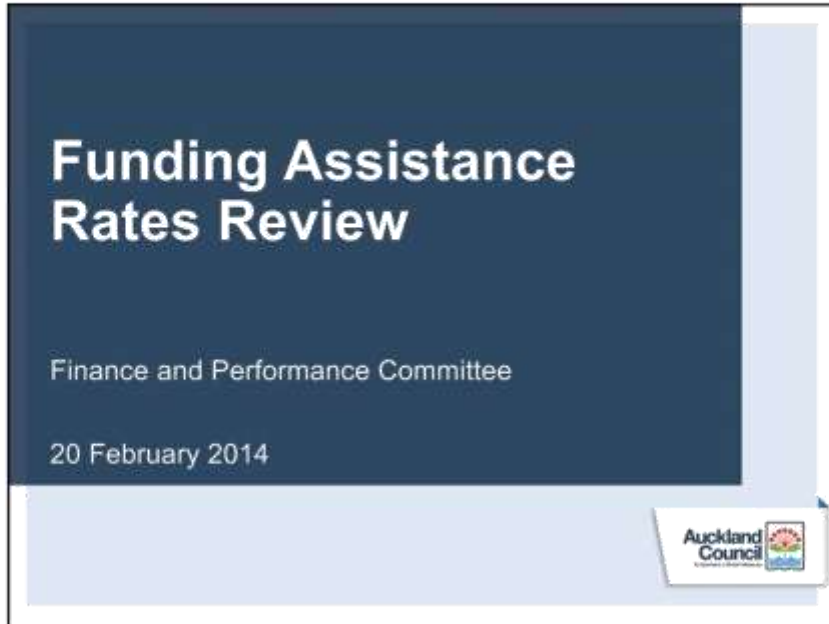
## Timeframe

Governing body approves parameters for engagement with local boards	February
Local board engagement	February/ March
Governing body approves policy for consultation	May
Public consultation alongside local board plans	June/July
Adoption of LBFP	August
Local board budgets developed for LTP consultation	August/ December

12 Local boards funding policy review project



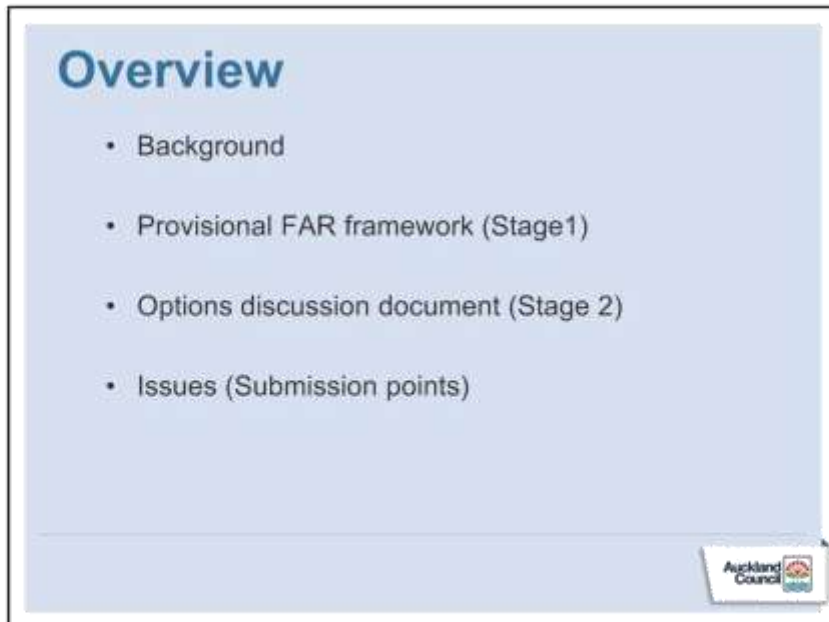





**Funding Assistance Rates Review**


Finance and Performance Committee

20 February 2014



**Overview**

- Background
- Provisional FAR framework (Stage1)
- Options discussion document (Stage 2)
- Issues (Submission points)



## Background

- NZ Transport Agency review:
  - **First stage** - approaches to setting and applying funding assistance rates.
  - **Second stage** - how the FARs should be set.
- A major funding policy review with potentially significant implications for the Auckland Council.



## Provisional FAR framework

**FIGURE 5 THE PROVISIONAL FUNDING ASSISTANCE RATE FRAMEWORK**

<b>ONE RATE FOR EACH AD</b>	<p>All approved organisations (AOs) should have the same funding assistance rate for all of the different land transport activities it undertakes that are eligible for funding from the RCTV (other than targeted activities and funding assistance rates under special assistance for emergency works). They should not have different rates for different types of projects or work, which would create the same funding assistance rate for those special projects, which do not fit in their other list of work.</p> <p>It also means that regional councils would apply the same funding assistance rate for the same category, but possibly different, road safety, pedestrian, and transport planning.</p>
<b>UNIVERSAL BEST AVAILABLE MARKET RATE</b>	There would be a set overall RCTV contribution rate that determined what proportion of the overall costs of delivering eligible road transport activities would be met from the fund.
<b>FACTORS AFFECTING MATERIALITY AND COST DELIVERY</b>	Some approved organisations would receive a funding assistance rate that was above the overall contribution rate to take into account factors which materially affect their ability to deliver road transport activities. <p>Conversely, other approved organisations would receive a funding assistance rate that was below the overall contribution rate.</p>
<b>ONLY COSTS THAT ARE FOR PUBLIC STANDARDS</b>	Only costs would be used for the eligible costs of road transport activities, including a road transport system, for the public roads.
<b>TARGETED FUNDING ASSISTANCE RATES</b>	Targeted additional funding assistance rates could be used to encourage resource growth and for other related work.



## Options discussion document

- How FARs should be set **within** this framework.
- Outlines the factors that could determine specific FARs for each council.



## Issues (Submission points)

1. FAR framework should be underpinned by a principle that aligns national and regional strategic priorities
  - An approach to FARs which sets higher FARs for activities that advance national and regional/local priorities.
2. Support the use of a 53% co-investment rate



3. A FAR to regions based on contributions and benefits, not just on affordability
  - Consider both the **need for investment and the ability to raise funds**.
  - FAR system should provide a **fair share** of funding for Auckland and support a programme for **growth**, as well as programmes to optimise/ maintain existing transport systems.
4. Support Option 5b, if setting FARs is to be based only on 'ability to pay'



5. Support provision for special purpose roads and for targeted enhanced FARs
6. Existing activities continue to be funded at the existing agreed FAR
  - Gradual transition in applying these changes.





## A few sample highlights

- Purchase of Colin Maiden park
- Auckland Art Gallery – multiple awards in World Architecture Festival
- Housing Project Office – 22 Special Housing Areas approved
- TV Takeback scheme launched

## Performance measures (#)

- Activity Levels (for month):
  - Call centre call volume down from a year ago*
  - Building consent volumes up*
  - **Call Centre** calls received (130,517)
  - **Building** consents received (1,414) with new dwellings (323)
  - **Building** inspections completed (9,150)
  - **Resource** consent applications lodged (786)
  - **Library visitors** (911,512) and items borrowed (1,222,201)
  - **Household refuse** (16,436 t) and recycling (12,125 t)

## Performance measures (%)

- Service Levels (for month):  
*Most are reasonably consistent throughout year*
  - 100% of **pollution** incidents responded to within 24 hours
  - 97% urgent **animal control** complaints responded to within 1 hour
  - 98% of **building** consents processed within 20 days
  - 95% non-notified **resource** consents processed within 20 days
  - 78% of **customer service** calls answered within 20 seconds
  - 77% of urban **noise** complaints responded to within 30 minutes

## Appendices

- A. Economic Update (p 45 of agenda)
  - 8 key indicators of Auckland's economic performance
- B. Treasury Report (p 46 of agenda)
  - Identifying how Council is managing short versus long term risks and costs relating to debt and investments
- C. Report on Professional Services (p 49 of agenda)
  - Analysis showing activities and nature of work
- D. Treaty Audit Responses (p 51 of agenda)
  - Update on progress in delivering the Treaty of Waitangi Audit Response Programme



## Appendices

- E. Maori Outcomes (p 55 of agenda)
  - Update on delivery of activities across Group contributing to Maori Outcomes [Grant Taylor, Director Governance and team]

Three specific requests from last presentation:

- F. LGOIMA information (p 59 of agenda)  
*[Bruce Thomas, Manager Electoral Officer and Public Information]*
- G. Customer Service information (p 60 of agenda)  
*[Nigel King, Manager Customer Services]*
- H. Alcohol licensing update (p 63 of agenda)  
*[Paul Radich, Senior Advisor Alcohol; Rob Abbott, Manager Alcohol Licensing]*



## Performance – Operational (\$)

- Underlying **net operating result** of a \$73m surplus
  - \$53m better than revised budget for 31 Dec
  - Total **operating income** (\$998m) above budget by \$18m (1.8%)
    - \$9m higher than expected gains in Diversified Financial Assets portfolio
    - \$4m relates to consenting and inspection fees, which are recovering increased costs in these areas for higher activity levels
  - Total **operating expenditure** (\$925m) under budget by \$34m (3.6%)
    - Majority of this is due to timing differences
    - Reduced collection costs due to lower tonnages for refuse and recycling



## Performance – Capital (\$)


- Extensive **capital expenditure** program for year
  - Budgeted for net programme to Dec of \$201m
  - Actual capital expenditure to Dec of \$164m
  - So overall slightly behind (82%) against budget at second quarter
  - Total programme of \$647m, with initial assumption of \$293m of uncompleted (and therefore deferred works) so net of \$354m
  - Current estimated delivery - \$450m plus \$62m for Colin Maiden Park (total \$512m)

## Summary for six months

- No areas of material concern for second quarter
- Non-Financial Performance mainly on track
  - Activity levels (#) are up for building consents
  - Service levels (%) are mainly on target
- Operational Financial Performance going well
  - Favourable variances at six month point
  - Some timing differences identified that will reduce these
- Capital Programme slightly behind schedule
  - Large overall programme for year of \$646m
  - 82% of budget year to date spent

### Customer Service Channels information

		This month – Jan 2014		Last month – Dec 2013	
<b>Online</b>	Pageviews / Average time on website (MM:SS)	1,971,330	3:05	1,605,768	2:51
	Visits / Unique visits	582,643	396,190	499,888	314,282
<b>Contact Centres</b>	Offered / Answered / Abandon Rate	137,471	133,766 2.7%	130,517	124,968 4.25%
	Service level	85.5%		77.6%	
	Average handle time (MM:SS)	4:32		4:16	
<b>Service Centres</b>	Resolved at first point of contact	75.7%		77.5%	
	Total interactions	17,901		13,720	
	Resolved at first point of contact	84.6%		85.8%	



### Customer Service Channels information

		This month – Jan 2014		Last month – Dec 2013	
<b>Written Communications</b>	Inbound/Outbound volumes	10,938	10,824	14,076	12,246
	Grade of service	97.7%		73.6%	
<b>Complaints (formal)</b>	Volume received for AC	366		302	
	Responded to within 10 days	61.3%		73.8%	
<b>Request for service volumes</b>		10,234		18,568	

