



I hereby give notice that an ordinary meeting of the Finance and Performance Committee will be held on:

**Date:** Thursday, 19 March 2015  
**Time:** 9.30am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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## **Finance and Performance Committee OPEN ADDENDUM AGENDA**

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### **MEMBERSHIP**

<b>Chairperson</b>	Cr Penny Webster	
<b>Deputy Chairperson</b>	Cr Ross Clow	
<b>Members</b>	Cr Anae Arthur Anae	Cr Mike Lee
	Cr Cameron Brewer	Cr Calum Penrose
	Mayor Len Brown, JP	Cr Dick Quax
	Cr Dr Cathy Casey	Cr Sharon Stewart, QSM
	Cr Bill Cashmore	Member David Taipari
	Cr Linda Cooper, JP	Member John Tamihere
	Cr Chris Darby	Cr Sir John Walker, KNZM, CBE
	Cr Alf Filipaina	Cr Wayne Walker
	Cr Hon Christine Fletcher, QSO	Cr John Watson
	Deputy Mayor Penny Hulse	Cr George Wood, CNZM
	Cr Denise Krum	

(Quorum 11 members)

**Crispian Franklin**  
**Democracy Advisor**

**16 March 2015**

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## The 2015-16 Levies for the Auckland Regional Amenities, the Auckland War Memorial Museum, and the Museum of Transport and Technology

File No.: CP2015/03725

### Purpose

1. To approve the 2015-16 levies for the Auckland War Memorial Museum (AWMM), and the Museum of Transport and Technology (MOTAT).
2. To discuss the Auckland Regional Amenities Funding Board's (the Funding Board's) annual plan.

### Executive Summary

3. The boards of AWMM and MOTAT have prepared their respective draft annual plans for the 2015-16 financial year. These draft plans set out the proposed funding levy sought from Auckland Council. The draft annual plans have been publically consulted on.
4. Under the Advisory and Management Agreement, RFA is the appointed advisor to Auckland Council on the annual AWMM and MOTAT funding processes. RFA has made submissions on both the AWMM and MOTAT draft annual plans.
5. It is RFA's role to consider and make recommendations to the Council on the statutory levies imposed by MOTAT and AWMM. This report considers RFA's recommendation on the proposed levies.

#### MOTAT

6. The MOTAT annual plan proposes a levy of \$12.287 million, a 2.5 percent (or \$300,000) increase from 2014-15. RFA has recommended that the MOTAT levy be approved.
7. RFA's view is that MOTAT's support of the Auckland Plan and the Auckland Arts and Culture Strategic Action Plan is recognised within the museums draft annual plan. The plan includes measures that relate to growing Maori participation in activities and collaboration across the sector.

#### AWMM

8. AWMM's draft annual plan proposed a levy of \$28.971 million, a 3.5% (or \$980,000) increase from 2014-15.
9. The AWMM, RFA, and council staff, are in discussions regarding ways to reduce the proposed increase in the levy. AWMM have indicated that they could possibly reduce the proposed levy for 2015-16 if there was greater certainty regarding funding in future years.
10. Consideration is being given to the Master Plan, and the 10 year Operation Business Plan that AWMM is developing. These discussions will provide a greater understanding of the AWMM's future funding requirements.
11. There is the possibility that these discussions could lead to a three year funding arrangement with AWMM, which could reduce the proposed 2015-16 levy. Staff are supportive of a three year funding arrangement, as it would allow both Auckland Council and the AWMM to plan with more certainty.
12. The Auckland War Memorial Act requires the annual plan, and the levy, be agreed by 30 April. If no agreement can be reached, the parties must go to arbitration.
13. It is recommended that the Chair and Deputy Chair of this committee be delegated authority to agree the levy for 2015-16, and, subject to negotiation, the terms of a three year funding arrangement with the AWMM. The committee may wish to indicate the parameters of such

an arrangement.

### **Auckland Regional Amenities Funding Board**

14. The Funding Board has published its draft 2015-16 annual plan. This committee has previously approved the council's submission on the draft annual plan.
15. The Funding Board has considered the submissions that it has received, and on 17 March will recommend to council its final annual plan, including the levy sought from Auckland Council.
16. The final annual plan will not be available in time to go out with this agenda. However, it will be tabled at the committee meeting for discussion. The final decision whether to approve or reject the levy will be made at the Governing Body meeting on 26 March.

## **Recommendation/s**

That the Finance and Performance Committee:

- a) approve the 2015-16 Museum of Transport and Technology levy of \$12.287 million, as recommended by Regional Facilities Auckland.
- b) note that discussions are ongoing between the Auckland War Memorial Museum, RFA, and Auckland Council, as to the proposed levy for 2015-16.
- c) agree in principle, subject to negotiations, to a three year funding arrangement being put in place with the Auckland War Memorial Museum.
- d) delegate the Chair and the Deputy Chair of the Finance and Performance committee authority to agree the 2015-16 Auckland War Memorial Museum levy, and the terms of any three year funding arrangement within any parameters indicated by the committee.

## **Comments**

17. AWMM and MOTAT operate under the following pieces of legislation:
  - Auckland War Memorial Museum Act 1996
  - Museum of Transport and Technology Act 2000
18. The legislation requires both museums to publish draft annual plans, including details of the proposed levy to be imposed on Auckland Council. These annual plans must be consulted on publically.
19. Pursuant to the Advisory and Management Agreement between RFA and Auckland Council, RFA has been appointed Council's advisor for the museums' annual funding process. RFA has made submissions on Auckland Council's behalf to both AWMM and MOTAT.
20. Both AWMM and MOTAT have considered the submissions they received, including from RFA.
21. RFA has assessed the levies proposed by the museums, and made its recommendations to Auckland Council. Letters containing RFA's recommendations can be found at Attachment A & B. Copies of AWMM and MOTAT's annual plans can also be found at Attachment C and D.

## **MOTAT**

22. The MOTAT annual plan proposes a levy of \$12.287 million, a 2.5 percent (or \$300,000) increase from 2014-15. RFA has considered this levy in the context of the MOTAT's proposed annual plan, and its strategic plan, and recommended that the levy be approved.

23. RFA notes that:

- The 2015/16 MOTAT draft annual plan delivers on year two of MOTAT's strategic vision.
- MOTAT's support of the Auckland Plan and the Auckland Arts and Culture Strategic Action Plan is recognised within the museum's draft annual plan. The plan includes measures that relate to growing Maori participation in activities and collaboration across the sector.

RFA notes that a key priority in the plan is to continue to improve the quality of the exhibitions and attractions, aligning them to the strategy, and developing the visitor experience. This will require improvements in the museum's buildings and infrastructure. MOTAT is working on a development plan to address these issues.

#### **AWMM**

24. In November 2014 the AWMM Board was considering a levy increase of 4.2%. This was subsequently reduced to a 3.5% (or \$980,000) increase in AWMM's draft annual plan. The total levy sought in the draft annual plan is \$28.971 million.
25. The AWMM, RFA, and council staff, have had discussions regarding reducing the proposed levy increase. AWMM have indicated that this could be possible if there was greater certainty regarding funding in future years.
26. The annual funding process does not provide any certainty to the AWMM over the level of funding it will receive in future years.
27. The AWMM is developing a Master Plan for the development of the museum, together with a 10 year Operational Business Plan. If the AWMM had greater certainty over the level of future years funding, it would be better able to plan the phasing of investment in the museum, and plan with more certainty.
28. The possibility of a three year funding arrangement has been discussed. The AWMM has indicated that it could consider a three year funding arrangement with annual levy increases of 3%, 3.5%, and 4.2% from 2015-16. It should be noted that the AWMM board has yet to consider a proposal for a three year funding arrangement, or a reduction in the levy proposed in the draft annual plan.
29. Due to the ongoing nature of these discussions, RFA has not made a recommendation on the levy proposed in the draft annual plan. Rather, RFA has recommended to Auckland Council that discussions continue with the museum on a three year funding arrangement.
30. Staff are supportive of a three year funding arrangement, as it would allow both Auckland Council and the AWMM to plan with more certainty.
31. The Auckland War Memorial Act requires the annual plan, and the levy, be agreed by 30 April. If no agreement can be reached, the parties must go to arbitration.
32. It is therefore recommended that the Chair and Deputy Chair of this committee be delegated authority to agree the levy for 2015-16, and if possible a three year funding arrangement.

#### **Auckland Regional Amenities Funding Board**

33. The Funding Board has published its draft 2015-16 annual plan. This committee has previously approved the council's submission on the draft annual plan.

34. The draft funding plan proposes a total levy for 2015-16 of \$15,148,400 representing an increase of \$837,400 (or 5.85%) over 2014-15. However, a like for like comparison with last year's funding plan is difficult due to:
- (i) the proposed levy for 2015-16 includes a step-up in funding of \$1 million for the trial annualisation of the Auckland Arts Festival from 2016.
  - (ii) one amenity, the Auckland Rescue Helicopter Trust (ARHT) chose not to make an application to the Funding Board. ARHT received \$450,000 in 2014-15.
  - (iii) Stardome Observatory received a one-off \$150,000 increase in 2014-15 to undertake a strategic review.
35. The Funding Board has considered the submissions that it has received, and on 17 March will recommend to council its final annual plan, including the levy sought from Auckland Council.
36. The final annual plan will not be available in time to go out with this agenda. However, it will be tabled at the committee meeting for discussion. The final decision whether to approve or reject the levy will be made at the 26 March Governing Body meeting.

### Budget issues

37. Details of the total levies being sought by the AWMM, MOTAT, and the Funding Board are set out in the table below:

Organisation	Proposed levy
AWMM	\$28,971,000
MOTAT	\$12,287,000
Funding Board	\$15,148,400
<b>Total</b>	<b>\$56,406,400</b>
Draft LTP budget	\$57,079,346

## Consideration

### Local Board views and implications

38. Decision making and oversight in respect of regional activities is the responsibility of the Governing Body.

### Māori impact statement

39. AWMM and MOTAT have the ability to make positive contributions to Maori wellbeing, and to deliver on Auckland Plan outcomes relating to effective communication and engagement with Maori.
40. In previous year's levy process, MOTAT and the AWMM were asked to engage with manawhenua and mataawaka in the region, in relation to ongoing development of their respective strategies.
41. In the last 12 months MOTAT has commenced a process to incorporate Maori language, culture and technology into its exhibitions and education programmes. MOTAT has also involved Ngati Whatua in its discussions regarding the development of the Museum.
42. MOTAT is aiming to develop a mutually rewarding relationship whereby iwi assist the museum to highlight Maori knowledge, culture and views in ways that ensures it is acknowledged, respected and passed on.





13 March 2015

Stephen Town  
Chief Executive  
Auckland Council  
Level 13, Civic Building  
1 Greys Avenue  
AUCKLAND

Dear Stephen

**STATUTORY LEVY 2015/16  
AUCKLAND WAR MEMORIAL MUSEUM**

As the Council Controlled Organisation charged with delivering high-quality venues, facilities and programming, Regional Facilities Auckland (RFA) has an important role to play in contributing to Auckland's liveability city aspirations, as do all of Auckland's arts and cultural institutions and organisations. In addition to the institutions owned and managed by RFA we have a strong and enduring relationship with independently run major facilities in Auckland and work with them to deliver for Auckland, the Auckland Plan and other Auckland Council strategies.

During the past twelve months RFA has worked closely with Auckland War Memorial Museum (AWMM) and provided guidance on a number of matters including the Auckland Plan, Arts and Culture Strategic Action Plan and in leading initiatives with Auckland Transport. RFA has also recommended to Auckland Council appointees for the AWMM Board in conjunction with the Museum Institute and worked with the Chair of the Board in respect of the museums requirements in this area.

We note within the museums annual plan, the ongoing collaboration with NZ Maritime Museum, and with Te Papa and Ngapuhi regarding the Pahi Medal. Local Board collaboration and the museums support for the Te Papa Manukau project. In addition the development of programming offsite in association with Auckland libraries, schools and in conjunction with Auckland Council in respect of WW1 and the re-launch of the Online Cenotaph database.

There is a focus in the plan on collection care, investment in digital and focus on delivering better access to collections, curation and research. This includes the Te Awe (Taonga Store) project which includes conservation, documentation, digitalising and developing the taonga Māori collections to improve knowledge and continued iwi and Māori engagement in support of their reconnection with taonga.

Along with the strategy in "*Future Museum*", the museum is developing a Master Plan and Long Term Plan (Organisation Business Plan), which includes gallery redevelopment and other capital works, which will utilise funds held in the Asset Replacement Reserve and underpin the museums asset management plan.

It is noted that the museum articulates and recognises the cost constraints Auckland Council is under and will shortly launch a Museum Foundation. It is acknowledged that there is ongoing leadership from the museum across the museum sector in Auckland, nationally and internationally within the plan, as well as active participation in the Auckland Tourism Agenda and the development of the Pacific Advisory Panel. RFA look forward to continuing to work with the museum in the sector and having support from the museum in the work that RFA are leading in this respect.

In respect of this years annual plan process, discussion has been progressing in relation to agreeing an in principal, three year funding agreement. These discussions have included the Mayors office, Auckland Council CCO Governance and External Relationships. Developing this form of agreement would align the museum with the Auckland Council's funding through the Long Term Plan and provide surety for the AWMM Board in funding the master plan for the museum.

As this is a change from the current yearly funding, discussion has been predicated on the three year agreement being supported by Auckland Council. It will also be important that each party's rights within the legislated process are maintained.

The RFA Board recommends to Auckland Council:

*That negotiation continues with the museum on a three year funding agreement. This recommendation is made with the acknowledgement that the final decision regarding the levy rests with Auckland Council.*

#### Background

The AWMM is created through the Auckland War Memorial Museum Act 1996. This Act sets out the objectives of the organisation, the annual plan process and the requirement for Auckland Council to pay the levy on 1<sup>st</sup> July each year. The museum board is autonomous and is required to act in the best interests of the museum at all times. The museum publishes an annual plan and annual report and has a Chief Executive, staff and volunteers. The Auckland Museum Board is accountable for the running of the museum.

Under the terms of the Advisory and Management Agreement with Auckland Council, RFA is to consider and make recommendations to Auckland Council in respect of the statutory levy. RFA is looking for guidance from Auckland Council as to whether a three year funding agreement can be progressed.

As part of this years levy process the museum has developed the annual plan as required under the legislation and this is attached. In November 2014 the AWMM Board was considering a levy increase of 4.2%, this was subsequently reduced to 3.5% when the draft annual plan was published. Since that time RFA has been working with the AWMM and Auckland Council on further reducing the levy through a three year funding agreement. Early indications are that the museum may support a three year funding agreement with a profile of 3%, 3.5% and 4.2%. Negotiations regarding this funding profile are ongoing and subject to the terms of the agreement being agreed by the AWMM Board, RFA Board and Auckland Council. The levies proposed are within the museum's levy cap.

Discussions with the museum are also progressing regarding the level of the Asset Replacement Reserve and funding of the same. The museum has assured RFA that the balance of the reserve will reduce considerably over the next few years in line with the Master Plan and Operational Business Plan (10 year plan).

The museum is undertaking within the annual plan to lead a partnership with other museums to establish options for a long-term solution for the care of heritage collections in Auckland. This builds on the initial work undertaken by RFA in the sector and will link into the partnerships through the Te Papa project. RFA supports this project being further developed for consideration by Auckland Council for the 2018-2028 Long Term Plan.

Yours sincerely



Kym Fell  
Acting Chief Executive



13 March 2015

Stephen Town  
Chief Executive  
Auckland Council  
Level 13, Civic Building  
1 Greys Avenue  
AUCKLAND

Dear Stephen

**STATUTORY LEVY 2015/16  
MUSEUM OF TRANSPORT AND TECHNOLOGY**

As a Council Controlled Organisation charged with delivering high-quality venues, facilities and programming, Regional Facilities Auckland (RFA) has an important role to play in contributing to Auckland's liveability city aspirations, as do all of Auckland's arts and cultural institutions. RFA works closely with the Museum of Transport and Technology (MOTAT) and the MOTAT board to support the aims of Auckland and delivery of the Auckland Plan.

While delivering this vision RFA are aware of our responsibility to the ratepayers of Auckland and the need for those organisations that are associated with RFA to be accountable for the funding they receive. The accountability framework for MOTAT is set out under legislation.

During the past twelve months RFA has worked closely with MOTAT and provided support and guidance on a number of matters including the Auckland Plan, Arts and Culture Strategic Action Plan and changes to the health and safety legislation. RFA has also recommended to Auckland Council appointees for the MOTAT Board, this process was run in conjunction with the MOTAT Society and the Chair of the Board.

The RFA Board has considered the MOTAT draft annual plan (as attached). A written submission has been made and the RFA Board members attended the public hearing. The assessment of the plan was completed on the basis of a range of criteria including balancing the benefits with cost.

**Recommendation**

*The RFA Board recommends to Auckland Council that the MOTAT levy of \$12.287m being a 2.5% or \$300,000 increase is supported. The levy is below the levy cap set out in the legislation. This recommendation is made with the acknowledgement that the final decision regarding the levy rests with Auckland Council.*

### Background

MOTAT was created through the Museum of Transport and Technology Act 2000. This Act sets out the objectives of the organisation, the annual plan process and the requirement for Auckland Council to pay the levy on the 1<sup>st</sup> July each year. The museum board is autonomous and is required to act in the best interests of the museum at all times. The museum publishes an annual plan and annual report and has a Chief Executive, staff and volunteers. The MOTAT Board is accountable for the running of the museum.

Under the terms of the Advisory and Management Agreement with Auckland Council, RFA is to consider and make recommendations to Auckland Council in respect of the statutory levy. RFA's obligation under the agreement is to "assess the levy" as proposed and then recommend to Council whether the levy should be accepted or rejected. The latter course potentially leading to arbitration should the museum not agree to reduce the levy.

The Dame Cheryl Sotheran report identified a number of areas where changes in MOTAT were needed. Since the report a new Chief Executive and Board have been appointed. The MOTAT Board and Chief Executive have worked through the report and developed a Strategic Vision for the museum; this includes a number of organisational and operational changes to support the strategy. A wide range of stakeholders including iwi, staff and volunteers were consulted during the strategy development.

The 2015/16 MOTAT draft annual plan delivers on year two of the strategy. Year one was focused on developing an organisation structure to ensure that MOTAT could deliver the strategy, the opening of the exhibition 'Welcome To The Machine' which incorporates Maori technology and language and examples of Kwi ingenuity such as Ayla Hutchinson's 'Kindling Cracker'.

MOTAT's support of the Auckland Plan and the Auckland Arts and Culture Strategic Action Plan is recognised within the museums draft annual plan. The plan includes measures that relate to growing Maori participation in activities and collaboration across the sector.

RFA notes a key priority in the plan is to continue to improve the quality of the exhibitions and attractions, aligning them to the strategy and developing the visitor experience. This will require improvements in the museum's buildings and infrastructure and work was completed by Sir Ian Athfield (prior to his passing away) on a development plan to address this.

We also note that MOTAT will continue to look at ways to reduce costs, whilst aiming to increase budgeted revenue and sponsorship funding. Whilst we would like MOTAT to become financially self-sufficient, it is recognised that this will take time as the museum's infrastructural issues need to be addressed.

RFA believe that MOTAT has acknowledged and provided balance in the strategy and the Draft Annual Plan in relation to the competing interests the museum deals with, including present and future heritage, diversifying the volunteer base, advancement of historical and scientific learning and the incorporation of Maori culture and objects. MOTAT's challenge now is to build reputation and partnerships to deliver the strategy.

On the above basis, the RFA Board is supportive of the MOTAT Board's proposed levy.

Yours sincerely



Kym Feil  
Acting Chief Executive