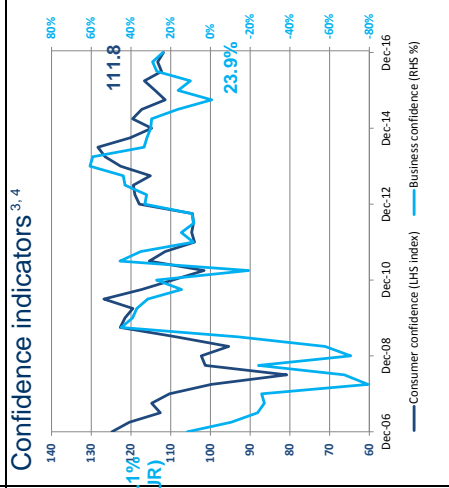
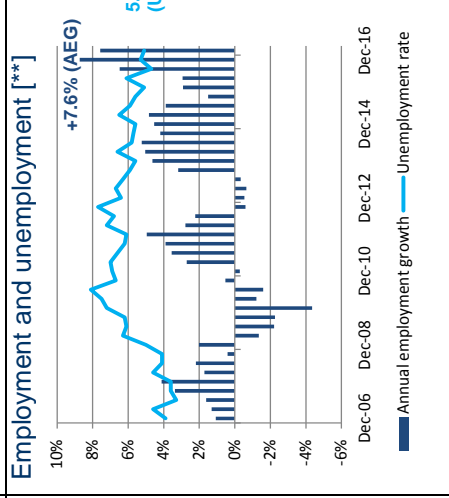
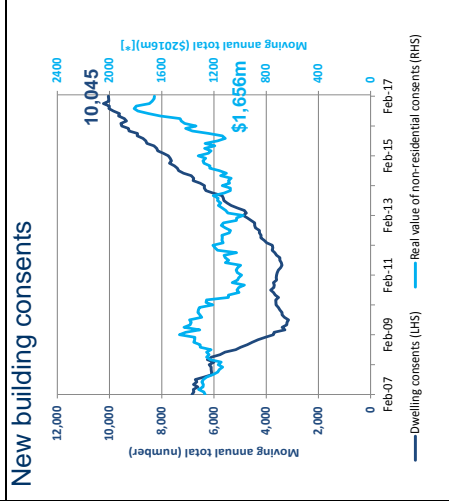
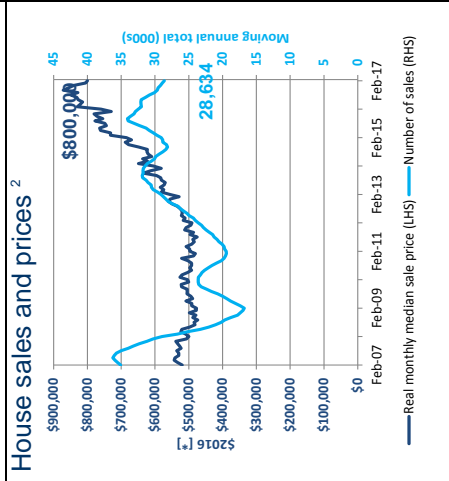
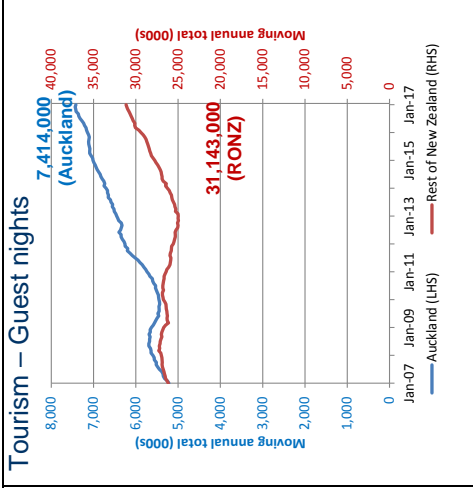
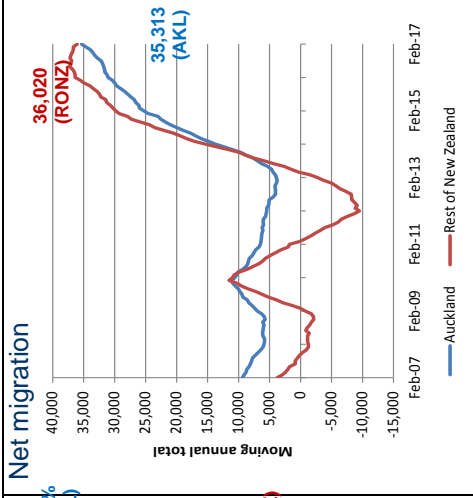
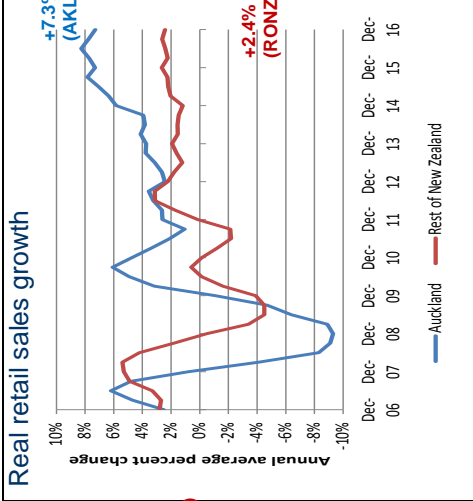
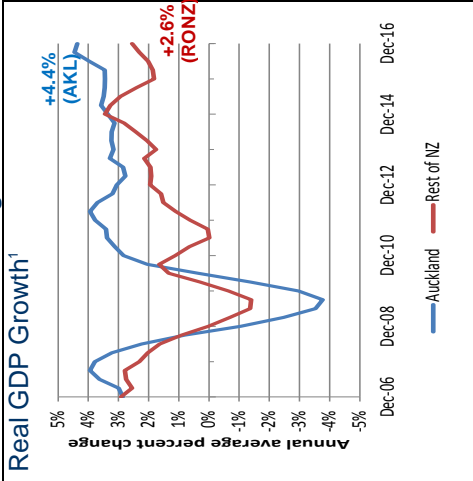


Appendix 1 - Auckland Economic Update – April 2017

Data is for Auckland region unless otherwise stated



Sources:

All data is from Statistics New Zealand unless otherwise stated below:

- (1) Infometrics, Quarterly Economic Monitor. Recent GDP estimates are subject to revisions. (2) Real Estate Institute of New Zealand. (3) Westpac McDermott Miller. Values over 100 indicate more optimists than pessimists.
- (4) New Zealand Institute of Economic Research, Quarterly Survey of Business Opinion. Measures the net percentage of firms that believe the general business situation will improve in the next six months.

[*] All historic \$ converted to latest quarter equivalent \$ using quarterly price index.

[**] Historic HLFs data to March 2016 rebased August 2016 by SNZ, but not fully compatible with June 2016 onwards.

Appendix 2 - Treasury report

The treasury report provides a summary of how Auckland Council is complying with Treasury Management Policy limits and the performance of treasury activities against benchmarks.

Key highlights for the quarter include:

- Benchmark EUR 500 million 10 year issue in January 2017.
- An external review of Council's Responsible Investment Policy, which was presented to the Finance and Performance Committee in April.
- Provided a \$150 million commercial paper standby advance facility to Watercare Services Limited.
- Presenting at the New Zealand Capital Markets Forum 2017 in Wellington.

The focus of treasury remains on minimising funding costs, managing liquidity, funding and interest rate risks, diversifying the investor base and lengthening the term of debt.

Debt

Gross debt managed by Auckland Councils Treasury team as at 31 March 2017 was \$7.77 billion (\$7.0 billion at 30 June 2016). After allowing for \$438 million of cash investments (\$126 million as at 30 June 2016), net debt was \$7.3 billion (\$6.9 billion at 30 June 2016).

Borrowing and liquidity limits	Policy maximum	Half Year (Annualised) 2016/17 ¹	Budget 2016/17	Compliance
Net debt as a percentage of total revenue	275 %	186 %	212 %	Yes
Net interest as a percentage of total revenue	15 %	10 %	12 %	Yes
Net interest as a percentage of rates income	25 %	18 %	20 %	Yes

Debt portfolio performance	Actual 31 Mar 17	Average YTD	Annual Budget as per plan ²	Benchmark 7 year
Cost of funds ³	5.22 %	5.08 %	5.31 %	5.00 %

The March cost of funds remains below the budgeted cost of funds and above the 7 year benchmark. The average duration of our debt portfolio at month end was 6.17 years. The average duration of our interest rate hedging is 8.years.

Debt Opening position	Debt Issued YTD	Debt at 31 Mar 17	Treasury forecast decrease in debt	Treasury forecast closing position	Annual Plan closing position	Variance
\$ 6,984 m	\$ 788 m	\$ 7,772 m	\$ 22 m	\$7,750m	\$ 7,743 m	\$ 7 m

¹ Half Year results based on the 31 December 2016 audited Auckland Council Group results less Watercare and Ports of Auckland.

² Annual budget was prior to EMU early repayment decision

³ Cost of funds excludes Watercare and Ports of Auckland.

Treasury's closing debt position at 30 June 2017 is forecast to be \$7,750 million including cash of \$124 million. The 2016/17 Annual Plan has a debt position of \$7,743 million including cash of \$282 million.

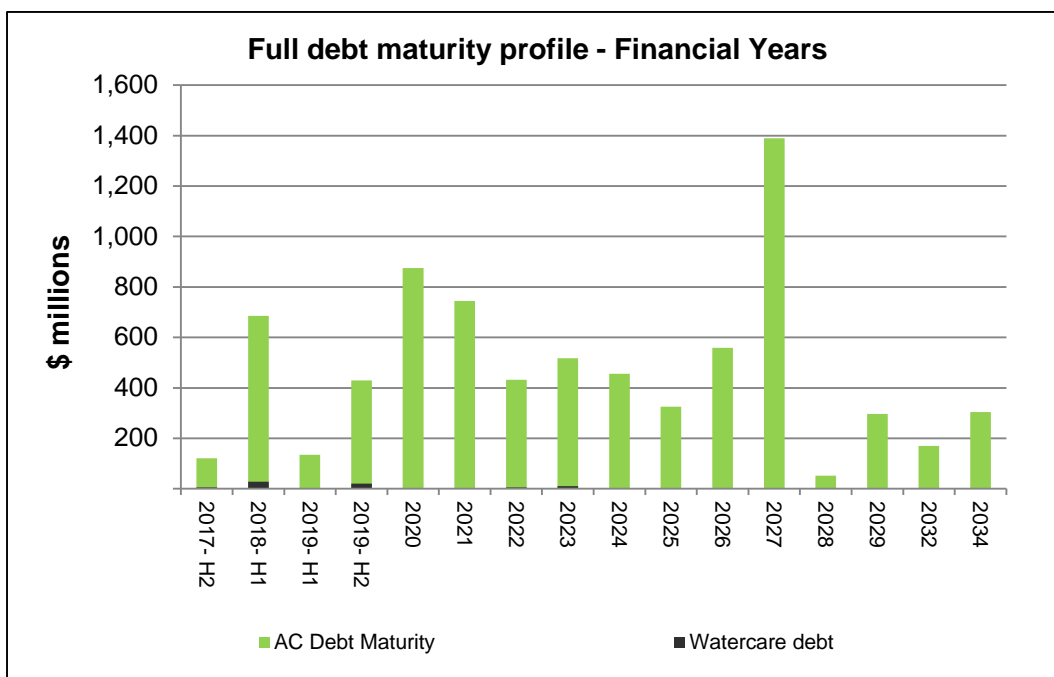
Debt maturity profile	Policy	Actual	
Maturing between 0 and 3 years	15 % to 60 %	\$ 2,351 m	30 %
Maturing between 3 and 7 years	20 % to 65 %	\$ 2,326 m	30 %
Maturing beyond 7 years	10 % to 65 %	\$ 3,095 m	40 %
Total		\$ 7,772 m	100 %

Fixed Interest Rate Repricing ⁴	Actual	Actual %
Between 50 per cent and 95 per cent of total debt.	\$ 5,708 m	87 %

	Amount on issue				YTD
	31-Mar-17		30-Jun-16		
Domestic funding					
Commercial paper + short term borrowing	\$291	4%	\$250	4%	↑ \$ 41 m
Retail bonds	\$1,355	17%	\$1,175	17%	↑ \$ 180 m
Wholesale bonds	\$1,120	15%	\$1,380	20%	↓ \$ 260 m
Government	\$0	0%	\$490	7%	↓ \$ 490 m
Local Government Funding Agency	\$2,357	30%	\$2,132	31%	↑ \$ 225 m
Total domestic	\$5,123	66%	\$5,427	78%	↓ \$304 m
Offshore funding (NZD equivalent)					
Australia (AUD555m)	\$636	8%	\$464	7%	↑ \$ 172 m
Europe (EUR685m)	\$1,053	13%	\$304	4%	↑ \$ 749 m
Norway (NOK2.4b)	\$467	6%	\$297	4%	↑ \$ 170 m
Switzerland (CHF375m)	\$493	6%	\$492	7%	-
Total offshore	\$2,649	34%	\$1,557	22%	↑ \$ 1,091 m
Total gross debt	\$7,772	100%	\$6,984	100%	↑ \$ 787 m

⁴ Fixed rate debt refers to all future forecast debt where the future interest rate coupon cashflow is fixed (determined).

The graph below shows the maturity profile of Auckland Council debt



Investments

Total cash and liquid investments held at 31 March 2016 was \$438 million.

Treasury manages the Diversified Financial Asset Portfolio of \$232.65 million held in line with the Statement of Investment Policy and Objectives and the guidelines contained in the council's treasury policy.

Diversified Financial Asset Portfolio performance		Actual	Benchmark
Diversified Financial Asset portfolio returns exceed reference portfolio benchmark ⁵	Year to date	6.81 %	7.82 %

Treasury also manages the Trust and Reserves portfolio of \$30.8 million held in trust to optimise the return within guidelines contained in the council's treasury policy.

Investment performance		Actual %	Benchmark %
Return on Trust and Reserves portfolio to exceed the average 2 year mid swap rate over the previous 12 months	Quarter end	3.84 %	2.26 %

⁵ Deviation is due to portfolio weightings based on Fund Managers advice

Credit Exposure to Counterparties

Our counterparty credit exposure is within the policy limit which accesses exposure as a percentage of the budgeted rates collected. No exposure is permitted to entities that are rated below A- unless they are a local authority.

Issuer/counterparty	Actual exposure per counterparty group % of rates revenue	Maximum exposure per counterparty (grouping) % of rates revenue	In Policy
New Zealand Government	0%	100%	Yes
RBNZ registered banks	34%	100%	Yes
Non RBNZ registered offshore banks	0%	75%	Yes
Local Government Funding Agency	3%	30%	Yes
Local authorities - rated	0%	20%	Yes
Local authorities – non rated	0%	10%	Yes
Other issues including state owned enterprises, listed and unlisted companies >A+	0%	10%	Yes
Other issues including state owned enterprises, listed and unlisted companies >888+	0%	5%	Yes

Appendix 3 - Professional services expenditure

For the first nine months of FY17, ending in March 2017, the council spent \$71.6 million on professional services.

Summary of professional services expenditure by category

Category	Spend Jul16 – Mar17 (\$m)	Explanation
Consultancy	59.6	Specialist and technical advice, design and research work, expertise in managing specific initiatives/projects, subject matter expert input, specialist skills and knowledge not available in-house.
Legal	10.9	External legal advice and assessment relating to Unitary Plan matters, weather tightness issues, funding matters, representation for legal disputes and prosecutions, sale and purchase of properties etc.
Audit	1.1	Statutory audits, audit review of current processes and procedures.
Total	71.6	

Summary of professional services expenditure by theme

Theme	Spend Jul16 – Mar17 (\$m)	Commentary
Auckland development	8.6	Mainly related to the Unitary Plan appeals and Independent Hearing Panel, assessment and advice on Heritage buildings and Maori Heritage, planning related research, evaluation and monitoring, as well as external engagement for planning activities, consultants advice (including Maori technical input) on property portfolio related projects disposal, acquisition, redevelopment such as Housing for Older Persons, Unlocking Takapuna and town centres redevelopment projects.
Environmental management and regulation	30.3	Mainly external specialists engaged to process higher volumes of building consents and resource consents to meet statutory timeframes and to backfill vacancies (costs are largely on-charged to applicants); specialist advice on Stormwater planning and strategic asset management, Waste planning and investigations, consultants for Waste Minimisation Management Programme, closed landfill monitoring and reviews.
Parks, community and lifestyle	3.9	Mainly relates to consultants to audit and certify parks/playgrounds and monthly inspections to meet full facility contract requirements, parks technical advice and reports, advice on Leisure membership model and Volcanic Cone; external expertise on managing arts & culture related initiatives, projects and events evaluation, research and monitoring, specialist input for library service model, central library review, iwi engagement for Flatbush and Westgate.
Governance and support	28.8	Mainly due to legal advice on Unitary Plan, external legal service on property, commercial, litigation and public law;

		investment/debt management, external treasury advice and rating valuation services; external advice on procurement strategy implementation and co-sourced procurement value; audit services, tax and general accounting advisory; advice on valuation and housing projects, corporate accommodation repairs/maintenance; consultancy on various Transformation projects including website redevelopment project.
Total	71.6	

Appendix 4 – LGOIMA information

Council received 282 LGOIMA and Privacy Act requests in the quarter from 1 January to 31 March 2017. Issues of wide public interest that generated LGOIMA requests during this period included the proposed targeted rate on accommodation providers, and spending and expense claims across the council family. Figure 1 compares the monthly number of requests received in 2016 compared to the previous year.

Figure 1: Number of LGOIMA and Privacy requests received by month

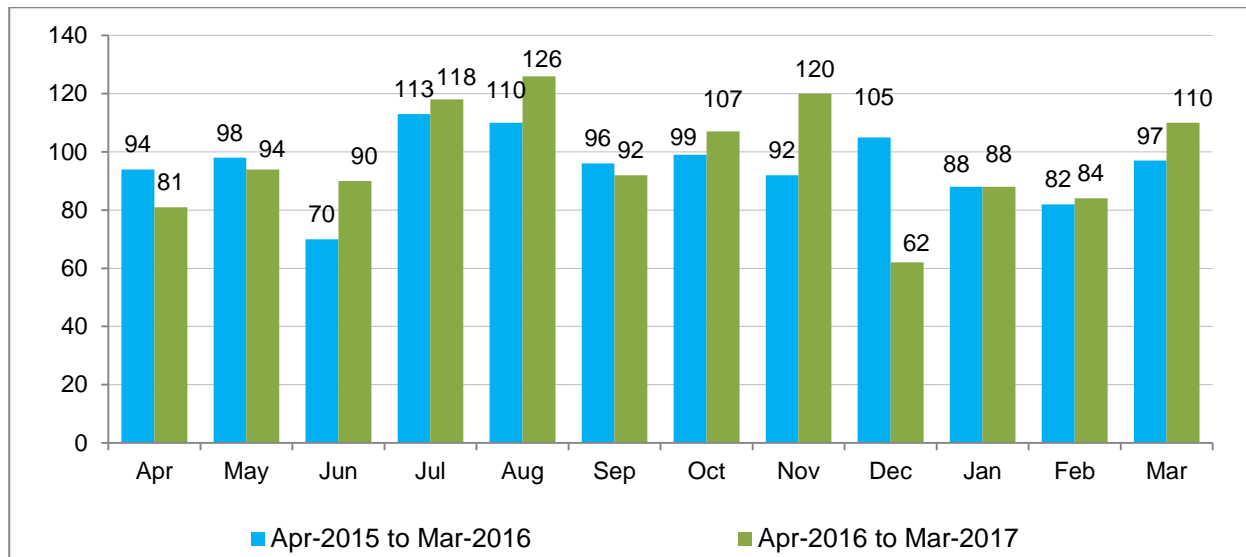


Figure 2 shows the source of LGOIMA and Privacy Act requests. Individuals continue to be the primary source of requests.

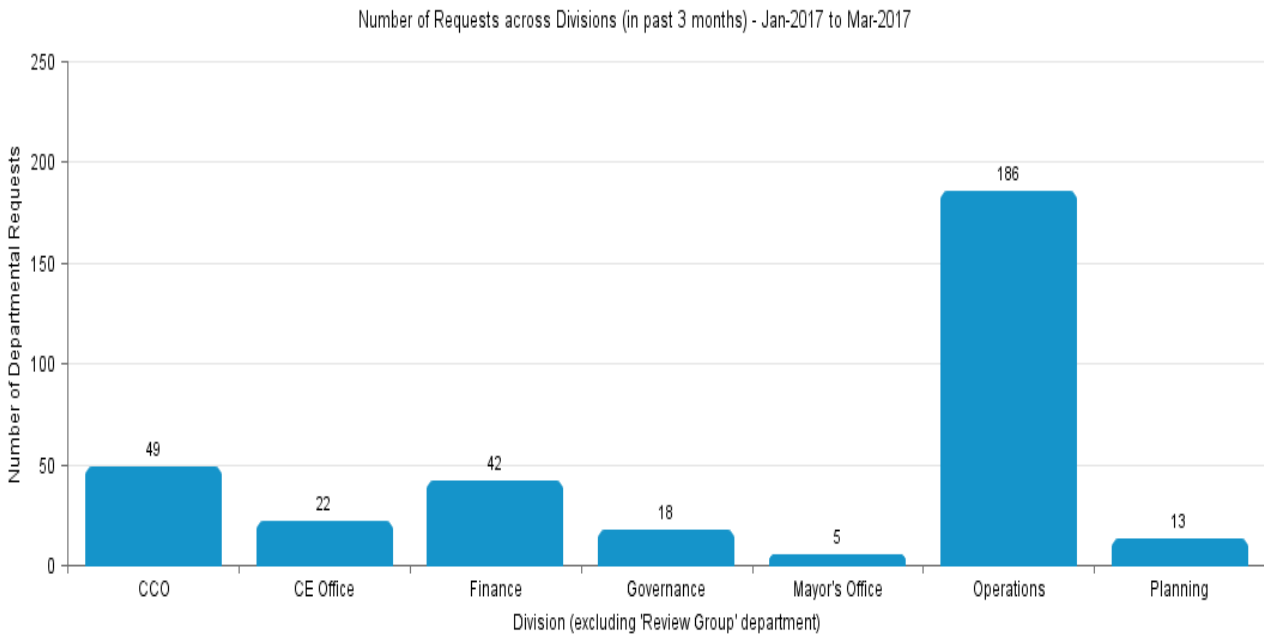
Figure 2: Requests received by category – April 2016 to March 2017

	LGOIMA Request	Official Information Request	Privacy Act Request	Total	Percentage
Individual	54	663	6	723	64%
Law firm	10	77		87	8%
Media	5	66		71	6%
Private sector	16	128		144	13%
Public sector	6	68		74	7%
Unknown		24		24	2%
Total	91	1026	6	1123	100%

The unknown category is due to recording errors in the past and will gradually disappear.

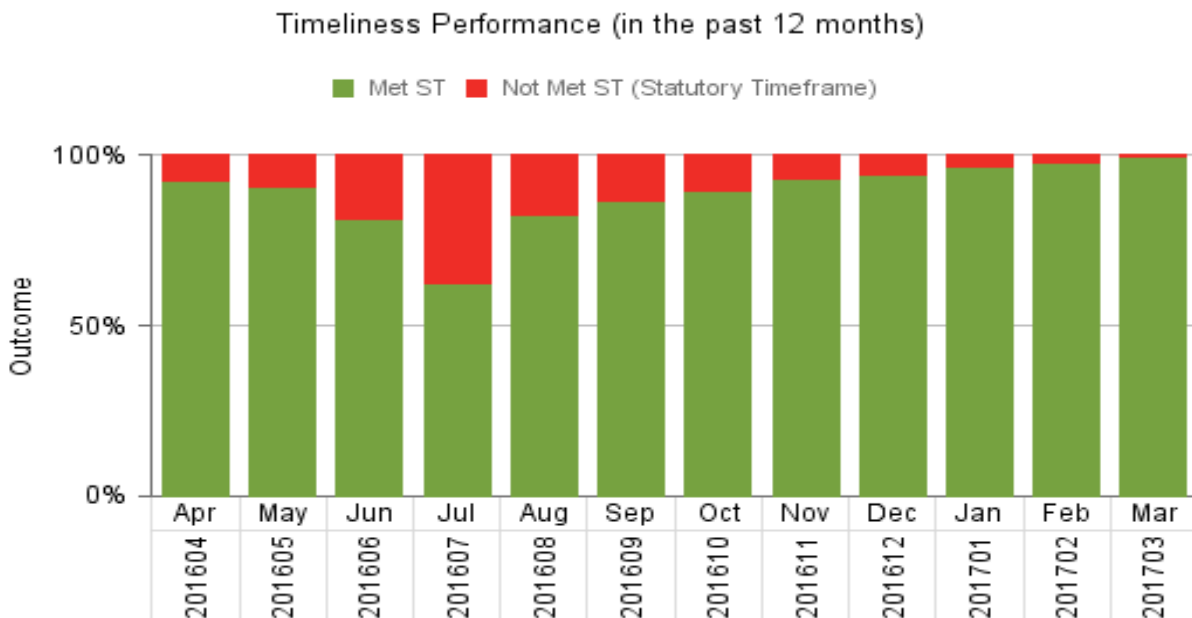
Figure 3 shows the number of information requests attributed by division, and includes requests for information from multiple divisions arising from a single request.

Figure 3: Number of LGOIMA and Privacy requests received by division – January 2017 to March 2017



All LGOIMA requests are required to be answered within a statutory timeframe of no later than 20 working days. There has been a continued improvement in timeliness in this quarter. 99% of requests were completed within statutory timeframes in March, our best result ever.

Figure 4: Percentage of requests answered within statutory timeframes – April 2016 to March 2017

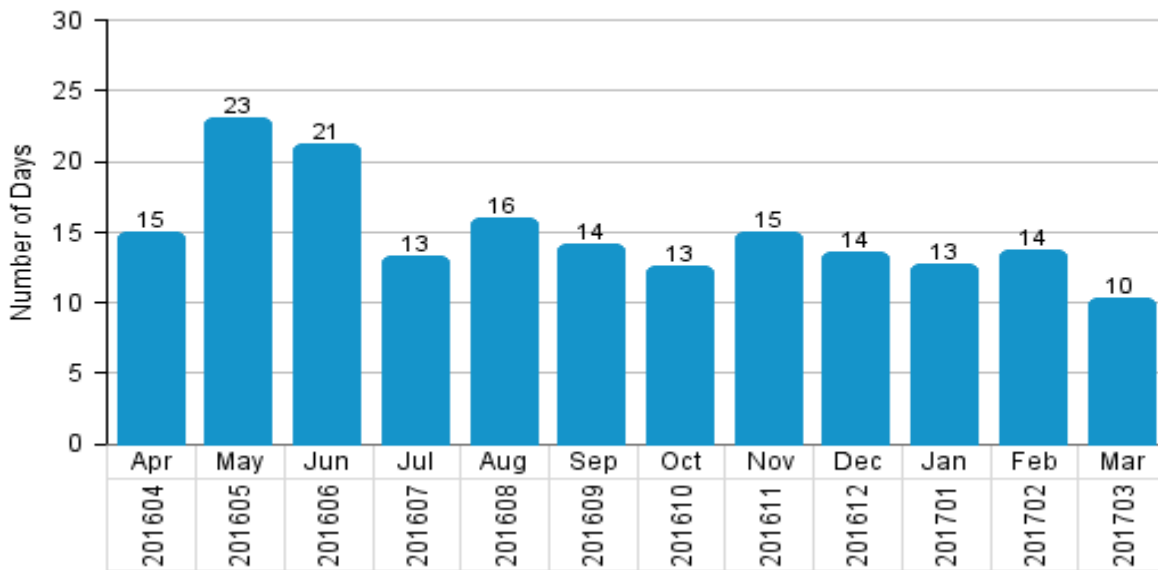


* 'Timeliness Performance' considers whether the requests closed in the month is within the statutory timeframe.

Figure 5 shows a continued decreasing trend in the quarter for the average number of days to complete requests.

Figure 5: Average days to complete requests – April 2016 to March 2017

Average Delivery Time by Month

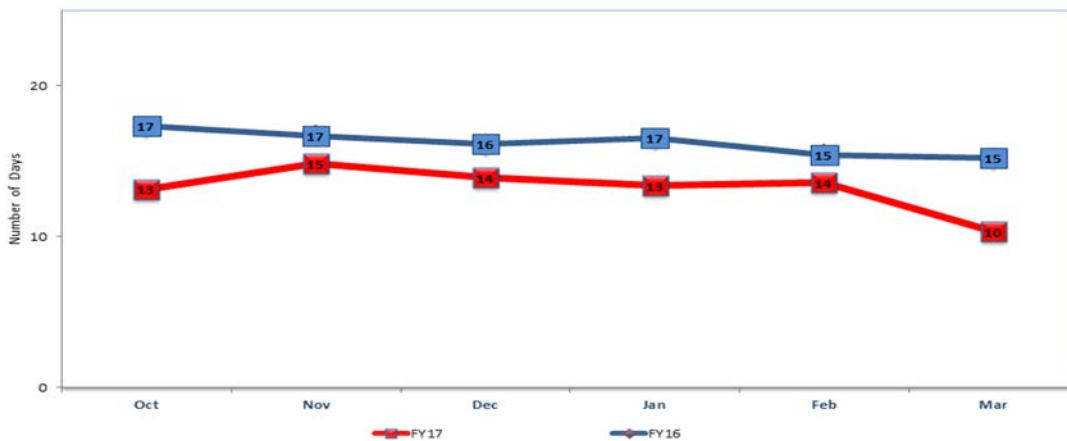


* Average Delivery Time is based on the difference between the received date and closed date (excluding weekends, public holidays and statutory closed dates under LGOIMA)

Figure 6 compares the average days to respond for the last two quarters. There has been a consistent improvement in this measure in FY 17 which is pleasing.

Figure 6: Average days comparison 6 Months to March 2017

Average Number of Days for Responses to LGOIMA Requests FY17 vs FY16



The council received 289 LGOIMA and Privacy Act requests in the quarter from 1 October to 31 December 2016. This is a 14% decrease from the previous quarter. Figure 1 compares the monthly number of requests received in 2016 to the previous year.

Appendix 5 – Customer service information

Executive summary

This was a very busy quarter for Customer Services, with an impact on the service level in all channels. This was a disappointing result, particularly for Contact Centres with 41% of calls answered within 20 seconds. During this reporting period, Customer Services supported a significant level of change while also preparing for the next phase of New Core going live in the South and Central areas. Some of these changes included:

- Support given to Waste solutions for the new rubbish wheelie bin service being rolled out in the former Manukau City Council area, dedicated team of CSR's to take customer calls.
- Remote worker trial continued for Contact Centres with twenty agents whose main place of work is their own home. This will provide significantly impacted contact centre staff affected by the Customer Services review from sites including Orewa, Takapuna, Henderson and the CBD the option to work from home rather than relocate to Manukau.
- Kotuku house Service Centre underwent a five week refurbishment, with staff temporarily relocated to Manukau Civic building.

Contact Centres

Contact Centres - Q3 FY17 - Results and comparisons				
Item	Q3 FY17	Comparison - Last Year (Q3 FY16)		
	Result	Result	Difference	% Difference
Calls offered	476,779	509,749	-32,970	↓ -6%
Calls answered	390,144	458,510	-68,366	↓ -15%
Service level (answered within 20secs)	41%	52%	-11%	↓ -11%
Average handle time in minutes	06:24	05:30	00:54	↑ 16%

Commentary

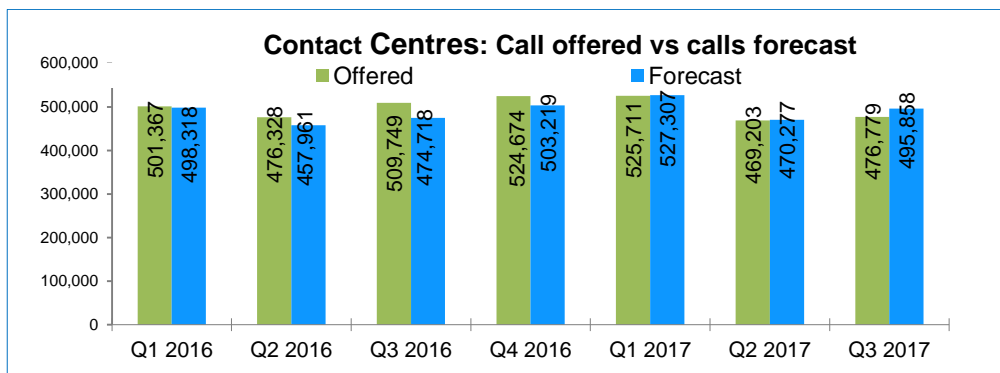
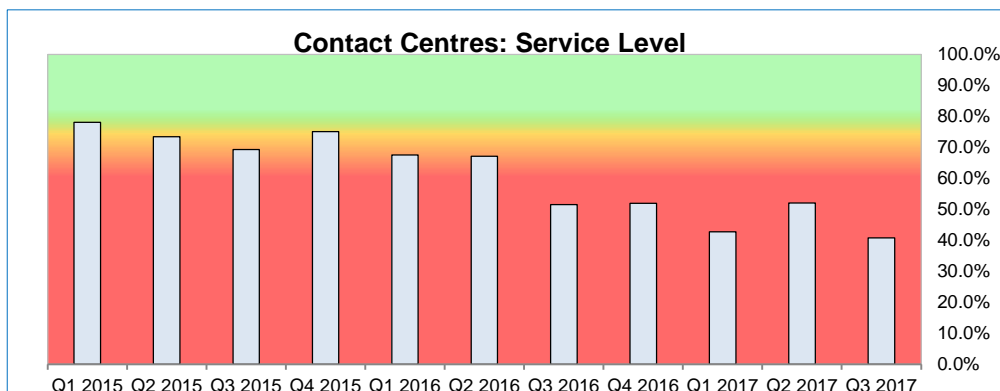
The average wait time for customers for this quarter was one minute and 29 seconds.

Impacts on service level this quarter

- Contact Centres has undertaken significant investment this quarter in skillset training of its CSR's. This has affected our staffing levels which has had a direct impact on service level.
- The third rates instalment period, in February 2016, saw increased rates call volumes during the month. Rates calls are often highly complex, taking longer to resolve than most other enquiry types.
- Performance for March was significantly impacted by the weather events of the 10th through 12th March. Extra staff was brought in across the weekend and overtime was provided for extra hours. The volume of calls remained high through the peak intensity of the event, but also the clean-up period for the first two days of the week.
- April saw a further weather event with Cyclone Cook in the lead up to Easter, whilst it was not as severe as expected calls around flooding and stormwater requests increased requiring extra staff to assist with volumes. Other staffs were stood down once the warnings were removed.
- Continuance of cross-training for our agents has contributed to better queue management for our workforce management team.

New Initiatives this quarter – additional workload absorbed

- Contact Centres supported the new rubbish wheelie bin service being rolled out in the former Manukau City Council area. A campaign phone number was established for residents to call for support and a dedicated team of agents funded by Waste solutions were assigned to take these calls.
- All Contact Centre agents completed credit control training to enable CSRs to resolve customer queries relating to overdue invoices for building and resource consents and licences.
- The Contact centres home agent trial is running with 20 agents. A unique feature of the Customer Services Review has been the creation of Auckland Council's first ever home agents, employees whose main place of work is their own home. This provides significantly impacted contact centre staff from sites including Orewa, Takapuna, Henderson and the CBD the option to work from home rather than relocate to Manukau. This is a key strategy for retaining our talented CSRs as we consolidate to the Manukau Centre of Excellence.
- Customer Services trained 21x contact centre agents to support the launch of 'AT Park'. AT Park is a new Auckland Transport parking app that lets you pay for parking from your smartphone without needing a physical ticket.



Service Centres



Service Centres - Q3 FY17 - Result				
Item	Q3 FY17	Comparison - Last Year (Q3 FY16)		
	Result	Result	Difference	% Difference
Resolved at FPOC	95%	86%	9%	↑ 9%

Commentary

Quarter three included the third rates instalment during February. Enquiries resolved at first point of contact achieved an excellent result of 95 per cent against a target of 80 per cent. The self-service kiosks in the main service centre hubs processed 90 rates transactions; there were no dog registration transactions for the quarter.

In February the Manukau Service Centre team vacated Kotuku House and set-up full operation on the Ground Floor Civic for a 5 week period, whilst the Service Centre underwent an internal refurbishment. The refurbishment includes creating a self-serve technology/digital zone, which is new to Manukau, as well as introducing the side-by-side service, with staff also operating in an open plan space. Working with Creative Spaces and using key concepts formed in the “Instore Service Delivery Framework” this will be our 3rd centre purposefully designed with the customer experience in mind.

Written communications



Written Communications - Q3 FY17 - Results and comparisons					
Item	Q3 FY17		Comparison - Last Year (Q3 FY16)		
	Result	Result	Difference	% Difference	
Inbound emails	42,736	30,847	11,889		39%
Grade of service	34%	37%	-3%		-3%

Commentary

Emails received were 39 per cent higher than the same period last year. This is down from Quarter two where the increase was 46 percent in inbound volumes. In general the main impact on volumes comes from rates instalments.

Service levels for this quarter were impacted in January as workload did not reduce over the holiday period, as it has in all previous years. This meant that with staff rostering matched to expected volumes, and staff encouraged to take leave over the holiday period, there were insufficient staff to meet the workload. February saw increases in volumes due to the rate instalment and whilst the team responded well, there was no improvement to grade of service as the January backlog combined with incoming demand meant the volume of emails could not be responded to within SLA.. Additional staff were brought on to assist which contributed to increased productivity from the core team.

Complaints and Issues Management

Complaints (Formal) - Q3 FY17 - Results and comparisons					
Item	Q3 FY17		Comparison - Last Year (Q3 FY16)		
	Result	Result	Difference	% Difference	
Volume completed	1,407	1,469	-62		-4%
Average days open	10.0	11	-1		-9%

Commentary

Complaints numbers have been consistent with previous year's data.

Top three issues this quarter were:

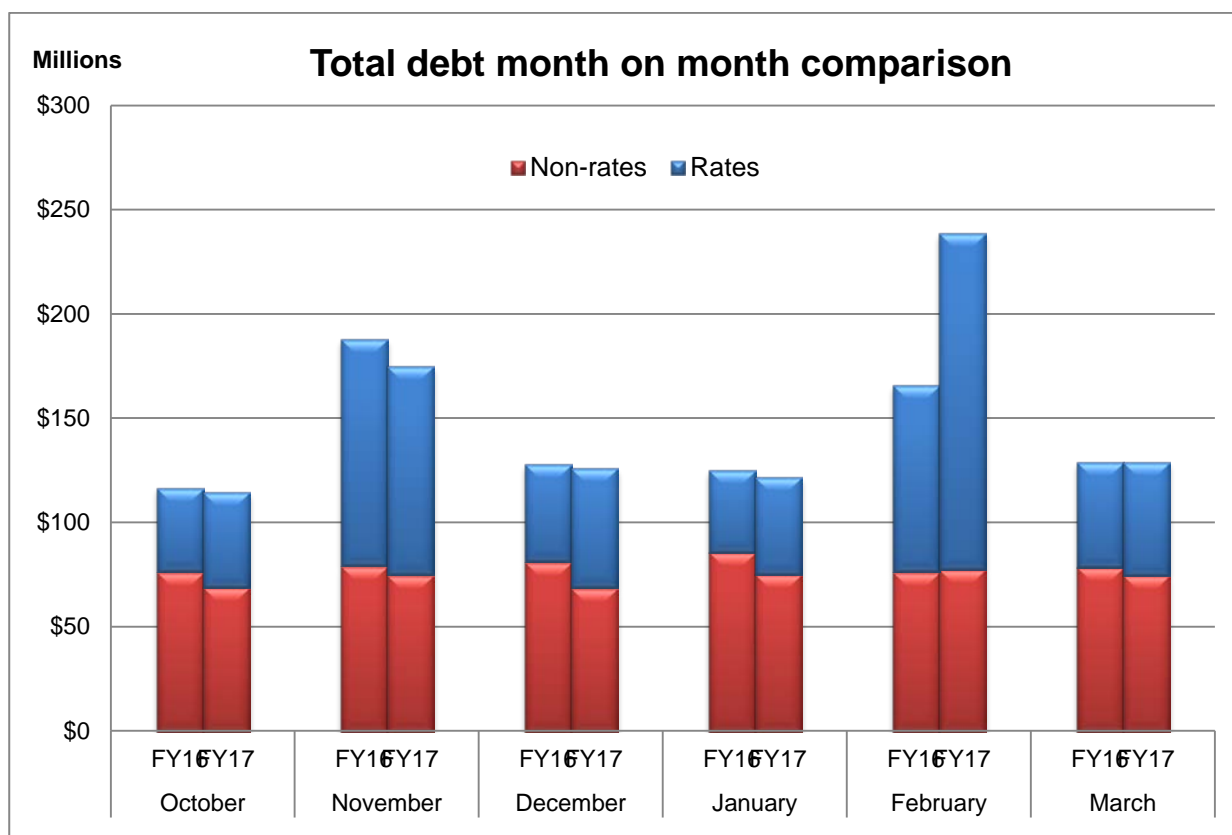
1. Wait times for getting through to our Contact Centre
2. Customers finding it hard to get hold of staff when needed in all departments
3. Not following through with service requests or jobs taking too long to complete

New initiatives completed:

- Providing reports on complaints to ELT to provide oversight on our responsiveness to complaints
- Conducting customer interviews (by department) to gain insight into our service
- Surveying customers on a regular basis with regards to how they found the complaints process

Appendix 6 – Debtor summary information

For the quarter ended 31st March 2017, the total outstanding debtors balance is \$129m. Rates debt makes up 42% (\$54m) of this balance and the remaining 58% (\$75m) relates to non-rates debt.



The spike in rates debt in November and February are due to the timing of quarterly instalments.

Rates Debt

Rates debt is \$54m (42%) and comprises of \$12m prior years' rates arrears, \$9m for first instalment, \$9m for second instalment and \$24m for third instalment.

The annual mortgagee demand was lodged for \$17m of which \$14m (82%) has been collected as at 31st March 2017.

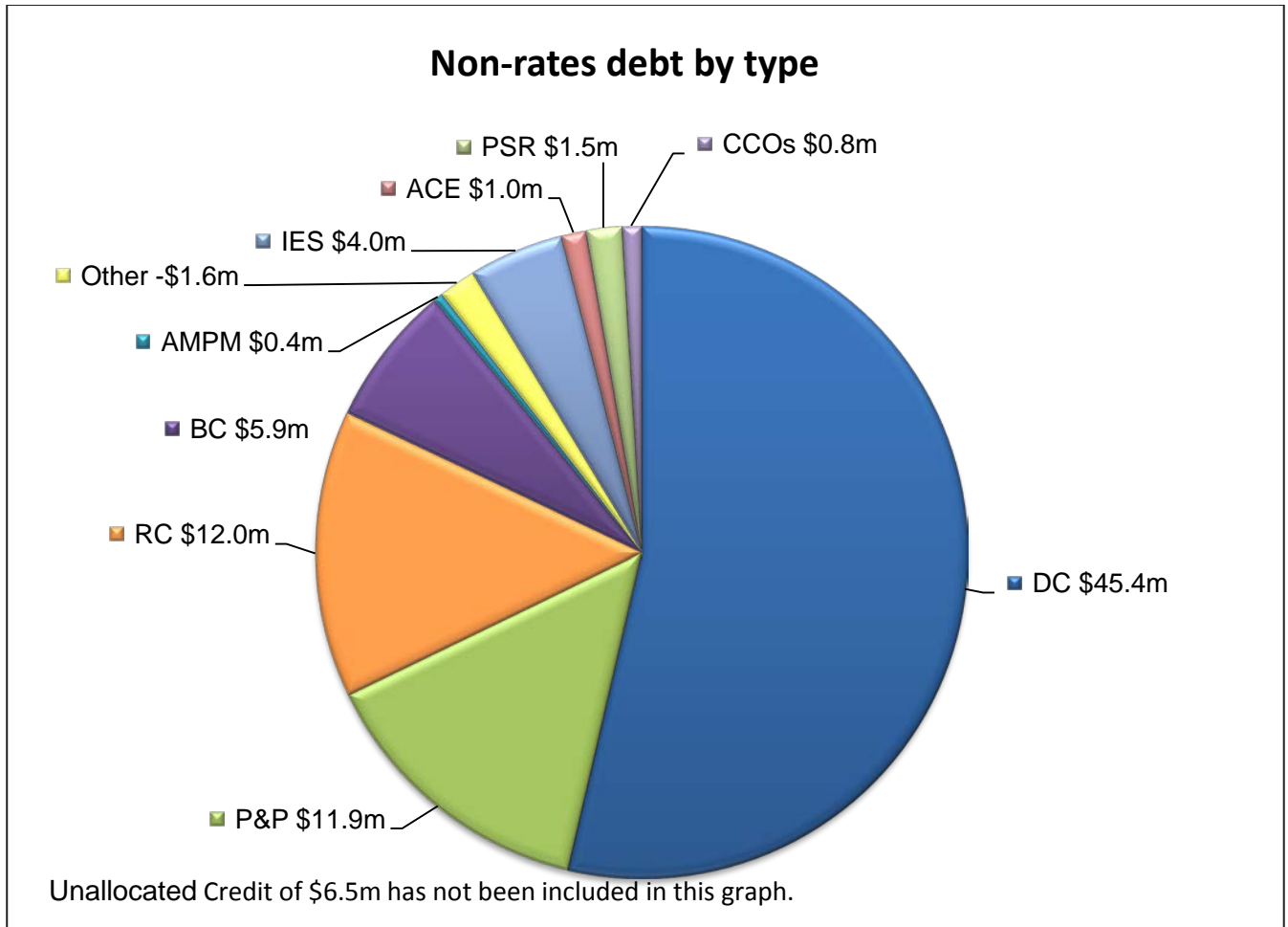
Banks	Total Lodged		Total Collected		Outstanding	
	No.	\$ in millions	No.	\$ in millions	No.	\$ in millions
Banks	8567	14	7215	12	1352	2
Others	1253	3	1055	2	198	0
Total	9820	17	8270	14	1550	3

Rates postponement is offered to all ratepayers that may be facing financial difficulty and meet the required criteria. Council currently has 133 postponements, equalling \$0.8m for financial year 2016/17

12,243 rates rebates have been processed to date for 2016/17 financial year.

Non-Rates Debt

Non-Rates debt is \$75m (58%) and comprises of Development Contributions of \$45m (59%), of which \$14m (31%) are under deferral arrangement. Resource and Building Consents account for \$18m (24%) of non-rates debt. NZRPG Management Ltd is \$12m and is 16% of non-rates debt. Non rates debt has decreased by \$4m compared to 31 March 2016.



DC: Development Contribit **AMPM:** Asset maintenance and Property Management

P&P: Policy and Plannin, **IES:** Infrastructure and Environmental Services

RC: Resource Consents **ACE:** Arts, Culture and Events

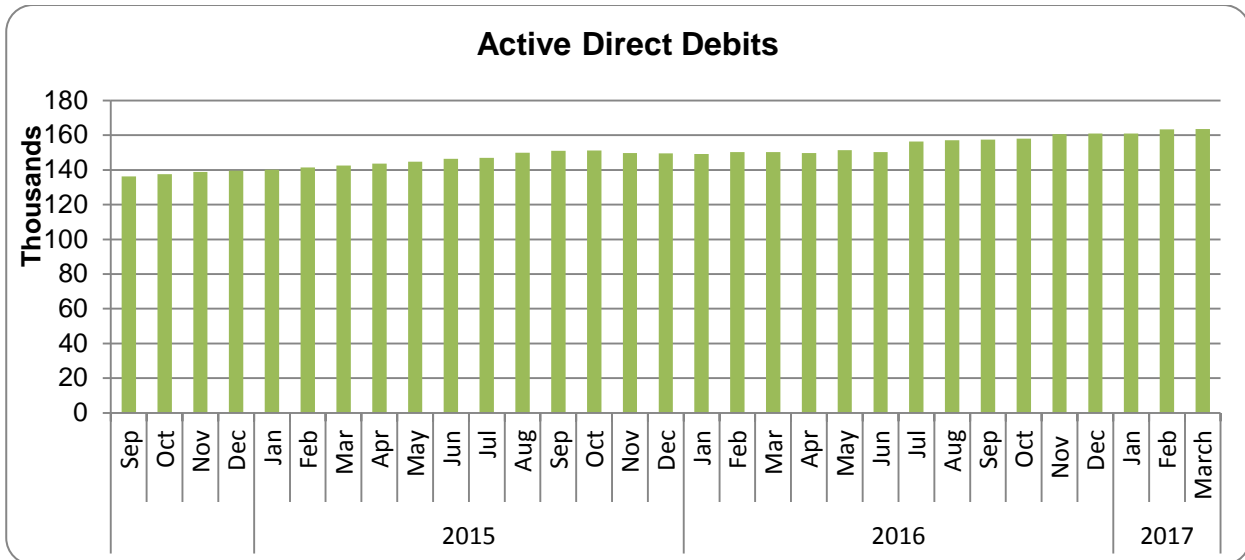
BC: Building Control **PSR:** Parks, Sports and Recreation

CCO: RFA, ATEED, Westhaven Marina

Direct Debit Customers

Council also offers ratepayers the ability to spread their rates payments over a weekly, fortnightly, monthly and quarterly frequency via direct debits.

As at 31 March 2017, there were 163,473 active direct debit customers being 30% of total ratepayers.



E-Rates

E-rates is the channel for ratepayers to receive their rates notices by email. This is a more cost efficient method for Council, offers more convenience to the ratepayer and reduces paper usage.

As at 31 March 2017, there were 117,190 ratepayers signed up for electronic rates notices, being 22% of the total ratepayers.

